DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

Notice of Meeting:

I hereby give notice that an ordinary meeting of the Audit and Risk Subcommittee will be held on:

Date:	**Thursday 18 February 2021**
Time:	**2.00 pm**
Venue:	**Otaru Room, Civic Centre, The Octagon, Dunedin**

Sandy Graham
Chief Executive Officer

Audit and Risk Subcommittee

PUBLIC AGENDA

MEMBERSHIP

Chairperson	Susie Johnstone	
Deputy Chairperson	Janet Copeland	
Members	Cr Christine Garey	Cr Doug Hall
	Mayor Aaron Hawkins	Cr Mike Lord
Senior Officer	Gavin Logie, Acting General Manager Finance	
Governance Support Officer	Wendy Collard	

Wendy Collard
Governance Support Officer

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Wendy.Collard@dcc.govt.nz
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Note: *Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.*

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1 APOLOGIES

At the close of the agenda no apologies had been received.

2 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.

DECLARATION OF INTEREST

EXECUTIVE SUMMARY

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

2. Elected members and Independent Members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

RECOMMENDATIONS

That the Subcommittee:

a) **Notes/Amends** if necessary the Elected or Independent Members' Interest Register attached as Attachment A; and

b) **Confirms/Amends** the proposed management plan for Elected or Independent Members' Interests.

Attachments

	Title	Page
⇩A	Members' Register of Interests	7

Audit and Risk Subcommittee - Register of Interest - current as at 4 February 2021				
Name	**Responsibility (i.e. Chairperson etc)**	**Declaration of Interests**	**Nature of Potential Interest**	**Member's Proposed Management Plan**
Susie Johnstone	Consultant	Southern District Health Board - Finance, Audit and Risk Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Audit and Risk Committee, Office of the Auditor General	Potential. Audit NZ are suppliers to Council	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner/Director	Shand Thomson Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Shand Thomson Nominees Ltd and similar nominee companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Abacus ST 01 and similar nominee companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Johnstone Afforestation Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	James & Susie Johnstone Private Family Trust - Property Owner Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Institute of Directors Otago/Southland	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Clutha Community Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Upcoming appointment Director	Dunedin City Holdings Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Upcoming appointment Director	Dunedin Venue Management Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Upcoming appointment Director	Dunedin Treasury Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Harrison Nominees Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Son works at Deloitte New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Thank You Payroll	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	ICLEI Oceania Regional Excutive	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Museum Trust Board (Council Appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Polytech's Research Centre of Excellence	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	LGNZ National Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Advisory Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	Alexander McMillan Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Cosy Homes Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperon	LGNZ Policy Advisory Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	St Paul's Cathedral Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Connecting Dunedin (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Theatre Trust (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Christine Garey	Trustee	Garey Family Trust - Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Creative Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		External family member is a Principal Security Consultant works for CCL	Major supplier of CCL	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustess (Council Appointment)	Potential Grants recipient.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcmmittee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	~~Personal Submitter~~	~~Dunedin City Council Speed Limit Bylaw Amendment 11~~	~~Maybe a conflict when the Bylaw is adopted at Council~~	~~Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.~~
	Member	Theomin Gallery Management Committee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Anzide Properties Ltd - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Shareholder	Silver Fern Farms	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Supplier	Southweight Truck & Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	Fire Brigade Restoration Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Financial Donor	Dunedin North Community Patrol	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	North Dunedin Blokes Shed	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Loan of a four wheel drive truck free of charge to the group for cartage of gravel	Mountainbiking Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	~~Trustee~~	~~Hall Family Trust, Invercargill~~	~~No conflict identified~~	~~Seek advice prior to the meeting if actual or perceived conflict of interest arises.~~
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Appellant	2GP	Appellant to 2GP	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Chinese Garden Advisory Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitū Otago Settlers Museum Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Cragieburn Reserve Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Mike Lord	Trustee	ML Lord Family Trust - Owner of Residential Properties - Dunedin	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Rural Support Trust	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Federated Farmers Charitable Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Fonterra	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Federated Farmers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Rotary Club of Mosgiel	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict idenitified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict idenitified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Shareholder	Various publicly listed Companies	No conflict idenitified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Youth Adventure Trust	No conflict idenitified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cones Trust (Council Appointment)	Potential grants recipient. Duties to Trust may conflict with duties of Council Office.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict idenitified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Janet Copeland	Director	Next Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ronaki (Southland) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stoney Creek Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Stoney Creek Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Copeland Ashcroft Law Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	~~Council Member~~ **Director**	Southern Institute of Technology **Ltd**	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	President	Southland Branch of NZ Law Society	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Staff				
Name	**Responsibility (i.e. Chairperson etc)**	**Declaration of Interests**	**Nature of Potential Interest**	**Member's Proposed Management Plan**
Sandy Graham	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Trustee of the Taieri Airport Facilities Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Golf Club	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Gavin Logie	Owner	Residential Property, Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property, Wanaka	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Minority Shareholder	Southern Hospitality	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Block Investments Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Five Council-owned non-trading companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Son works for Tregaskis Brown who provide consultancy Services to Central Government	**No conflict identified.**	**Seek advice prior to the meeting if actual or perceived conflict of interest arises.**
		Wife works in a senior financial poistion in the Finance Department, University of Otago	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Andrew Slater	Risk and Internal Audit Manager	Residential property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

CONFIRMATION OF MINUTES

AUDIT AND RISK SUBCOMMITTEE MEETING - 2 DECEMBER 2020

RECOMMENDATIONS

That the Subcommittee:

Confirms the public part of the minutes of the Audit and Risk Subcommittee meeting held on 02 December 2020 as a correct record.

Attachments

	Title	Page
A⇩	Minutes of Audit and Risk Subcommittee meeting held on 2 December 2020	12

DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

Audit and Risk Subcommittee

MINUTES

Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Otaru Room, Civic Centre, The Octagon, Dunedin on Wednesday 02 December 2020, commencing at 2.00 pm

PRESENT

Chairperson	Susie Johnstone	
Deputy Chairperson	Janet Copeland	
Members	Cr Christine Garey	Cr Doug Hall
	Mayor Aaron Hawkins	Cr Mike Lord
IN ATTENDANCE	Sandy Graham (Chief Executive Officer), Gavin Logie (Acting General Manager, Finance) and Andrew Slater (Risk and Internal Audit Manager),	
Governance Support Officer	Wendy Collard	

1 APOLOGIES

An apology was received from Mayor Aaron Hawkins (for early departure).

Moved (Cr Mike Lord/Cr Doug Hall):

That the Subcommittee:

Accepts the apology from Mayor Aaron Hawkins.

Motion carried (AR/2020/062)

2 CONFIRMATION OF AGENDA

Moved (Cr Mike Lord/Cr Doug Hall):

That the Subcommittee:

Confirms the agenda without addition or alteration

Motion carried (AR/2020/063)

3 DECLARATIONS OF INTEREST

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

Councillor Mike Lord provide an update to his register of interest.

Moved (Mayor Aaron Hawkins/Cr Christine Garey):

That the Subcommittee:

a) **Amends** the Elected or Independent Members' Interest Register; and

b) **Confirms** the proposed management plan for Elected or Independent Members' Interests.

Motion carried (AR/2020/064)

4 CONFIRMATION OF MINUTES

4.1 AUDIT AND RISK SUBCOMMITTEE MEETING - 15 OCTOBER 2020

Moved (Cr Doug Hall/Cr Mike Lord):

That the Subcommittee:

Confirms the public part of the minutes of the Audit and Risk Subcommittee meeting held on 15 October 2020 as a correct record.

Motion carried (AR/2020/065)

PART A REPORTS

5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2020/21

A report from Civic provided a copy of the updated Audit and Risk Subcommittee Work Plan 2020/21 and the Governance and Financial Policies are included in an appendix to the Work Plan.

Following discussion, it was agreed that an update on the Asset Management Policy and the Information Management Policy would be provided to the Subcommittee's next meting.

Moved (Cr Doug Hall/Cr Mike Lord):

That the Subcommittee:

Notes the Audit and Risk Subcommittee Work Plan.

Motion carried (AR/2020/066)

6 DELEGATIONS FOR THE AUDIT AND RISK SUBCOMMITTEE

A report from Civic provided a copy of the Audit and Risk Subcommittee's delegations for the Subcommittee's information.

Following discussion, it was agreed that an updated delegations for the Audit and Risk Subcommittee would be presented to the next Subcommittee meeting for its consideration.

Moved (Susie Johnstone/Janet Copeland):

That the Subcommittee:

Notes the Delegations for the Audit and Risk Subcommittee.

Motion carried (AR/2020/067)

7 2021 MEETING SCHEDULE

A report from Civic provided the schedule of meetings for 2021 for the Subcommittee's information.

Moved (Susie Johnstone/Cr Mike Lord):

That the Committee:

Notes the schedule of meetings for 2021.

Motion carried (AR/2020/068)

RESOLUTION TO EXCLUDE THE PUBLIC

Moved (Cr Mike Lord/Mayor Aaron Hawkins):

That the Committee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality

C1 Audit and Risk Subcommittee meeting - 15 October 2020 - Public Excluded	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied. S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the	.

	commercial position of the person who supplied or who is the subject of the information. S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. S6(b) The making available of the information would be likely to endanger the safety of a person.		
C2 Dunedin City Council Annual Report for the year ended 30 June 2020	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	The information in the Annual Report is subject to final audit clearance.
C3 Audit and Risk Subcommittee Action List Report	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	should continue to be supplied.	
C4 10 Year Plan Update	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C5 Internal Audit Workplan Update	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

	same source and it is in the public interest that such information should continue to be supplied. S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	
C6 Update on the DCC Internal Audit Actions Register	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C7 Update on the DCC External Audit Actions Register	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

	likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	
C8 DCC Corporate Risk Register Update	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C9 DCC Policy Update Report	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C10 ComplyWith Legal Compliance Update Report (2019 Survey)	S7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding

	provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest.	exists under section 7.	
C11 Financial Result - Period Ended 31 October 2020	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	The report will be an agenda item for the Council meeting scheduled for 8 December 2020..
C12 Capital Expenditure - Period Ended 31 October 2020	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	should continue to be supplied.	
C13 Health and Safety Monthly Report for September 2020	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C14 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C15 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C16 Protected Disclosure Register	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

	of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.		
C17 Investigation Register	S6(b) The making available of the information would be likely to endanger the safety of a person. S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6 and 7.	The matters detailed i this report are subject to investigation and information should remain confidential so not to prejudice the investigation and any possible outcomes of the investigation..

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

Motion carried (AR/2020/069)

The meeting went into non-public at 2.32 pm and concluded at 5.01 pm.

.....
CHAIRPERSON

PART A REPORTS

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2021

Department: Civic

EXECUTIVE SUMMARY

1 This report provides a copy of the updated Audit and Risk Subcommittee Work Plan 2021. Please note that the Governance and Financial Policies are included in an appendix to the Work Plan.

2 It should be noted that items without ticks shown have not been scheduled for action.

3 As this is an administrative report only, the Summary of Considerations is not required.

RECOMMENDATIONS

That the Subcommittee:

a) **Notes** the Audit and Risk Subcommittee Work Plan.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Team Leader Civic

Attachments

	Title	Page
⇩A	Work Plan and Schedule of Policies	24

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2021							
	Feb	Apr	Jun	Aug	Dec		
GOVERNANCE							
Audit and Risk Subcommittee Terms of Reference/Delegations	✓						
POLICY REVIEWS/UPDATES							
Governance							
Legal Compliance Reporting		✓					
Human Resources							
Staff Code of Conduct (Employee Values and Practices) currently waiting on final design							
Gifts and Hospitality Policy	✓						
Electronic Communications Email Quarantine Policy	✓						
Electronic Communications Email Quarantine Policy (quarterly reporting)	✓						
Financial							
Treasury Risk Management Policy							
Treasury Compliance Report	✓	✓	✓	✓	✓		
Finance Delegations Manual (Including Legal and Human Resources)							
Sensitive Expenditure Policy							
Procurement (Purchasing, Contracting & Tendering							
Asset Management Policy	✓						
Purchase Card Policy							
Procurement and Contracts Management Policy							
Schedule of Cardholders and Limits (to be presented annually in February)	✓						
Schedule of top 100 Suppliers				✓			
Health and Safety							
Health, Safety and Wellbeing Policy	✓						
Health and Safety Annual Objective/KPI Report (annually in February)		✓					
Health and Safety Reporting	✓	✓	✓	✓	✓		

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2021							
	Feb	Apr	Jun	Aug	Dec		
Fraud							
Fraud Reporting	✓	✓	✓	✓	✓		
Fraud (continued)							
Protected Disclosure Reporting	✓	✓	✓	✓	✓		
Protected Disclosure "Whistle-Blower" Policy							
Information Technology							
Information Management Policy							
RISK MANAGEMENT							
Corporate Risk Register	✓	✓	✓	✓	✓		
Insurance Matters							
RISK OVERVIEW							
Climate Change	✓						
Organisation Security					✓		
Strategic Project Management			✓				
Asset Management - Renewals				✓			
Asset Management – 3 Waters Reform		✓					
Business Continuity Planning including COVID							
Financial Risk							
AUDIT (EXTERNAL)							
Annual Report Governance							
Annual Report Audit Plan							
Outstanding External Audit Work Updates	✓	✓	✓	✓	✓		
Interim Management Letter							
AUDIT (INTERNAL)							
Approve the Annual Internal Audit Work Plan (annually)							
Internal Audit Work updates	✓	✓	✓	✓	✓		

Appendix A

CORPORATE POLICIES REFERENCE INDEX					
Policy Area	**Current Policy/Guidelines**	**Current Version Date**	**Cycle** (Yrs)	**Review Date**	**Area Responsible**
Governance					
	Audit and Risk Subcommittee Terms of Reference	October 2019	3		Civic
	Elected Members' Code of Conduct and Conflict of Interest	October 2019	3	October 2022	Civic
	Legislative Compliance Policy	April 2019	3	April 2022	Legal
Organisation Development and Performance (ODP)					
	Staff Code of Conduct	Mar 2013	3	February 2018	Human Resources
	Staff Conflict of Interest Policy	June 2018	3	June 2021	Human Resources
	Health, Safety and Wellbeing Policy	December 2019	2	December 2020	Human Resources
	Electronic Communications Email Quarantine Policy	May 2019	1	May 2020	Human Resources
Financial					
	Treasury Risk Management Policy	October 2020	1	October 2021	Treasury
	Asset Disposal and Write Off Policy	June 2018	3	June 2021	Finance
Procurement (purchasing, contracting, disposal, tendering)					
	Procurement and Contracts Management Policy	June 2020	2	June 2022	Procurement
	Asset Management Policy	November 2019		November 2020	ELT

CORPORATE POLICIES REFERENCE INDEX					
Policy Area	**Current Policy/Guidelines**	**Current Version Date**	**Cycle** (Yrs)	**Review Date**	**Area Responsible**
Risk Management					
	Risk Management Policy	December 2019	2	December 2021	Internal Audit and Risk
	Internal Audit Policy	May 2019	2	May 2021	Internal Audit and Risk
Cyber Security					
	Information Management Policy			December 2018	Business Information Services
	ICT Acceptable Use Policy	June 2018	3	June 2021	Business Information Services
Sensitive Expenditure					
	Sensitive Expenditure Policy	September 2020	3	September 2023	Finance
	Purchase Card Policy	August 2020	3	August 2023	Finance
Gift and Hospitality					
	Gift and Hospitality Policy	July 2018	2	July 2020	Corporate Governance
Fraud					
	Fraud Bribery & Corruption Prevention Policy	September 2019	3	September 2022	Finance
	Protected Disclosure "Whistle-Blower" Policy	January 2020	2	January 2022	Corporate Governance

FINANCIAL RESULTS FOR PERIOD ENDING 31 DECEMBER 2020

Department: Civic

EXECUTIVE SUMMARY

1 This report provides a copy of the Financial Results for the period ending 31 December 2020 report which was presented to the Finance and Council Controlled Organisations Committee meeting held on 9 February 2021.

RECOMMENDATIONS

That the Subcommittee:

a) **Notes** the Financial Results for the period ending 31 December 2020 report.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Team Leader Civic

Attachments

	Title	Page
⇩A	Financial Result Period - 31 December 2020	29

FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2020

Department: Finance

EXECUTIVE SUMMARY

1 This report provides the financial results for the six months ended 31 December 2020 and the financial position as at that date.

2 As this is an administrative report only, there are no options or Summary of Considerations.

$ Million	Actual	Budget	Variance		Last Year
Revenue	155.346	154.469	0.877	F	154.165
Expenditure	164.259	165.027	0.768	F	161.984
Net Surplus/(Deficit) excluding Waipori	(8.913)	(10.558)	1.645	F	(7.819)
Waipori Fund Net	6.728	2.558	4.170	F	4.381
Net Surplus/(Deficit) including Waipori	(2.185)	(8.000)	5.815	F	(3.438)
Capital Expenditure	43.265	65.058	21.793		43.258
Debt					
Short Term Borrowings	8.000	42.000	34.000	F	12.000
Term Loans	243.973	243.973	-		218.973
Total Debt	251.973	285.973	34.000	F	230.973

RECOMMENDATIONS

That Council:

a) **Notes** the Financial Performance for the period ended 31 December 2020 and the Financial Position as at that date.

BACKGROUND

3 This report provides the financial statements for the period ended 31 December 2020. It includes reports on: financial performance, financial position, cashflows and capital expenditure. The operating result is also shown by group, including analysis by revenue and expenditure type.

DISCUSSION

4 The year to date favourable revenue variance included increased activity at the Green Island Landfill, funding for economic development projects and higher building services activity. Aquatic services revenue was also higher due to increased gym memberships. Some of the membership revenue represents renewals deferred from last year. Grants funding for transport capital projects was lower than expected due to a lower level of associated capital expenditure.

5 Grants funding for transport capital projects was lower than expected due to a lower level of associated capital expenditure. This unfavourable variance was partially offset by grants funding provided to fund predator control and community hall maintenance.

6 Overall expenditure was a favourable spend of $768k. This was due to favourable interest costs, the timing of some grant and service level agreement payments and software licensing expenditure year to date being less than anticipated. The timing of some maintenance costs in Parks and Transportation also contributed to the favourable variance.

7 These favourable variances were partially offset by higher ETS and variable contract costs at the Green Island Landfill as a result of increased activity, and Transportation development costs relating to the major projects programme and the Shaping Future Dunedin project.

8 The Waipori Fund was favourable year to date with positive movements across all equity markets.

9 Capital expenditure across all areas was running behind budget, with the timing of some expenditure delayed while project briefs and procurement activities are completed.

NEXT STEPS

10 Financial Result Reports will continue be presented to future meetings of either the Finance and Council Controlled Organisation Committee or Council.

Signatories

Author:	Lawrie Warwood - Financial Analyst
Authoriser:	Gavin Logie - Acting General Manager Finance

Attachments

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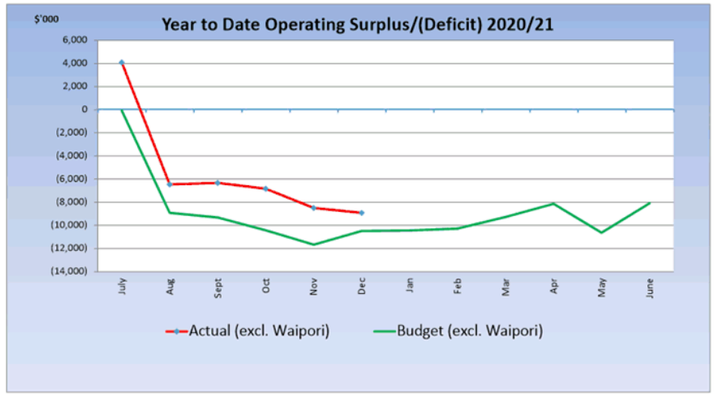
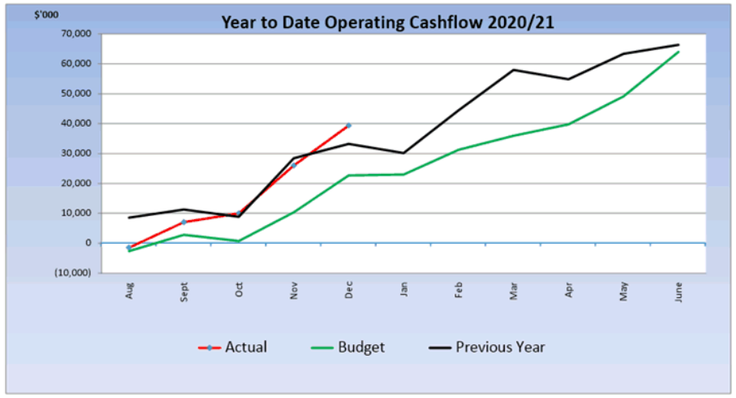
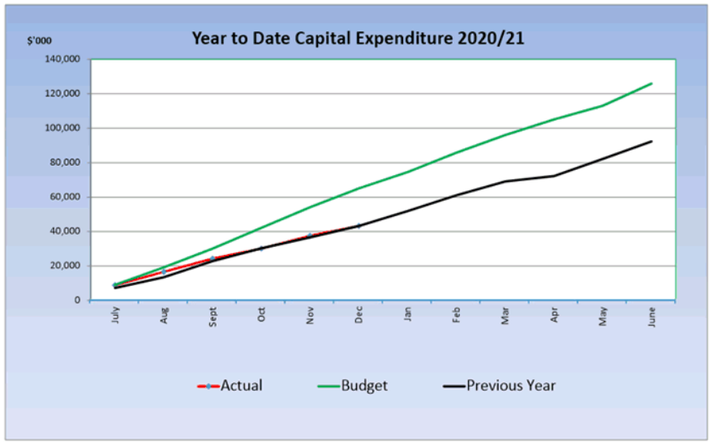
A	Summary Financial Information	33
B	Statement of Financial Performance	34
C	Statement of Financial Position	35

DUNEDIN CITY COUNCIL

SUMMARY FINANCIAL INFORMATION AS AT 31 DECEMBER 2020







Borrowing Metrics	LGFA Target		Actual	Budget
Interest as a % rates revenue	< 30%	*	5.4%	7.3%
Interest as a % total revenue	< 20%	*	3.2%	4.3%
Debt % annualised revenue	250.0% Max.		91.6%	104.3%

* represents the ability to fund interest costs from revenue

DUNEDIN CITY COUNCIL
Statement of Financial Performance
For the Period Ending 31 December 2020
Amount : $'000

DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

Mth Actual	Mth Budget	Mth Variance			Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget
				REVENUE							
13,594	13,541	53	F	Rates Revenue	81,557	81,247	310	F	78,348	156,967	163,136
137	(10)	147	F	Rates Penalties	566	166	400	F	553	766	333
5,606	5,298	308	F	Other Operating Revenue	35,329	32,994	2,335	F	37,571	73,113	66,172
1,954	4,032	2,078	U	Grants	19,176	22,054	2,878	U	19,337	40,052	40,701
181	69	112	F	Contributions	976	416	560	F	570	6,083	3,832
2,949	2,931	18	F	Internal Revenue	17,742	17,592	150	F	17,786	35,349	35,180
24,421	25,861	1,440	U	**TOTAL REVENUE**	155,346	154,469	877	F	154,165	312,330	309,354
				EXPENDITURE							
6,163	6,008	155	U	Personnel Costs	33,965	34,552	587	F	33,671	67,488	67,972
5,926	5,624	302	U	Operations & Maintenance	35,741	34,442	1,299	U	34,369	67,593	68,293
803	945	142	F	Occupancy Costs	14,838	15,086	248	F	14,745	24,825	26,235
1,884	1,767	117	U	Consumables & General	12,117	11,665	452	U	12,753	27,255	23,629
237	526	289	F	Grants & Subsidies	8,628	9,116	488	F	8,252	10,095	10,790
2,949	2,932	17	U	Internal Charges	17,742	17,593	149	U	17,786	35,349	35,180
6,158	6,107	51	U	Depreciation	36,844	36,644	200	U	35,125	73,097	73,289
721	990	269	F	Interest	4,384	5,929	1,545	F	5,283	10,014	12,051
24,841	24,899	58	F	**TOTAL EXPENDITURE**	164,259	165,027	768	F	161,984	315,716	317,439
(420)	962	1,382	U	**NET SURPLUS (DEFICIT) EXCLUDING WAIPORI**	(8,913)	(10,558)	1,645	F	(7,819)	(3,386)	(8,085)
				Add							
1,473	426	1,047	F	**Waipori Fund Net Operating Result**	6,728	2,558	4,170	F	4,381	4,948	5,115
1,053	1,388	335	U	**NET SURPLUS (DEFICIT) INCLUDING WAIPORI**	(2,185)	(8,000)	5,815	F	(3,438)	1,562	(2,970)

DUNEDIN CITY COUNCIL
Statement of Financial Position
As at 31 December 2020
Amount : $'000

As at 30-Jun-20		As at 31-Dec-20	Budget 31-Dec-20	Budget 30-Jun-21	As at 31-Dec-19
	Current Assets				
15,362	Cash and Deposits	10,584	9,879	9,558	8,364
24,357	Sundry Debtors	21,258	18,775	19,379	17,957
7,163	Short Term Investments	10,123	9,733	9,733	8,108
-	Assets held for Resale	-	-	-	-
352	Inventories	353	288	288	288
47,234	**Total Current Assets**	42,318	38,675	38,958	34,717
	Non Current Assets				
317,036	Investments	325,188	317,444	320,869	320,908
3,065,159	Fixed Assets	3,071,568	3,130,860	3,195,493	3,049,946
3,382,195	**Total Non Current Assets**	3,396,756	3,448,304	3,516,362	3,370,854
3,429,429	**TOTAL ASSETS**	3,439,074	3,486,979	3,555,320	3,405,571
	Current Liabilities				
13,284	Sundry Creditors	21,563	12,000	10,000	13,539
36,300	Accrued Expenditure	31,962	22,498	27,407	29,129
-	Short Term Borrowings	8,000	42,000	-	12,000
2,052	Derivative Financial Instruments	1,257	874	367	2,859
51,636	**Total Current Liabilities**	62,782	77,372	37,774	57,527
	Non Current Liabilities				
243,973	Term Loans	243,973	243,973	308,873	218,973
12,241	Other Non-Current Liabilities	12,133	11,360	11,360	11,420
256,214	**Total Non Current Liabilities**	256,106	255,333	320,233	230,393
307,850	**TOTAL LIABILITIES**	318,888	332,705	358,007	287,920
3,121,579	**COUNCIL EQUITY**	3,120,186	3,154,274	3,197,313	3,117,651
3,429,429		3,439,074	3,486,979	3,555,320	3,405,571
Statement of Change in Equity					
3,120,186	Opening Balance	3,121,579	3,161,587	3,161,587	3,120,186
1,562	Operating Surplus (Deficit)	(2,185)	(8,000)	(2,970)	(3,438)
(2,382)	Movements in Reserves	(3)	-	37,500	(503)
2,213	Adjustment Derivatives	795	687	1,196	1,406
3,121,579		3,120,186	3,154,274	3,197,313	3,117,651

DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

DUNEDIN CITY COUNCIL
Statement of Cashflows
For the Period Ending 31 December 2020
Amount : $'000

	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
Cash Flow from Operating Activities				
Cash was provided from operating activities				
Rates Received	83,259	83,569	162,974	79,974
Other Revenue	62,455	49,574	100,611	56,875
Interest Received	3,646	4,142	8,105	897
Dividend Received	667	766	1,531	1,128
Income Tax Refund	-	-	850	-
Cash was applied to				
Suppliers and Employees	(105,513)	(109,679)	(198,532)	(101,065)
Interest Paid	(5,142)	(5,701)	(11,571)	(4,576)
Net Cash Inflow (Outflow) from Operations	39,372	22,671	63,968	33,233
Cash Flow from Investing Activities				
Cash was provided from investing activities:				
Sale of Assets	24	-	120	708
Reduction in Loans & Advances	-	-	-	-
Reduction in Investments	-	-	-	-
Cash was applied to:				
Increases in Loans & Advances	(5,408)	-	-	(2,342)
Increase in Investments	-	-	(2,550)	-
Capital Expenditure	(46,766)	(62,753)	(124,841)	(47,140)
Net Cash Inflow (Outflow) from Investing Activity	(52,150)	(62,753)	(127,271)	(48,774)
Cash Flow from Financing Activities				
Cash was provided from financing activities:				
Loans Raised	-	-	64,900	-
Increase in Short Term Borrowings	22,000	42,000	-	31,000
Cash was applied to:				
Loans Repaid	-	-	-	-
Decrease in Short Term Borrowings	(14,000)	-	-	(19,000)
Net Cash Inflow (Outflow) from Financing Activity	8,000	42,000	64,900	12,000
Total Increase/(Decrease) in Cash	(4,778)	1,918	1,597	(3,541)
Opening Cash and Deposits	15,362	7,961	7,961	11,905
Closing Cash and Deposits	10,584	9,879	9,558	8,364

DUNEDIN CITY COUNCIL
Capital Expenditure Summary by Activity
For the Period Ending 31 December 2020
Amount : $'000

DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget
Arts and Culture	611	895	284	U	489	2,267
Community and Planning	-	204	204	U	263	644
Corporate Services	894	2,193	1,299	U	1,490	4,060
Enterprise Dunedin	1	-	1	O	-	-
Property	4,447	10,753	6,306	U	5,284	18,966
Parks and Recreation	1,563	2,443	880	U	1,544	9,769
Customer and Regulatory Services	128	867	739	U	51	1,752
Transport	22,926	30,561	7,635	U	23,507	55,487
Waste & Environmental	713	876	163	U	560	2,012
Three Waters	11,982	16,266	4,284	U	10,070	30,999
	43,265	65,058	21,793	U	43,258	125,956

DUNEDIN CITY COUNCIL
Summary of Operating Variances
For the Period Ending 31 December 2020

Amount : $'000

	Year to Date Surplus(Deficit)				Year to Date Variance Favourable (Unfavourable)							
Group	**Actual**	**Budget**	**Variance**		**Rates Revenue**	**Other Ext Revenue**	**Int Revenue**	**Staff**	**Ops & Other Exps**	**Internal Costs**	**Interest**	**Depr'n**
Waipori Fund	6,728	2,558	4,170		-	4,183	-	-	(13)	-	-	-
Arts and Culture	(69)	(622)	553		-	270	11	219	18	2	-	33
Community and Planning	(1,260)	(1,114)	(146)		-	(7)	15	237	(349)	(46)	-	4
Corporate Services	320	(328)	648		-	(4)	21	17	676	11	-	(73)
Enterprise Dunedin	239	(311)	550		-	503	1	153	(102)	(1)	-	(4)
Property	(1,476)	(1,520)	44		-	226	4	(33)	(319)	(7)	-	173
Investment	(3,561)	(5,681)	2,120		389	3	-	-	75	6	1,647	-
Otago Museum Levy	(2,267)	(2,267)	-		-	-	-	-	-	-	-	-
Other	128	(176)	304	*	321	(1)	2	118	(44)	11	(102)	(1)
Parks and Recreation	480	(1,167)	1,647		-	613	1	147	934	(3)	-	(45)
Customer and Regulatory Services	1,389	994	395		-	219	(53)	(121)	310	12	-	28
Transport	761	5,375	(4,614)		-	(3,540)	-	165	(1,129)	(4)	-	(106)
Waste & Environmental	(31)	(382)	351		-	1,233	148	(5)	(1,006)	14	-	(33)
Three Waters	(3,566)	(3,359)	(207)		-	502	-	(310)	(79)	(144)	-	(176)
Total Council	**(2,185)**	**(8,000)**	**5,815**		**710**	**4,200**	**150**	**587**	**(1,028)**	**(149)**	**1,545**	**(200)**

* Other includes: Corporate Management, Dunedin Centre, Finance, Human Resources and Warm Dunedin

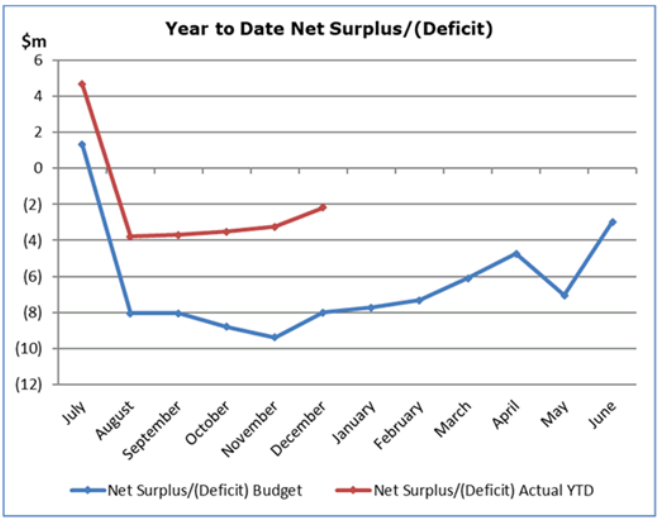
DUNEDIN CITY COUNCIL | kaunihera a-rohe o Ōtepoti

FINANCIAL REVIEW

For the period ended 31 December 2020

This report provides a detailed commentary on the Council's financial result for the period ended 31 December 2020 and the financial position at that date.

NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)



The net deficit (including Waipori) for the period ended 31 December 2020 was $2.185 million or $5.185 million lower than budget.

REVENUE

The total revenue for the period was $155.346 million or $877k greater than budget.

The major variances were as follows:

Other Operating Revenue

Actual $35.329 million, Budget $32.994 million, Favourable variance $2.335 million

Waste and Environmental revenue was favourable $1.233 million due to higher than expected tonnage entering the Green Island landfill. This was partially offset by an increase in landfill variable costs – see comments below.

Aquatic Services revenue was favourable $276k due to greater than budgeted revenue for the gym and the swim school. The various covid-19 alert levels have had an impact on the timing of the provision of some services at Moana Pool. This included the renewal of gym memberships delayed from the lockdown period.

Regulatory Services revenue was favourable $453k primarily due to increased building services activity.

Economic Development revenue was favourable $454k due to unbudgeted funding received for the Centre of Digital Excellence and Otago Regional Economic Development projects.

Grants and Subsidies Revenue

Actual $19.176 million, Budget $22.054 million, Unfavourable variance $2.878 million

Transportation revenue was unfavourable $3.564 million due to the lower level of subsidised capital expenditure – see comments below.

This unfavourable variance was partially offset by unbudgeted government funding of $213k allocated to the maintenance of community halls, $110k for Water Reform work, funding of $106k for the Urban Link predator control project, $40k War Memorial Restoration grant and $70k Responsible Camping grant.

EXPENDITURE

The total expenditure for the period was $164.259 million or $768k less than budget.

The major variances were as follows:

Operations and Maintenance Costs

Actual $35.741 million, Budget $34.442 million, Unfavourable variance $1.299 million

Waste and Environmental Services costs were $1.153 million higher than budgeted due to additional ETS costs and landfill variable costs associated with the higher tonnage entering the Green Island Landfill.

Property costs were higher than budget due to reactive maintenance costs on a number of properties including community halls funded from the government grant discussed above.

Economic Development costs were higher than budget due to expenditure on the Centre of Digital Excellence and Otago Regional Economic Development projects. This expenditure was funded by unbudgeted revenue – see comments above.

These unfavourable variances were partially offset by timing/savings related to the greenspace maintenance contracts in Parks. These savings were in part due to improved management of the scheduled works programme and prioritising of requests.

Consumable and General Costs

Actual $12.117 million, Budget $11.665 million, Unfavourable variance $452k

Transport costs were unfavourable $961k due to planning and project management costs for Shaping Future Dunedin and the Major Projects program.

This unfavourable variance was partially offset by:

BIS costs were favourable $328k due to the timing of software licensing and IT consultant's expenditure.

Waste and Environmental consultant expenditure was favourable $277k due to timing of consultancy costs for phase two of the Waste Futures project.

Grants and Subsidies Costs

Actual $8.628 million, Budget $9.116 million, Favourable variance $488k

Grant costs across the organisation were favourable due to the timing of payments including various community grants, and disbursements from the Covid19 support fund.

Interest

Actual $4.384 million, Budget $5.929 million, Favourable variance $1.545 million

Interest expenditure was less than budget due to a favourable floating interest rate applied to the non-fixed interest borrowing, along with a lower loan balance.

Note that as at 31 December, $20.0 million of the term loan balance was subject to historical fixed rates of interest, with the balance being charged at the floating rate as set by Dunedin City Treasury Limited.

WAIPORI FUND NET OPERATING RESULT

Actual $6.728 million, Budget $2.558 million, Favourable variance $4.170 million

The Waipori Fund was favourable year to date due to fair value gains across all equity portfolios. This included a strong performance for NZ Equities in particular.

STATEMENT OF FINANCIAL POSITION

A Statement of Financial Position is provided as Attachment C.

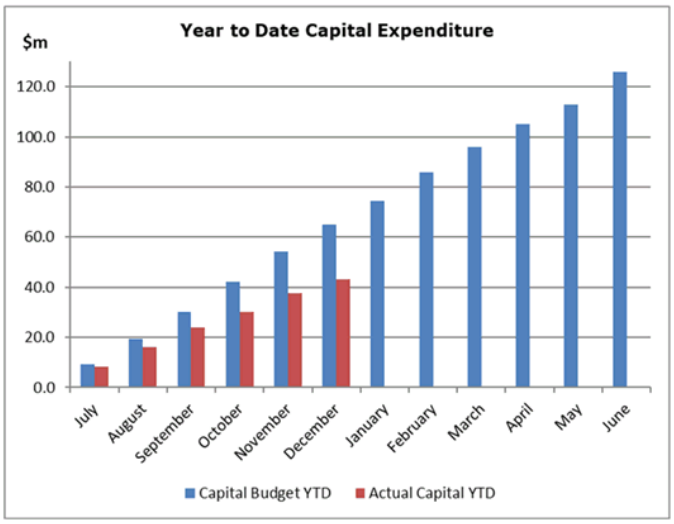
Short term investments of $10.123 million relate to the Waipori Fund.

Total Debt was below budget year to date primarily reflecting the lower level of capital expenditure.

CAPITAL EXPENDITURE

A summary of the capital expenditure programme by Activity is provided as Attachment E.

Total capital expenditure for the period was $43.265 million or 66.5% of the year to date budget.



Corporate Services capital expenditure was $1.299 million underspent

The underspend was primarily driven by lower than expected expenditure on a number of key IT projects including the Payroll System Replacement, Online Services, Infrastructure Program and Records Management System.

Property capital expenditure was $6.306 million underspent

The underspend was due the delayed timing of projects including the Civic Centre Roof Renewal, the School St housing renewal, and the Wall St Manuka Causeway project.

Transport capital expenditure was $7.635 million underspent

This underspend primarily relates to timing associated with new projects pending completion of design and procurement activities. This includes Urban cycleways and intersection improvements. Renewals expenditure was also tracking below budget – in particular carriageway expenditure due to a late start to the resealing season.

Three Waters capital expenditure was $4.284 million underspent

The underspend was driven in part by some project budgets being phased within the first quarter of the year, whereas project delivery is going to occur later in the year. The timing of projects is dependent on a number of activities including finalisation of the planning work and completing a successful procurement process.

COMMENTS FROM GROUP ACTIVITIES

Attachment F, the Summary of Operating Variances, shows by Group Activity the overall net surplus or deficit variance for the period. It also shows the variances by revenue and expenditure type.

Arts and Culture - $553k Favourable

Revenue was favourable due to better than expected visitor fees for Lan Yuan and Olveston along with strong merchandise sales for the Art Gallery. The group was also received greater grant funding for the six months including CNZ and Olveston Foundation.

Staff costs were favourable due to current vacancies.

Corporate Services - $648k Favourable

Operating expenses were favourable due to the timing of software licence fees, IT consultants and IT managed services. Grants expenditure was also favourable due to the timing of the Aukaha grant.

Economic Development - $550k Favourable

Economic Development revenue was favourable due to unbudgeted funding received for the Centre of Digital Excellence and Otago Regional Economic Development projects.

Parks and Recreation - $1.647 million Favourable

Overall revenue was favourable with the various Covid-19 alert levels having an impact on the timing of the provision of some services at Moana Pool. Gym memberships in particular were higher than budget with renewals deferred from the last quarter in 2019/20 now being completed. Revenue was also favourable due to the government funding received for the Urban Link predator control project.

Parks operating costs were favourable $650k primarily due to improved management of the greenspace maintenance contracts.

Customer and Regulatory Services - $395k Favourable

Building Services revenue was favourable for the period due the volume of inspections and building consents.

Expenditure was favourable due to delayed timing of costs associated with the mobility services project.

Transportation - $4.614 million Unfavourable

Capital subsidies revenue was unfavourable due to the lower than budgeted level of subsidised capital expenditure year to date.

Operating costs were unfavourable due to planning and project management costs for Shaping Future Dunedin and the Major Projects program.

Waste and Environmental - $351k Favourable

This variance reflected the net impact of higher than expected tonnage entering the Green Island landfill.

10 YEAR PLAN 2021-31 UPDATE REPORT

Department: Corporate Policy

EXECUTIVE SUMMARY

1 The purpose of this report is to provide the Audit and Risk Subcommittee with an update on the development of the 10 year plan 2021-31 (10 year plan).

2 As this is an update report, there are no options or Summary of Consideration.

RECOMMENDATIONS

That the Committee:

a) **Notes** the 10 Year Plan 2021-31 Update Report.

DISCUSSION

3 Since the last update to the Audit and Risk Subcommittee on 2 December 2020, significant progress has been made on the development of the 10 year plan.

4 A Council meeting was held on 14/15 December 2020, to consider option reports for capital projects. Decisions made at that meeting have assisted the development of capital budgets, and identified options, both preferred and alternative, for projects that will be included in the consultation document.

5 A further Council meeting was held on 27 – 29 January 2021, to consider the following:

- Capital and operating budgets,
- Financial and infrastructure strategies,
- Significant forecasting assumptions,
- Climate 2030 Rapid Review and DCC emissions reduction opportunities,
- Significance and Engagement, Revenue and Financing, and Rates Remission and Postponement policies, and
- Rating method for 2021/22.

6 Levels of service will be considered at a meeting on 23 February 2021.

7 There are some key areas that our auditors are expected to focus on during the 10 year plan audit and our response to these are discussed below.

COVID-19

8 The impacts of COVID-19 have been taken account of in the development of the draft 10 year plan.

9 The Significant Forecasting Assumptions, provided at Attachment A, discuss the possible impacts of COVID-19 on DCC revenue, services and capital delivery, staff, population, dwellings and rating projections, visitor numbers, the economy, and the community. These assumptions have a high level of uncertainty for reasons including the extent of any possible future community transmission, new variants, the timing of a vaccine rollout, and the extent of ongoing border restrictions.

10 The Financial Strategy, provided at Attachment B, recognises the upheaval from COVID-19, and the resulting uncertainty around Dunedin's growth and economic performance into the future.

11 The Consultation Document will include commentary on COVID-19, recognising the important role that the DCC needs to play in the way the city recovers, and the need to keep investing in the city.

Climate change and zero carbon

12 Climate change and Council's zero carbon 2030 target have been considered throughout the development of the draft 10 year plan. All option reports presented to Council included an analysis of the impacts of each presented option on climate change and zero carbon, to assist decision making.

13 The Financial Strategy discusses two workstreams, climate change adaptation, and zero carbon 2030 which is focused on climate change mitigation. The Financial Strategy recognises that sea level rise and adverse weather events causing flooding are significant risks for Dunedin, and of particular concern is the South Dunedin area.

14 The Financial Strategy also discusses the zero carbon work programme, that has two targets as follows:

- Net zero emissions of all greenhouse gases other than biogenic methane by 2030, and
- 24% to 47% reduction below 2017 biogenic methane emissions by 2050, including 10% reduction below 2017 biogenic methane emissions by 2030.

15 While the target is for the city as a whole, it also includes reducing emissions from Council's own activities, and transport and waste have been identified in the 10 year plan as priority areas for investment to reduce emissions.

16 The 10 year plan includes budget for additional staff to progress the zero carbon and South Dunedin Future projects and further budget for the "South Dunedin Future" programme that is being developed with the Otago Regional Council.

17 In 2020, a "rapid review" was undertaken to look at planned work programmes alongside the DCC's emissions reduction ambitions and Zero Carbon 2030 target, and to identify initiatives to reduce and/or offset Dunedin's greenhouse gas emissions. Key findings were presented to

Council at the 27 January 2021 Council meeting, to consider draft 10 Year Plan budgets with identified emissions reduction opportunities.

18 The Infrastructure Strategy, provided at Attachment C, identifies climate change and zero carbon 2030 as significant issues for Dunedin. Increased demand on both the transport network and the 3 waters network are recognised in terms of the effects of flooding, drought, catchment fire, and rising groundwater. The strategy also considers other natural hazards in addition to climate change.

19 New levels of service are being proposed for the draft 10 year plan that will assist monitoring progress towards achieving Council's zero carbon 2030 target. These are marked with a green leaf symbol - . Examples include targets to reduce the amount of energy used by DCC properties, increasing the amount of diversion of recyclable or reusable materials, and reducing the amount of solid waste.

20 The Consultation Document will include commentary on climate change, the zero carbon 2030 target and reducing waste initiatives.

Condition and performance of critical assets

21 The Infrastructure Strategy provides information about the current condition of Dunedin's network infrastructure for 3 waters and transport assets. It discusses how asset condition is assessed, and the need to increase the level of renewals to improve resilience.

22 The capital budget proposes that $1.5 billion be spent over the 10 year period compared to $878 million in the current 10 year plan 2018-28. Of this $950 million (including inflation) is proposed to be spent on renewals compared to $520 million in the current plan. This budget recognises that renewals are a priority for Council, with budgets based on the latest asset management plans that focus on asset condition and risk. A copy of the Capital Expenditure Report 2021-31 presented to the 27 January 2021 Council meeting is provided at Attachment D.

23 The Financial Strategy discusses the need to prioritise funding maintenance and renewals, with decisions based on asset management plans, asset condition and risks.

24 The Consultation Document will include commentary on looking after our assets, and that replacing aging assets is a major priority for Council. It will acknowledge the recent water contamination issue of intermittent peaks of lead in found the water supply at Waikouaiti, Karitane and Hawksbury Village. Ongoing investigations may result in a reprioritisation of the timing of planned capital works, to place higher priority on pipe replacement works.

Ability to deliver

25 The budget overview report to the 27 January 2021 Council meeting, provided at Attachment E, recognised the challenge of delivering on the proposed level of capital spend.

26 The Financial Strategy also discusses our ability to deliver on the planned capital programme, acknowledging that the annual targets are higher than previous achievements, and the lead time for delivery is always longer than anticipated. The Financial Strategy notes that these risks will be managed through improved forward planning, early contractor engagement, innovative procurement strategies, and strong disciplines around project management and monitoring.

Consultation Document

27 A draft consultation document is currently being reviewed. It will be presented to the 23 February Council meeting, in non-public, for Councillor input. To ensure the Audit and Risk Subcommittee receive a most up to date draft, a copy of the 23 February Council report and draft consultation document will be circulated to the Audit and Risk Subcommittee as a non-public supplementary agenda item by Wednesday 17 February 2021.

28 The audited consultation document will be presented to Council on 9 March for adoption.

29 A list of the proposed content of the consultation document has been provided to our auditors.

30 Consultation questions have arisen from decisions made at the December 2020 and January 2021 Council meetings.

Compliance

31 Taituarā, previously called SOLGM, has not provided a legal checklist for this 10 year plan, as it has done in the past. Staff have prepared a checklist based on the requirements in the Local Government Act, and this is being used to ensure the content of the consultation document and the final 10 year plan will meet all Local Government Act requirements.

32 A copy of the most recent SOLGM health checklist is provided at Attachment F.

Timetable

33 A timetable for the remainder of the process through to adoption of the final 10 year plan is provide at Attachment G.

OPTIONS

34 As this is an update report, there are no options.

NEXT STEPS

35 An update report will be provided to the Audit and Risk Subcommittee at its next meeting on 7 April 2021.

Signatories

Author:	Sharon Bodeker - Corporate Planner
Authoriser:	Gavin Logie - Acting General Manager Finance Sandy Graham - Chief Executive Officer

Attachments

	Title	Page
⇩A	Significant Forecasting Assumptions	50
⇩B	Financial Strategy	63
⇩C	Infrastructure Strategy	75

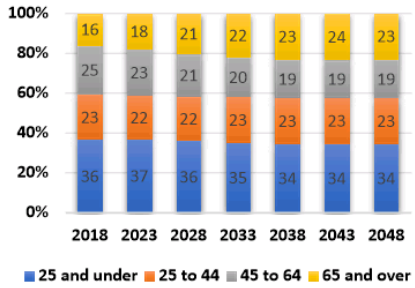
Significant forecasting assumptions

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
1. COVID-19 From March 2020, a COVID-19 lockdown impacted the DCC, the local economy and the community. Dunedin will face challenges if a significant or protracted COVID-19 community outbreak occurs within the city or region. Migration, visitor numbers and the economy have been, and will continue to be, impacted as a result of the pandemic.	High	A number of factors contribute to the uncertainty, including the extent of community transmission over time, new COVID variants, the timing of a vaccine rollout and the extent of on-going border restrictions.	The potential impacts of the uncertainty arising from COVID-19 are described below.
Impacts of COVID-19 on DCC revenue In the 2020/21 Annual Plan, the DCC anticipated a reduction in operating revenue of $6.5 million. The DCC may experience further revenue challenges as a result of a significant or protracted outbreak of COVID-19. There is also a risk of reduced revenue from the Waipori Fund and DCC companies as a result of national and global economic changes arising from COVID-19.	High	A number of factors contribute to the uncertainty, including the extent of community transmission over time, new COVID variants, the timing of a vaccine rollout and the extent of on-going border restrictions.	Potential impacts of a significant or protracted outbreak on DCC's revenue are: • loss in revenue due to reduced activity • financial impacts on the DCC, Waipori Fund and DCC companies as a result of changing market conditions
Impacts of COVID-19 on DCC services and capital delivery In 2019/20, there was a delay in delivery of some services and capital programmes due to COVID-19 alert levels. DCC services and delivery would be impacted by escalating COVID-19 alert levels and continuing impacts on supply chains.	High	A number of factors contribute to the uncertainty, including the extent of community transmission over time, new COVID variants, the timing of a vaccine rollout and the extent of on-going border restrictions.	Potential impacts of a significant or protracted outbreak are: • delay in critical DCC work, including the delivery of infrastructure projects, and impacts from disruptions in the supply chain • increased pressure and risk to the DCC's digital infrastructure • increased costs to respond to changes in central government, Council and community needs, priorities and obligations.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Impacts of COVID-19 on DCC staff During 2020, DCC staff faced increased pressure to deliver functions under stringent business continuity protocols. This included working from home, managing changes, delays or the closure of business activities, ensuring health and safety and wellbeing of staff and contractors, redeployment and adopting civil defence roles in a changing environment. A significant or protracted outbreak will impact DCC staff and recruitment.	High	A number of factors contribute to the uncertainty, including the extent of community transmission over time, new COVID variants, the timing of a vaccine rollout and the extent of on-going border restrictions.	Potential uncertainty in planning for and responding to a changing environment and working conditions for DCC staff. Potential for recruitment challenges due to on-going border restrictions.
Impacts of COVID-19 on DCC population, dwelling and rating projections The DCC's growth scenarios were reviewed in June 2020 by external consultants Infometrics to assess the potential impact of the pandemic on the growth assumptions. Infometrics suggested minimal impact on population, dwelling and rating unit projections post-COVID-19 outbreak, in part due to the longer term planning horizons for these projections. Infometrics projected the increase in returning New Zealanders would offset a decline in international migration.	High	A number of factors contribute to the uncertainty, including the extent of community transmission over time, new COVID variants, the timing of a vaccine rollout and the extent of on-going border restrictions.	Impacts of higher or lower growth than projected are an increase or decrease in demand for services and infrastructure creating potential for under or overspend of the 10 year plan budget.
Impacts of COVID-19 on projected visitor numbers In June 2020, Infometrics prepared post-COVID-19 visitor projections. Infometrics predicts international visitors to Dunedin are not expected to return to pre-COVID-19 (2019) levels until 2031, although total visitors will recover earlier due to growth in domestic visitors. 2018: 24,490 · 2028: 26,250 · 2038: 28,713 · 2048: 30,382 · 2058: 32,209 · 2068: 34,420 *Source: DCC Post COVID-19 growth projections update*	High	There is increased uncertainty over projected visitor numbers post COVID-19. Uncertainty over the timing of the border reopening will influence visitor numbers.	The potential impact of lower or higher than anticipated visitor growth are impacts on the timing/demand for infrastructure and on the composition of the Dunedin economy.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Impacts of COVID-19 on the Dunedin economy Economic activity in Dunedin city remained resilient in 2020 post-lockdown, despite the stringent public health restrictions put in place nationally. Although there is uncertainty regarding the pathway to recovery from COVID-19 and its impacts, the Dunedin economy is expected to hold up and recover relatively well due to public sector funded projects. In particular, the new Dunedin Hospital rebuild as well as Council and University led projects are likely to boost Dunedin's wider economic activity. As the rebuild and other major projects get underway, increased demand within the construction, engineering, manufacturing, ICT and technology sectors is anticipated. This will likely further stimulate job opportunities in these sectors. Over the next 15 years Coastal Otago is expected to have $3.3b of construction projects (valued at $20m or over) almost all of which will be located in Dunedin. Current forecasts suggest this work is 90% public sector driven, with the new Dunedin Hospital expecting to make up 42% of spend and the remainder coming from investment in infrastructure and education.	High	The medium to longer term impacts of COVID-19 on the Dunedin economy are unknown.	Potential impacts of slower than anticipated economic growth are: • Increased unemployment • Financial pressure on DCC and communities • Longer term changes in the composition of the Dunedin economy • Greater need for support for Dunedin businesses and workers Young people, Māori, Pasifika, and women are more likely to be disproportionately impacted by job losses in a recession when compared to other groups, based on historical trends. The extent of this impact and on longer term outcomes is yet to be determined.
Impacts of COVID-19 on the community The Dunedin community will be impacted by a significant or protracted outbreak of COVID-19. Māori, Pasifika, and other groups may be disproportionately impacted by COVID-19.	High	Impact of the pandemic on groups within the community is unknown	The potential impacts on the community of a significant outbreak include pressure on community wellbeing, including increased demands on support services and agencies. Greater monitoring of the socio-economic impacts of the pandemic is needed.

<table>
<tr><th>Assumption</th><th>Level of uncertainty</th><th>Reason for uncertainty</th><th>Effects of the uncertainty</th></tr>
<tr><td>2. DEMOGRAPHIC CHANGE
Projected usually resident population growth
Dunedin's population will grow at a higher rate until 2038 reaching 142,318. From 2038 onwards the population rate will then return to a medium growth scenario.
<table><tr><th>2018</th><th>2028</th><th>2038</th><th>2048</th><th>2058</th><th>2068</th></tr><tr><td>130,520</td><td>138,674</td><td>142,318</td><td>142,985</td><td>143,616</td><td>144,249</td></tr></table>Source: DCC Post COVID-19 growth projections update</td><td>Medium/ High</td><td>That resident population growth is higher or lower than projected.

There is increased uncertainty post-COVID-19.</td><td>Potential impacts of higher or lower than anticipated population growth are:
increased or decreased demand on regulatory services
increased or decreased demand for services
higher or lower demand for housing and infrastructure
higher or lower city emissions
a larger or smaller than anticipated rating base to fund services.</td></tr>
<tr><td>Ageing population
Dunedin's population is ageing, with 21% of the population projected to be 65 years or over by 2028 (compared to 16% in 2018). By 2038 the 65 years and over demographic will be Dunedin's second largest age group (after the 25 years and under age group).
Dunedin's age groups overtime
 

Source: DCC Post COVID-19 growth projections update</td><td>Low</td><td>Demographic changes are influenced by many external variables and may happen faster than projected, changing demand for DCC services.</td><td>Potential impacts of the population ageing at a faster rate than anticipated are:
increased demand for services and infrastructure for older people
higher demand for housing suitable for an older population
a higher than anticipated proportion of ratepayers on a fixed income.</td></tr>
<tr><td>3. GROWTH AND URBAN DEVELOPMENT
National Policy Statement for Urban Development
Under the National Policy Statement for Urban Development (NPS-UD), Dunedin is categorised as a tier 2 urban environment.

It is assumed the DCC will meet its requirements to provide sufficient development capacity under the NPS-UD.</td><td>Low</td><td>That dwelling growth is higher than anticipated resulting in more demand than anticipated.

That infrastructure delivery/ funding constraints result in a delay in provision of serviced land.</td><td>Potential effects of Dunedin not meeting its NPS-UD requirements are constrained growth (population and economic) resulting in greater housing affordability issues, widening wealth inequality due to high house prices and potential risk of legal challenge (such as appeals on planning decisions e.g. plan changes).</td></tr>
</table>

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Projected dwelling growth Dunedin's dwelling numbers will grow until 2038 reaching a total of 60,511 dwellings. Dwelling growth will then slow. 2018: 52,747 / 2028: 57,381 / 2038: 60,511 / 2048: 60,777 / 2058: 61,045 / 2068: 61,314 *Source: DCC Post COVID-19 growth projections update*	Medium/ High	That dwelling growth is higher or lower than projected. There is increased uncertainty post-COVID-19.	Potential effects of higher or lower than anticipated dwelling growth are increased or decreased demand on regulatory services to process resource and building consents, increased or decreased demand for services and higher or lower demand for new infrastructure. Slower than anticipated growth may result in a delay in recovering growth infrastructure costs through development contributions.
4. CLIMATE CHANGE ***Carbon Zero 2030 target*** The DCC has declared a climate emergency and adopted a 'Zero Carbon 2030' target for Dunedin's emissions, in two parts: - net zero emissions of all greenhouse gases other than biogenic methane by 2030, and - 24 to 47 per cent reduction below 2017 biogenic methane emissions by 2050, including 10 per cent reduction below 2017 biogenic methane emissions by 2030. The DCC also has a commitment to reduce emissions from its own operations, with targets currently under review. It is assumed the DCC will meet its organisational and city-wide carbon emission targets.	High	The steps and funding needed to achieve the internal and city-wide emissions targets have not been fully scoped. The DCC faces higher than anticipated financial costs to reduce emissions. The DCC has difficulty aligning business practices and activity with emissions reduction targets and plans. Potential lack of community support for emissions reduction plans and projects.	The potential impacts of Dunedin not meeting its emissions reduction targets are: • misalignment with national emissions reduction targets and policy direction • misalignment with community expectations, leading to negative effects on political and organisational reputation • potential increase in financial costs due to the need to offset emissions to meet targets or legislative requirements.
Climate change projections: The DCC projections are based on two RCPS (global climate models), RCP4.5 and RCP8.5 (outlined below) and are calculated on a 1986 – 2005 baseline year. RCPs are scenarios that describe the alternative pathways of greenhouse gas emissions and are based on different assumptions about population,	Medium/ High	Climate change may occur at a faster or slower rate than anticipated.	The potential impacts of greater than projected climate change, particularly sea level rise and extreme rain events are: • a rapid change in the environment and ecosystems

<table>
<tr><th>Assumption</th><th>Level of uncertainty</th><th>Reason for uncertainty</th><th>Effects of the uncertainty</th></tr>
<tr><td>economic growth, energy consumption and land use over this century.

• RCP 4.5: Global emissions peak around mid-century at around 50% higher than 2000 levels and then decline rapidly over 30 years. Population and economic growth are moderate.
• RCP 8.5: Global emissions continue to increase rapidly through the early and mid-parts of the century stabilising at 2100 at just over 4 times 2000 levels. Population reaches 12 billion by centuries end. Economic growth is high but assumes much lower incomes and per capita growth in developing countries.

<table>
<tr><td>Mean temperature change</td><td>By 2040: +0.5c to +0.6c
By 2090: +0.9c to +1.8c</td></tr>
<tr><td>Sea level Rise (SLR) (metres above baseline)</td><td>By 2040: +0.19m to +0.27m SLR
By 2090: +0.49m to +0.9m SLR</td></tr>
<tr><td>Average number of hot days per year [temperature >30c] (relative to average present, 1 extreme hot day every 5 years)</td><td>By 2040: On average, 1 extreme hot day every 2 years
By 2090: On average, 1.8 extreme hot days every year</td></tr>
<tr><td>Average number of frost days per year [temperature <0c] (relative to average present 9.3 frost days per year)</td><td>By 2040: On average, 7.5 to 7.4 frost days every year
By 2090: On average, 6.4 to 3.3 frost days per year</td></tr>
<tr><td>Annual Rainfall volume</td><td>By 2040: +2%
By 2090: +5% to +13%</td></tr>
<tr><td>Volume of rain during 1hr duration 1:100-year extreme rainfall event (mm of rain increases relative to present 32mm)</td><td>By 2040: +3.2mm to +3.7mm in an hour period
By 2090: +5.2mm to +11.2mm in an hour period</td></tr>
<tr><td>Snow Days</td><td>Under all scenarios the number of snow days reduces everywhere in Otago.</td></tr>
<tr><td>Waves and Storm Surges</td><td>Under all scenarios storm surge peaks for the south Otago coast are estimated to increase over the century.</td></tr>
</table>
Source: NIWA 2018. Otago Climate Change Projections for the Otago Region. Wellington</td><td></td><td></td><td>• a requirement for the DCC to accelerate its adaptation plans to reduce the harm on communities
• an increased cost of adaptation in the short to medium term
• less time for engagement, and planning with the community
• potential for widening wealth inequality and a reduction in social cohesion in affected communities.</td></tr>
</table>

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Source: Ministry for the Environment 2017. *Coastal Hazards and Climate Change Guidance for Local Government Change*. Wellington			
5. RESILIENCE AND CIVIL DEFENCE ***Resilience to emergencies*** Dunedin is at risk of natural disasters, the key risks for the city are: • flooding due to heavy rain event • tsunami due to offshore earthquake • earthquakes and land instability due to fault line shifts • fires due to hot days. It is assumed the DCC and community will be impacted by civil defence emergencies.	High	The number and scale of civil defence emergencies is unknown.	If a significant disaster occurs that exceeds the DCC's ability to respond, this will result in: • risks to infrastructure, property and essential services • risks to DCC supply chains • increased pressure on DCC staff to respond while continuing to provide DCC services • financial impact • changes to Council priorities in response to emergencies.
6. RESOURCE CONSENTS FOR DCC PROJECTS Where resource consents are required for DCC projects, it is assumed the conditions of those resource consents will not significantly alter the operating or capital expenditure required to undertake the programmes or projects.	Low	That unexpected resource consent conditions are imposed on DCC projects.	Unexpected resource consent conditions could result in unbudgeted capital and/or operating expenditure to progress impacted projects.
7. LEVELS OF SERVICE While there are some levels of service changes in this 10 year plan e.g. kerbside and Mosgiel Pool, it is assumed existing levels of service will be maintained unless otherwise stated for the duration of the 10 year plan.	Low	That unexpected changes to levels of service occur.	Unplanned improvements to service levels require unbudgeted capital and/or operating expenditure.
8. FUTURE LEGISLATIVE CHANGES ***Proposed 3 Waters reform*** The detail of the 3 Waters reform is still being developed. In line with central government guidance, for the purposes of this 10 year plan it is assumed that the DCC will deliver 3 Waters services over the life of the 10 year plan. Any flow on impacts of the 3 Waters reform on the DCC will be assessed as part of the analysis of the proposal from central government.	High	The scope and timing of 3 Waters reform is unknown.	The 10 year plan financial assumptions and infrastructure strategy plans specific to 3 Waters do not account for potential changes resulting from future 3 Waters reforms.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Proposed RMA changes Significant changes to the Resource Management Act (RMA) have been signalled by central government. A comprehensive review (New Directions for Resource Management in New Zealand) has proposed replacing the RMA with three separate pieces of legislation: • Natural Built Environments Act • Strategic Planning Act • Managed Retreat and Climate Change Adaptation Act. It is assumed that reform of the RMA will impact on the DCC's activities.	Low	The scope, specifics and timing of RMA changes are unknown.	Potential impacts of significant RMA reform include: • Revision of the District Plan or district planning framework • changes to DCC consenting processes • unforeseen requirements for additional operating and capital expenditure.
Proposed building regulation changes Changes to building regulations and/or consenting requirements have been signalled by central Government. Some changes include the Building Law Reform programme and Building for Climate Change.	Medium	The scope and timing of building regulation changes are unknown.	Any changes to building regulations and or consenting requirements would impact the DCC as a Building Consent Authority.
Climate change related legislative changes Changes in legislation related to climate change have been signalled by central government.	Medium	The scope and timing of changes in climate change related legislation are unknown.	Significant changes to the climate change related legislation may impact (positively or negatively) on the DCC's ability to both mitigate and adapt to climate change.
9. WASTE DISPOSAL FACILITIES Green Island landfill's existing resource consents will in October 2023. Provision has been made for the operating costs of securing a possible extension to this resource consent. Capacity issues mean a new landfill or alternative waste disposal facility will be required to accommodate Dunedin's residual waste in future. The capital programme includes provision for a new landfill at Smooth Hill.	Low	The timing of a resource consent extension for the Green Island landfill and the new landfill is uncertain (see also the assumption regarding 'resource consents' above). The lead time for the development of a new landfill or alternative waste disposal facility is significant and work is currently underway.	There may be delays or increased costs due to consenting issues and community unease about the location of the new landfill.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
10. FINANCIAL ASSUMPTIONS ***Capital expenditure budget for renewals*** The levels of renewals budgeted in this 10 year plan and 50 year Infrastructure Strategy will ensure the long term integrity of infrastructure assets.	Low	Generally, the DCC can determine budgets for renewals, subject to market forces, and legislative and regulatory changes.	Long term deferral of renewals poses a risk of asset deterioration and compromise of network integrity and requires unbudgeted capital and/or operating expenditure.
Internal capacity and capability Ongoing improvements to work and procurement practices will allow delivery of operational and capital expenditure programmes and projects. The COVID-19 pandemic may impact on internal capacity and capability to deliver.	Low/ Medium	Generally, the DCC can determine resourcing for programme and project delivery, subject to market forces. There is uncertainty about the impact of the pandemic on internal capacity.	Failure to adequately resource capital expenditure programmes and projects may impact on delivery, which may result in future unbudgeted capital and/or operating expenditures. A significant or protracted outbreak of COVID-19 and flow on effects from the pandemic may impact the delivery of the capital programme.
External capacity and capability Sufficient design, engineering and construction capacity, including availability of construction materials, exists to undertake contracted operational and capital expenditure programmes. The COVID-19 pandemic may impact on external capacity and capability to deliver.	Low/ Medium	That other large-scale national or local projects (e.g. Christchurch or Dunedin Hospital rebuilds) impact on local industry capacity and capability. There is uncertainty about the impact of the pandemic on external capacity.	Issues with the availability of contractors may cause delays or require unbudgeted capital and/or operating expenditures. A significant or protracted outbreak of COVID-19 and flow on effects from the pandemic may impact the delivery of the capital programme.
Useful lives of significant assets The useful lives of significant assets shown in accounting policies and asset management plans have been appropriately assessed.	Low	Appropriate practices are followed.	An unexpected failure of an asset due to an inadequate assessment of the remaining useful life may require unbudgeted capital and/or operating expenditures.
Fixed asset valuations	Low	Revaluations are scheduled regularly to ensure minimal	Revaluations are significantly different from the forecasts,

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Scheduled revaluations of assets and forecast asset values in the budget are based on the DCC's valuation policies, which are consistent with accounting standards for Public Benefit Entities.		variation of asset values between valuations. The DCC's Statement of Accounting policies describes how potential variances are managed within the financial statements.	which would impact depreciation.
Inflation Inflation adjustors are applied as per the price level adjustors schedule provided below.	Low	Inflation levels and prices may vary from those projected.	Unexpected inflation may require unbudgeted capital and/or operating expenditures.
Borrowing Costs Interest on existing and new debt is calculated at 2.85% per annum for floating debt.	Low	There is uncertainty on the floating rate debt, but the expectation is that interest rates will stay relatively low for a considerable period.	Interest rates may vary from those projected and require unbudgeted financing expenditures.
Waka Kotahi New Zealand Transport Agency subsidy rates Revenue from the Waka Kotahi New Zealand Transport Agency (Waka Kotahi) is calculated at the normal funding assistance rates. These are 53% for 2021/22, 52% for 2022/23 and 51% per annum from the 2023/24 year. Subsidy rates vary depending on the nature of the work being completed. Waka Kotahi funding constraints (partly driven by the impact of the COVID-19 pandemic and current income shortfalls in petrol tax) along with changing priorities for Waka Kotahi funding, means that in the short term at least, renewals funding will be limited to $7 - $8 million per annum, short of the $10 - $14 million per annum based on standard Waka Kotahi subsidy rates of 51% – 53%. We need to continue investing in the renewal of the network to ensure levels of service are maintained, therefore it is anticipated that in the short term at least there will be an additional funding requirement from the DCC. This will be financed through a combination of debt and rates funding over the course of the 10 year plan.	Medium	Subsidy levels may vary from those projected and NZTA agency priorities areas may differ from the DCC's renewal and capital programme.	Subsidy revenue may be less than expected and require changes to levels of service and/or unbudgeted capital and expenditures.

Assumption	Level of uncertainty	Reason for uncertainty	Effects of the uncertainty
Forecast return on investments Refer to the Financial Strategy for information on returns from Council-owned companies, the Waipori Fund and the Investment property portfolio. The target from the Waipori Fund is inflation adjusted using the price level adjustor provided below. The return from Council-owned companies is not inflation adjusted.	Low	Income from investments may vary from those projected.	Investment income may be less than expected requiring changes to levels of service and/or an increase in revenue.
Sources of funds for future replacement of significant assets The Revenue and Financing Policy outlines the funding sources for capital expenditure. The Financial Strategy outlines the use of debt and other sources to deliver the capital programme while limiting debt to within the debt limits outlined in the Financial Strategy.	Low	The timing and/or cost of the capital expenditure programme may vary.	Variation to the timing and/or cost of the capital expenditure programme may require changes to levels of service and/or an increase in revenue.

Price level adjustors schedule – BERL[1] medium scenario

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Index Value										
Roading	1042	1075	1107	1139	1172	1206	1241	1277	1315	1353
Water and environmental	1019	1055	1082	1112	1144	1176	1213	1254	1297	1337
LGCI Opex	1030	1059	1086	1113	1141	1169	1199	1231	1264	1297
LGCI Capex	1030	1061	1089	1117	1147	1177	1209	1244	1279	1314
CPI	1081	1099	1117	1135	1156	1179	1204	1231	1259	1287
Inflation Adjustors - Cumulative										
Roading	100.0%	103.2%	106.2%	109.3%	112.5%	115.7%	119.1%	122.6%	126.2%	129.8%
Water and environmental	100.0%	103.5%	106.2%	109.1%	112.3%	115.4%	119.0%	123.1%	127.3%	131.2%
LGCI Opex	100.0%	102.8%	105.4%	108.1%	110.8%	113.5%	116.4%	119.5%	122.7%	125.9%
LGCI Capex	100.0%	103.0%	105.7%	108.4%	111.4%	114.3%	117.4%	120.8%	124.2%	127.6%
CPI	100.0%	101.7%	103.3%	105.0%	106.9%	109.1%	111.4%	113.9%	116.5%	119.1%
Inflation Adjustors - Annual										
Roading		3.2%	3.0%	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%	2.9%
Water and environmental		3.5%	2.6%	2.8%	2.9%	2.8%	3.1%	3.4%	3.4%	3.1%
LGCI Opex		2.8%	2.5%	2.5%	2.5%	2.5%	2.6%	2.7%	2.7%	2.6%
LGCI Capex		3.0%	2.6%	2.6%	2.7%	2.6%	2.7%	2.9%	2.8%	2.7%
CPI		1.7%	1.6%	1.6%	1.9%	2.0%	2.1%	2.2%	2.3%	2.2%
Roading NZTA Operating Revenue		2.2%	2.0%	2.9%	2.9%	2.9%	2.9%	2.9%	3.0%	2.9%
Standard NZTA Subsidy Rate:	*53%*	*52%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*	*51%*

[1] *Source: BERL Local government cost adjustor forecasts: Three scenarios, March 2020*

Rating unit projections

The projections have been developed to comply with Schedule 10 section 15A of the LGA 2002 and to allow DCC to use these projections in their long term planning process.

Rating unit categories	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
Residential and lifestyle	52,676	53,153	53,630	54,106	54,494	54,882	55,269	55,657	56,045	56,385	56,725
Non-residential	4,395	4,435	4,475	4,515	4,515	4,514	4,513	4,512	4,512	4,521	4,529
Other	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994	1,994
Total rating units	**59,065**	**59,582**	**60,099**	**60,616**	**61,003**	**61,390**	**61,777**	**62,164**	**62,551**	**62,899**	**63,248**

The average annual increase in total rating units for the 10 year plan 2021-31 period is just under 418 rating units per year, approximately 0.7% per year. The approach differs for each type of rating unit, which is discussed below. The growth projection data used is from the *2020 Post COVID-19 DCC Growth Projections 2018 to 2068.*

Residential and Lifestyle - the assumption is that each new dwelling creates a new rating unit. This means that in the long term, the current provision of vacant properties will be replenished as they are utilised. The 2018 rating unit base data is calculated using the DCC's rating information on land uses. The number of Residential and Lifestyle rating units was then increased by the percentage of growth in dwellings for each five-year period.

Commercial Rating Units - The future demand for Commercial rating units is based on the projected number of people working within the applicable industry sectors. The projected growth rate of commercial rating units is assumed to be equivalent to the projected growth rate in the modified employee count. This presumes that the ratio of commercial rating units to employees remains static. The unit of employment is the Modified Employment Count developed by Market Economics using the Economic Futures Model.

Other rating units - The remaining rating unit categories (Farmland, Churches, Schools, other) make up less than 4% of the total rating units. For simplicity, these rating units are assumed to remain the same.

2.4 Financial strategy | He rautaki pūtea

At a glance

Gross Debt Limit:	250% of revenue
Rate increases limited as follows:	
Year 1:	limited to no more than 10%
Years 2-10	limited to 6.5% on average annually over the period

Average Dunedin rates for Dunedin residents will be less than the national average for city councils around the country.

Forecast total operating surplus is greater than zero for each year of the plan

Council aims to ensure everyday costs of running the city can be funded from the everyday revenue (excluding any non-recurring/non-cash items) consistently by the end of the 10 years

The following liquid assets held by Council will be retained as a partial hedge against the gross debt:

- Waipori Fund
- Investment Property Portfolio
- Interest-bearing shareholder advance to Dunedin City Holdings Limited (DCHL).

Income from Group companies is limited to $5.9 million annually, being the current interest earned from the interest-bearing shareholder advance to Dunedin City Holdings Limited ($112.0 million)

The financial landscape

In 2018, Council's Financial Strategy focused on investing in our great small city, with plans to invest in infrastructure, both above and below ground, to build resilience and enhance and improve our city. It recognised the competing tensions of affordability, maintaining assets and investing for the future.

The focus has not changed, but Dunedin's environment has. For example, Dunedin city is now predicted to have higher population growth over the next 10 years – compared to estimates in 2018 that predicted low to medium growth. We are now living through a pandemic - the impacts of COVID-19 have been and continue to be felt throughout New Zealand. The serious challenges of climate change and its impacts are forefront in everyone's minds, and our response to reduce emissions and adapt to climate change needs to speed up.

This Financial Strategy does not change the direction of the 2018 strategy but builds on it. The Council has an important role to play in the economic and social recovery of the city from COVID-19, by investing in both services and capital projects for our city. At the same time, the Council needs to help foster social wellbeing and stimulate economic activity at a local level.

A lot of planning has been undertaken over the last three years, and now it is time to deliver. The Council is planning to invest $1.515 billion on capital projects over the next 10 years, compared with $878 million in the last 10 year plan. Of this, $950 million is dedicated to renewals, primarily replacing key 3 waters and transport infrastructure, building the resilience of these essential assets. $488 million will be invested in new capital projects that will improve the city, and $77 million will be used to build new three waters infrastructure needed for the growth that is being experienced.

To fund this level of capital investment, the debt limit has been reviewed. The last 10 year plan had a fixed debt limit of $350 million. This Financial Strategy has changed the debt limit, setting it at 250% of revenue. This revised debt level will be responsive to change and will move in line with the level of activities.

What might impact us over the next 10 years

There are a number of factors that may have an impact on what and how much Council does, and how services are delivered over the next 10 years. These are discussed below.

COVID-19

Since February 2020, the New Zealand economy has undergone a significant period of upheaval due to the COVID-19 pandemic. This has created uncertainty around Dunedin's growth and economic performance into the future.

Growth projections that were developed prior to COVID-19, have been reviewed to assess what impact COVID-19 may have had on those projections. These are discussed below in "*Changing population, land use and rating base*".

The review also concluded that the Dunedin economy is expected to hold up and recover reasonably well. Dunedin has the new Hospital rebuild and other major infrastructure projects that will stimulate job opportunities. Tourism is expected to recover and return to pre COVID-19 levels by 2031.

These outcomes are of course based on many assumptions. While New Zealand is currently experiencing no community transmission of COVID-19, and is living at Alert level 1, there is no certainty of the path that COVID-19 may take, and any possible further impacts on Dunedin and the rest of New Zealand.

Climate Change and Zero Carbon

During 2019, Council declared a climate emergency and established a dedicated work programme to meet climate change mitigation and adaptation planning needs. It also set 2030 as the target for achieving zero carbon. Council's focus is mirrored at a national level, with the government making changes including increased carbon prices, and growing expectations of local government to work with communities on solutions.

The climate change work programme has two work streams, Climate Change Adaptation and Zero Carbon 2030 (the later focused on climate change mitigation).

In terms of adapting to climate change, we face significant risks, especially relating to sea level rise and adverse weather events causing flooding.

Of particular concern is the South Dunedin area, which sits on reclaimed land, has high groundwater levels, and is extremely vulnerable to sea level rise from climate change. It has around 4,500 homes, housing 10,000 people. As part of the Climate Change Adaptation work, the "South Dunedin Future" programme is being developed with the Otago Regional Council, to respond to these issues. This is also being done in consultation with the community, central government and other stakeholders.

The Zero Carbon 2030 work programme has targets in two parts as follows:

- net zero emissions of all greenhouse gases other than biogenic methane by 2030, and
- 24% to 47% reduction below 2017 biogenic methane emissions by 2050, including 10% reduction below 2017 biogenic methane emissions by 2030.

While the target is for the whole city, it also includes reducing emissions from Council's own activities, which have been measured since 2013/14.

To achieve this target, the way services are delivered needs to change. The focus to date has been on developing policies and processes to ensure that emissions are considered in all decision making on major projects, and in the Council's procurement practices. For this 10 year plan, transport and waste have been identified as priority areas for investment to reduce emissions. While the cost of capital is likely to be higher for solutions that will reduce emissions, it is anticipated that there will be savings in the ongoing associated operating costs.

Council's Zero Carbon 2030 target will only be achieved by the whole community working together. A key focus during 2021/22 will be the development of a Zero Carbon Plan for Dunedin, where the community and key stakeholders will help Council decide how to invest and partner to achieve its target.

Until the Zero Carbon Plan has been developed, an assumption has been made that the target will be able to be met without the need to purchase carbon offsets. Potential implications of not achieving this are discussed in the Significant Forecasting Assumptions section of the 10 year plan.

3 Waters Reform

In July 2020, the Government launched the 3 Waters Reform Programme, a three-year programme to change the way three waters service (drinking water, wastewater and stormwater) are delivered.

Rather than having 67 individual councils providing three water services, the Government plans to have a small number of larger regional entities that would provide these services, to realise economic, public health, environmental, and other benefits.

In July 2020, the Government announced a $761 million stimulus funding package to maintain and improve three waters infrastructure, support the three-year reform programme, and support the establishment of Taumata Arowai, the new Water Services Regulator.

Funding has been given to those councils that have agreed to participate in the first stage of the reform programme. This included Council signing a Memorandum of Understanding with the Government, agreeing to work together to help identify an approach to the delivery of water services.

The Council's share of the stimulus funding is being used to improve Dunedin's three waters pipeline infrastructure networks.

At this time there is not enough information to meaningfully engage on what the reform means for Dunedin, and so this 10 year plan provides for the Council to continue to provide three waters services throughout the 10 year period. This approach is being taken by all Councils as recommended by the local government sector.

Changing population, land use and rating base

We have undertaken a review of growth projections that we had developed prior to COVID-19. That review suggests that net migration (international and domestic) is expected to be near zero during 2020 – 2024 because of COVID-19 border restrictions. Domestic migration is expected to be relatively resilient with strong inflows of students moving to Dunedin to go to study. Dunedin's population is predicted to grow at a higher rate from 2024 until 2038, when it could reach 142,318. From 2038 onwards, the population rate is predicted to return to a medium growth rate.

Dunedin's population is ageing, with 21% of the population projected to be 65 years or over by 2068, compared to 16% in 2018. Most of the growth in this population group is forecast to occur between 2018 and 2038.

Housing is projected to grow from 52,747 in 2018 to 60,511 in 2038, as a result of population growth, an ageing population and the changing make up of families and households.

Land use changes are expected to allow for housing growth. Investment of $77 million for essential

services to enable growth has been provided for in the 10 year plan, for water assets. The work on transport growth has yet to be factored in.

Any impacts of these projections being different are discussed in the Significant Forecasting Assumptions section of the 10 year plan.

Ability to deliver on the planned capital programme

The Council's planned capital expenditure programme represents a significant uplift from the last 10 year plan, with renewals a key area of focus. The challenge for Council will be its ability to deliver this programme, acknowledging that the annual targets are higher than previous achievements, and the lead time for delivery is always longer than anticipated. These risks will be managed through improved forward planning, early contractor engagement, innovative procurement strategies, and strong disciplines around project management and monitoring to ensure progress is on track.

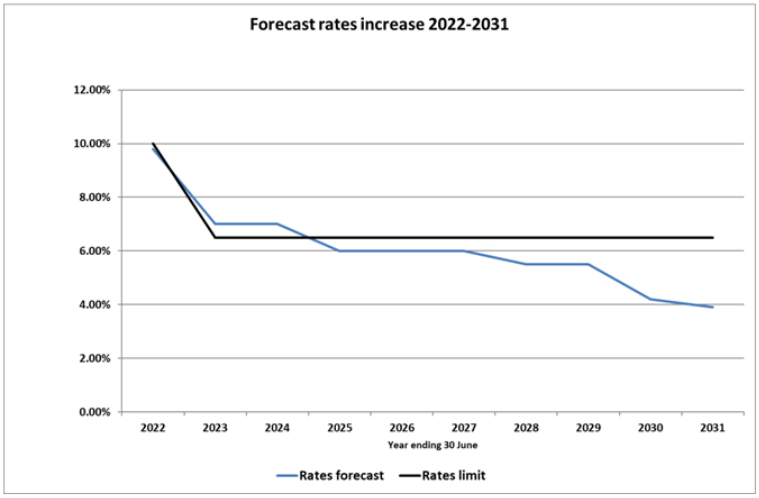
Strategic financial limits

Rates

The Council recognises that rates need to be at an affordable level overall, and that it needs to balance affordability with increasing costs of delivering core services. This strategy assumes that affordability will be maintained, and that the Dunedin average residential rates are below the national average for city councils around the country.

The Council will limit the rate increase to 10% for the first year of the 10 year plan and an average of 6.5% per annum across years 2 to 10. These increases are due to the operating impacts of the capital expenditure programme, inflationary pressures on Council costs and ensuring the Council has a sustainable operating result after removal of non-recurring/non-cash revenue items.

As part of this 10 year plan, we will be consulting on an enhanced kerbside waste collection service. This will come at an additional cost and recovery from rates revenue is included in the limits discussed above.



Residents on low incomes will continue to be encouraged to access the rates rebate scheme offered by central government as a means of offsetting the cost of rates. We will also continue to maintain our rates remission and rates postponement policies.

Debt

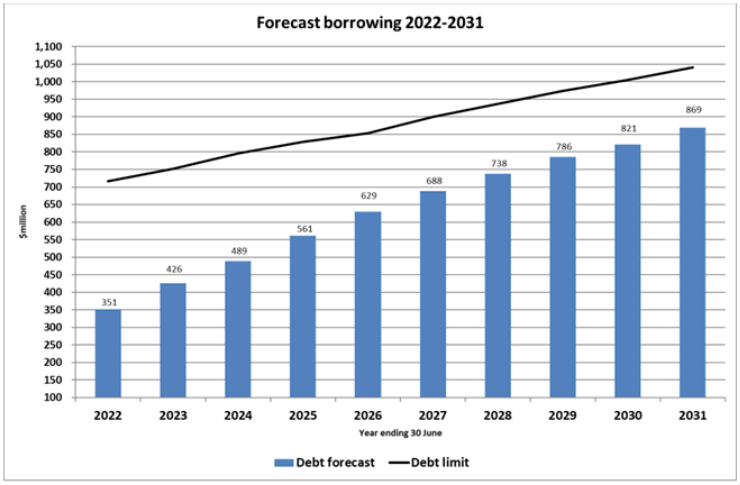
The use of debt allows the financial burden of new capital expenditure to be spread across a number of financial years, recognising that the expenditure is on intergenerational assets, i.e., the assets have a long life and generate benefits both now and to future generations.

Debt is also used to fund the portion of capital renewals that is not covered by funded depreciation.

In the last 10 year plan, the debt limit was fixed at $350 million. This limit is not sufficient to fund planned investment in capital projects and does not recognise the impact of changing costs and/or activity.

In response to this, Council approved changing the debt limit from a fixed amount to a variable amount calculated as a percentage of revenue. The gross debt limit for this 10 year plan is set as 250% of revenue. This means that our debt level will be responsive to change and will move in line with the level of our activities. This revised debt limit will allow flexibility to deliver the planned capital expenditure programme, while also having capacity to fund potential unplanned events.

The following chart shows the forecast 10 year borrowing from 2021 to 2031.



Over the 10 year period, the debt required to fund the planned capital investment does not reach the 250% of revenue limit.

This debt limit is considered financially prudent, as it sits within the lending limits set by the Local Government Funding Authority (LGFA). The LGFA equivalent metric is based on net debt, where net debt is defined as gross debt less liquid financial assets and investments.

The Council has significant liquid assets and investments to provide a partial offset to gross debt. As at 30 June 2020, these included the Waipori Fund of $94.2 million, an investment property portfolio of $95.7 million, and a Dunedin City Holdings Ltd interest-bearing shareholder advance of $112.0 million. Further detail on these assets is provided below.

Operating surplus

The Local Government Act 2002 requires councils to have a balanced budget unless it is prudent to do otherwise. This Financial Strategy will ensure that each year of the 10 year plan has a positive operating surplus.

Further to this requirement, the Council needs to ensure that the everyday costs of running the city can be funded from the everyday revenue. For the purposes of achieving this, everyday revenue excludes some capital expenditure funding items (e.g., Development Contributions, Non-Recurring Waka Kotahi NZ Transport Agency capital subsidies) and any non-cash income (e.g., Vested Assets, fair values gains related to the Waipori Fund investments) as these items are not 'everyday revenue' and/or cash generating. The 10 year plan will aim achieve this requirement within the period of the plan and ensure it is sustainable into the future.

Surplus funds
In general, any surplus funds will be used to repay debt, invest in Dunedin, and help pay for priority projects.

In deciding to dispose of an asset, the Council may consider the option of using the proceeds to invest in an income generating asset (e.g., Waipori Fund) rather than pay down debt. The Council would elect to do this at the time of the approval to dispose.

Security for debt
Council's policy is to give rates as security for our debt. Most of our borrowing will be done through our group company Dunedin City Treasury Limited.

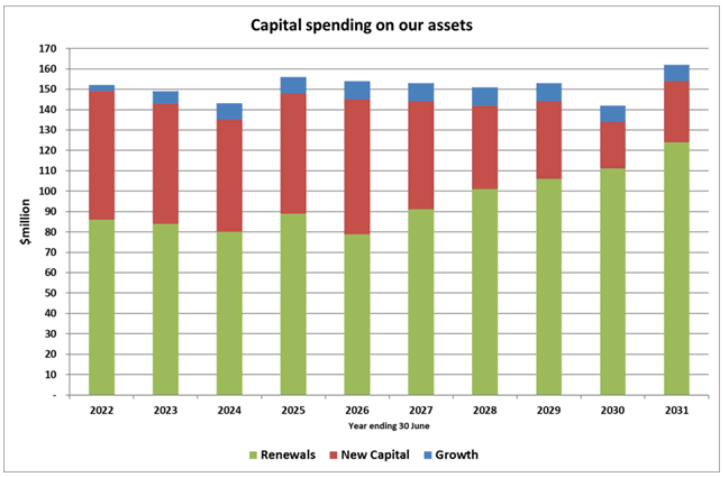
Strategic asset investment
Council will prioritise funding maintenance and renewals as per its Asset Management Plans. These are regularly updated to reflect changing needs and emerging risks that will ensure resilience of Council assets and services. Asset management planning focuses on asset condition, risk assessment, planning and delivery opportunities, and long term asset solutions that provide value for residents, businesses and the environment.

This Financial Strategy is closely linked to the Infrastructure Strategy so significant issues such as these can be properly considered. Updated information has been used to make decisions about assets that need renewing over the 10 year plan. The Infrastructure Strategy expands this timeframe out to 50 years and gives greater confidence around how this work can be paid for in the longer term.

The Council is planning to invest in projects that will provide resilience for our city and enhance amenity levels. Some of the significant projects to upgrade or continue to improve services include:

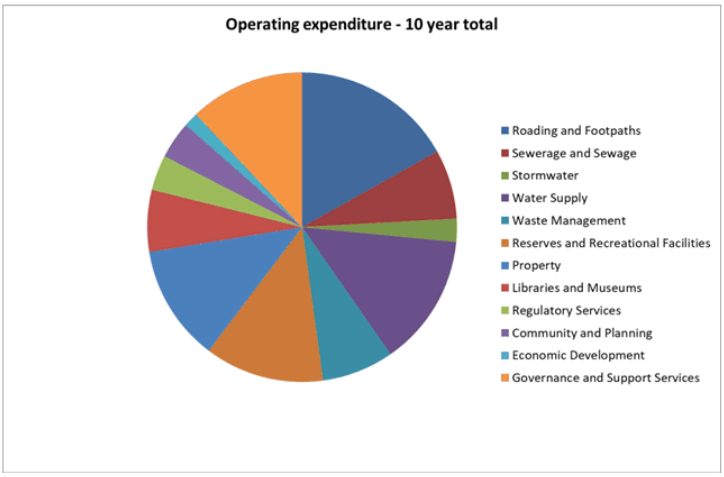
- improving the resilience of Dunedin's transport system, water supply and stormwater infrastructure
- responding to infrastructure needs for our growing population
- minimising transport disruption during and after the construction of the new Dunedin Hospital
- upgrading the central city area
- investing in flood alleviation in South Dunedin
- investing in reducing our carbon emissions through waste minimisation initiatives
- investing in a new modern landfill to replace the current facility at Green Island

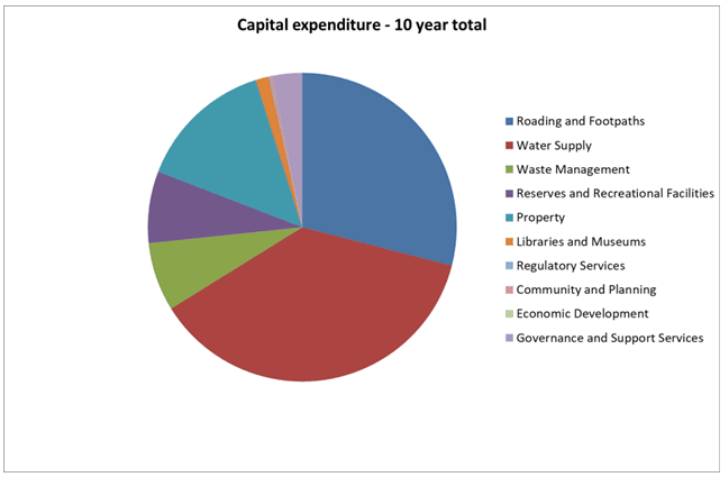
The graph below shows planned capital investment over the next 10.



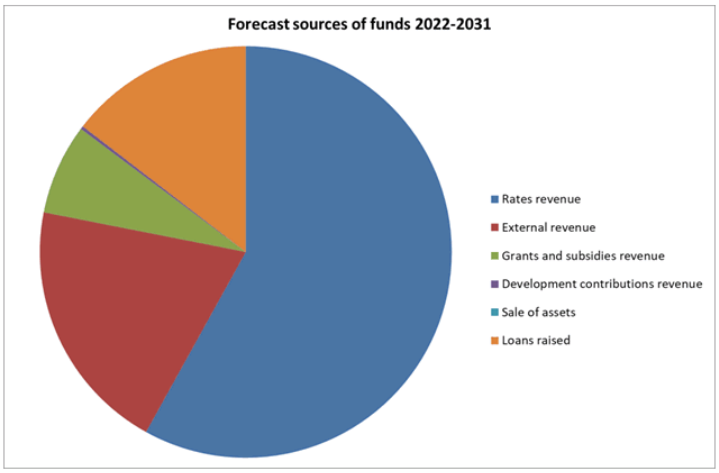
Maintaining services

The Council will continue to fund and deliver the full range of services currently being offered, maintaining current levels of service over the 10 year period. In some areas, there will be some increased levels of service with planned investment in new projects, building resilience and preparing for future growth.





The Council's activities and services provided, and investment in infrastructure will be paid for using the following sources of funds over the 10 year period.



Financial Resilience

The Council needs to have the ability to respond to unplanned events, such as natural disasters, civil defence emergencies and pandemics. These events can result in significant unplanned operating and capital costs.

If a significant event occurs, the Council has a range of options for funding unbudgeted expenditure within the financial strategy limits, including rates, debt, insurance, Government funding for infrastructure assets, financial assets and reprioritisation of existing budgets.

Managing investments and Council-owned companies

The Council holds a range of investments, including Council-owned companies, investment property and the Waipori Fund. These investments are designed to provide ongoing non-rates income over the medium to long term as well as a partial offset to gross debt as discussed above.

Investments

Waipori Fund

Established in 1999, using proceeds from the sale of the Waipori electricity generation assets, the Waipori Fund is a diversified investment portfolio comprising both fixed interest deposits and equity investments.

The Fund is managed by Dunedin City Treasury Limited on behalf of Council, using the Statement of Investment Policy and Objectives (SIPO) approved by Council. The SIPO defines the primary objectives of the fund to be:

- Maximise its income, subject always to a proper consideration of investment risk and;
- Grow the Fund's base value, while maintaining an agreed cash distribution to Council.

The fund value at 30 June 2020 was $94.2 million.

Investment property portfolio

Council owns an investment property portfolio comprising a mixture of property types, including a number located outside of Dunedin.

The minimum target return from Council's investment properties is to be greater than the weighted average cost of funds.

The portfolio value at 30 June 2020 was $95.7 million, broken down as follows:

Investment property	$ million
Dunedin retail	28.500
Dunedin parking	25.000
Dunedin other	10.690
Christchurch	7.900
Wellington	15.400
Auckland	8.250
Total	**95.740**

Shareholder Advance

Council has provided an interest-bearing shareholder advance to Dunedin City Holdings Limited of $112.0 million, which has an associated annual income stream of $5.9 million.

Council-owned companies

Council-owned companies are an important component in this Financial Strategy.

While they are valuable assets in terms of their capital value, the income they generate can be used to keep down the levels of funding required from ratepayers. In more recent years, the revenue Council has expected to receive from the companies has been unrealistic. This, coupled with stadium-related debt pressure and the need for group companies to re-invest, has created a degree of financial uncertainty for the Council when trying to adopt budgets and set rates.

Group companies are in a rebuilding phase and investing in their own infrastructure - particularly important in the case of lines company Aurora Energy which has infrastructure that needs to be replaced. In addition, Dunedin City Holdings Limited (DCHL), which owns the companies on behalf of the Council, continues the process of building financial headroom so that the Council can receive a steady income stream in the future. Any volatility in group annual earnings will be absorbed by DCHL so that the Council can be certain about the money it will receive.

The 10 year plan assumes income from CCO's of $5.9 million per annum being the current interest on the shareholder advance to DCHL ($112.0 million). In the event the interest rate is renegotiated down, it is anticipated any difference to the $5.9 million would be made up by a compensating dividend stream.

The 10 year plan does not include any additional revenue in the form of dividends from group companies. The Council will continue to work with Dunedin City Holdings Limited to explore the option of a dividend stream in the future, on the basis that any dividend delivered can be sustained.

INFRASTRUCTURE STRATEGY | HE RAUTAKI HAKA

1. EXECUTIVE SUMMARY

This document sets out the Dunedin City Council's (DCC) strategy for managing drinking water, wastewater and stormwater (3 waters) and transport infrastructure for the next 50 years. The strategy covers infrastructure assets operated by the DCC.

The purpose of this strategy is to:

- identify the significant infrastructure issues facing the DCC for the next 50 years
- identify how the DCC will manage the issues identified and any implications
- set out the most likely scenario for managing the city's network infrastructure to 2071.

Projects identified in the first 10 years of the strategy are funded as part of the DCC's 10-year plan. There is less certainty around the issues and options for the period 2031 to 2071 and projects identified beyond the first 10 years of the plan are currently unbudgeted.

1.1. Strategic priorities for network infrastructure

1.1.1. 3 Waters

The strategic priorities for the 3 waters network are:

- meeting the water needs of the city for the next 50 years from existing water sources
- adapting to a variety of future scenarios for climate change and fluctuations in population
- reducing our reliance on non-renewable energy sources and oil-based products
- improving the quality of our discharges to minimise impacts on the environment
- ensuring that, as a minimum, key service levels are maintained into the future
- limiting cost increases to current affordability where practical
- adopting an integrated approach to management of the 3 waters and embracing the concept of kaitiakitaka.

1.1.2. Transport

The strategic priorities for Dunedin's transport network are:

- improving Dunedin's road safety record
- providing safe, viable transport choices
- strengthening connections to, within and between Dunedin's centres
- supporting safe and efficient freight movement
- ensuring the ongoing resilience of Dunedin's transport system and key infrastructure.

1.2. The current state of Dunedin's network infrastructure

1.2.1. Water supply

Due to significant investment in the city's water supply assets over the past two decades, Dunedin City has high quality drinking water that complies with the Ministry of Health Drinking Water Standards. However, there are capacity issues in some areas of the network and some of the smaller, rural plants need work to improve reliability of treatment standards. In addition, as the infrastructure has been developed over a long period of time, some infrastructure does not meet today's requirements such as required fire flow pressures.

1.2.2. Wastewater

While the majority of the city's wastewater treatment plants are generally in good condition, there are many mechanical and electrical plant items that are reaching, or have reached, the end of their asset life. There are also some areas of the network and that are in poor condition due to the age of the pipes, resulting in stormwater and groundwater infiltrating the network, which can lead to wastewater overflows and 'wash-out' of the treatment plant process, particularly during heavy rainfall events and high tide. The condition and reliability of the rural wastewater systems vary across the five schemes.

1.2.3. Stormwater

The provision of stormwater services across the city includes the DCC, Otago Regional Council (ORC) and private watercourse (both open and piped) infrastructure. During heavy or prolonged rainfall, the drainage network no longer copes with flows in some areas, resulting in damage to property. Flows have increased due to changing climate and rainfall intensities, but also from

development of the surrounding land. Issues can arise when a private watercourse has not been maintained or when private pipes are no longer of a size to safely convey flows.

1.2.4. Transport

There has been limited increases in renewals investment in the Dunedin transport network over the past five years, however, the cost of delivering renewals has increased by approximately 50%. The network has deteriorated as a result. Footpaths are generally in poorer condition than the roads. The city suffers from high crash statistics, particularly between motor vehicles and vulnerable roads users (i.e. cyclists and pedestrians). Resilience in the transport network infrastructure is under increasing pressure as many assets are becoming more at risk from flooding, erosion and king tides. Generally, the network has sufficient capacity with congestion only experienced in short morning and afternoon commuter peaks. Gaps still exist in the cycling network across the city with approximately 50% of the strategic cycleway network currently implemented.

1.3. Significant infrastructure issues and options for Dunedin

1.3.1. Regulatory, legislative and service delivery changes

The New Zealand Government is undertaking a substantial change programme that is expected to impact Dunedin's infrastructure services in the coming years. This includes reform of three waters regulatory and service delivery arrangements, freshwater reforms, review of the resource management system, changes to the way we provide for and manage urban growth, and reform of government and industry procurement systems. In addition, the Government Policy Statement on land transport, which sets out the Government's strategic direction for the land transport system over the next 10 years, is issued every three years.

1.3.1.1. 3 waters regulatory and service delivery reform

The 3 waters industry is entering a period of significant change:

- there is a drive to improve the environmental performance of wastewater and stormwater systems
- drinking water regulation is changing
- a new water services regulator, Taumata Arowai, has been established
- the Government has proposed substantive reform of the 3 waters service delivery model, including the establishment of public, multi-regional water services entities, in response to affordability and capability challenges facing the sector.

More stringent regulation of 3 waters activities means that current levels of service will need to increase. Government funding for accelerating investment in 3 waters assets has already begun in connection with the Government's Three Waters Reform Programme.

1.3.1.2. Essential Freshwater Programme

The Government has also introduced changes to freshwater regulation through the Essential Freshwater Programme, which relate to the environmental regulation of stormwater and wastewater discharges and protection of drinking water sources.

The National Policy Statement for Freshwater Management 2020 (NPS-FM 2020) came into effect in September 2020. Regional councils are required to notify new or amended regional plans that give effect to the NPS-FM 2020 by 31 December 2024. These changes will have significant flow-on effects for 3 waters activities, through anticipated changes to permitted activities and more stringent requirements around discharges. Changes to engagement requirements are also expected which will promote tangata whenua involvement in freshwater management and decision making, and to ensure Māori freshwater values and the principals of Te Mana o te Wai are identified and provided for.

1.3.1.3. Resource management system review

In 2020, an independent panel appointed by the Minister for the Environment completed a comprehensive review of New Zealand's resource management system. The review's scope included looking at the Resource Management Act 1991 and its interfaces with the Local Government Act 2002, the Land Transport Management Act 2003, and the Climate Change Response Act 2002. The review recommended that the current Resource Management Act be replaced with three new pieces

of legislation; a Natural and Built Environments Act, a Strategic Planning Act and a Managed Retreat and Climate Change Adaptation Act. The panel's report is expected to be followed in 2021 by consultation to develop government policy and a framework to link together the key pieces of legislation.

1.3.1.4. Urban Growth Agenda

The Urban Growth Agenda is a Government work programme that aims to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out. It has five interconnected focus areas: infrastructure funding and financing; urban planning; spatial planning; transport pricing; and legislative reform.

The National Policy Statement on Urban Development 2020 (NPS-UD 2020) came into effect on 20 August 2020. The NPS-UD contributes to the Urban Growth Agenda by addressing constraints in New Zealand's planning system to ensure it enables growth and supports well-functioning urban environments. The NPS-UD 2020 categorises Dunedin as a tier 2 urban environment, bringing into effect a range of provisions relating to the amount of development capacity required to be serviceable with infrastructure.

1.3.1.5. Government Policy Statement on land transport

The Government Policy Statement on land transport (GPS) sets the Government's priorities on land transport investment over the next 10-year period.
The strategic priorities for GPS 2021 are:

- Safety – developing a transport system where no-one is killed or seriously injured
- Better Travel Options – providing people with better transport options
- Improving freight connections
- Climate Change – developing a low carbon transport system that supports emission reductions.

Investment in the transport network is typically co-funded by Waka Kotahi New Zealand Transport Agency (Waka Kotahi). Co-funding levels in DCC transport investment are generally linked to the level of alignment with the GPS.

1.3.1.6. The DCC's response

The DCC is managing the regulatory and legislative issues for 3 waters by undertaking strategic planning for network and treatment assets and progressing a proactive and comprehensive transition work programme to prepare for 3 waters reform. These projects include:

- asset management and policy improvements
- asset ownership options
- strengthening regulation
- servicing growth
- contract and capital delivery improvements
- system planning.

1.3.2. Replacing and renewing Dunedin's ageing infrastructure

Some assets of the 3 waters and transport networks require replacement based on their age and the likelihood they will not be able to maintain service levels in the future. Issues include cracked earthenware sewers letting in groundwater and causing overflows, and the transport network becoming unsafe. Without continued spending on renewal of these assets they are likely to deteriorate further. The DCC will increase spending on renewals over time. In some circumstances, 'like-for-like' renewals may no longer be enough to meet the needs and expectations of the community and regulators. This means it is likely the proportion of new capital against renewals funding will increase to allow for upgrades, particularly as the Government's 3 waters regulatory reform programme is implemented over the coming years.

The DCC will manage the renewal and replacement of ageing infrastructure by planning to renew assets as they reach the end of their useful lives or are in poor condition and to increase the level of renewal delivery year on year. There is also the ability to re-allocate funding from later years through the Annual Plan process to accelerate renewals if increased delivery is achieved. Renewals

are targeted in areas with the highest risk and where possible are programmed to enable efficiencies between 3 waters and transport projects.

1.3.3. Responding to changes in demand for infrastructure

The DCC growth projections indicate Dunedin's population will increase from 126,255 (2018 Census) to be 144,249 by 2068. This will have an impact on the city's infrastructure. 3 waters and transport are planning for growth through specific capacity assessments and targeted capital works to meet projected demand.

The DCC is seeing growing diversity of travel choice across Dunedin; public transport, walking and cycling continue to be increasingly attractive options for people to get around the city or to and from work. The DCC will continue to invest in infrastructure to support and enable all transport modes across the city.

The Dunedin City District Plan controls what people can do on their land and how it can be developed. The main goal of the District Plan is to sustainably manage the natural and physical resources of Dunedin to meet the needs of current and future generations and to provide for their social, economic and cultural wellbeing and for their health and safety.

Under the Resource Management Act 1991, the DCC is required to review the District Plan every 10 years. A full review of the first Plan started in 2012. This review produced the Proposed Second-Generation Dunedin City District Plan, known as the 2GP. The 2GP is an entirely new plan, with a new format, new zones, objectives and policies, and many rule changes. The DCC must provide infrastructure to service relevant areas within the 2GP. The DCC initiated variation 2 to the 2GP on 12 February 2019. The purpose of the change was to identify targeted actions to address the shortfall in housing capacity over the next 10 years, in order to meet the DCC's obligations under the National Policy Statement for Urban Development.

The DCC will manage the response to changes in demand for infrastructure by planning and investing for a medium-high growth scenario over 2019-28 and a medium growth scenario from 2029 onwards. The 2021-31 capital programme is funded to deliver new infrastructure required for the 2GP and investigate and design infrastructure needed for Variation 2. The delivery of Variation 2 will be considered within the 2024-34 10 Year Plan.

1.3.4. Public health and environmental outcomes

The 3 waters and transport networks provide important public health benefits to the community and deliver services which can impact on the natural environment. The provision of drinking water, wastewater and stormwater services directly affect public health and environmental outcomes through providing safe drinking water and management of wastewater and stormwater discharges. The provision of a safe and reliable transport network that supports the use of active transport modes directly affects public health through reduced road trauma and connected communities that are fit and healthy.

The DCC will manage the response to public health and environmental outcomes by increasing investment over time through existing renewals programmes and planning for changes to regulation and legislation.

1.3.5. Resilience to natural hazards

Natural hazards pose a lesser risk when infrastructure networks are resilient. Flooding, drought, catchment fire, landslides, rising groundwater and liquefaction in the event of an earthquake pose the most significant risks to Dunedin's infrastructure. The DCC is working to improve it's understanding of natural hazards and to develop options for resilient infrastructure networks into the future, including route resilience.

The DCC will manage this issue by ensuring investment in renewals and new capital specifically considers reducing the risk arising from natural hazards and where possible considers adaptive planning. Renewing aging infrastructure in flood prone and coastal erosion areas will reduce some risks arising from natural hazards. The DCC will continue to fund projects to improve the resilience of the water supply, wastewater, stormwater and transport network. Alpine Fault Quake Resilience and Lifelines resilience projects will also improve help resilience of the 3 waters and transport networks.

1.3.6. Planned increases or decreases in levels of service

The 3 waters industry is entering a period of significant change. The Government's reform programme is likely to require an increased level of service over time. Through strategic planning and improving asset management, the DCC will assess the costs and benefit of projects to meet new levels of service to ensure the best practicable options are implemented.

The transport levels of service for this 10 year plan demonstrate alignment with the GPS on Land Transport. Infrastructure investment to support active transport modes and public transport will continue to be invested in to improve levels of service in these areas. There are also opportunities to make amenity and service improvements in the central city through the Central City Plan projects to make the city more vibrant, support growth and to attract people to Dunedin.

The DCC will manage this issue by focusing on renewing infrastructure to reduce the risk of declining service levels and to increase resilience, while also investing in improving strategic service levels as planning and delivery capacity allows.

1.3.7. Zero Carbon 2030 target

In June 2019, the Council declared a climate emergency. The 'Zero Carbon 2030' target seeks to achieve city-wide net carbon neutrality (excluding biogenic methane) by 2030. The transport sector is Dunedin's most significant, and fastest growing, source of emissions. Emissions from this sector are closely linked to urban form, which in turn is greatly influenced by the provision of transport and 3 waters network infrastructure. Trends suggest that with increasing investment in infrastructure to improve the levels of service for active and public transport modes, there is a slow increase in uptake, and with increasing intensification of urban form, these trends are likely to continue.

Alignment of infrastructure provision with the Zero Carbon 2030 target will focus in the first instance on improving data quality, and amending internal policy and processes to ensure emissions reduction is central to strategic urban planning. In parallel, immediate capital investment in the transport network will be focused on projects that support mode choices.

1.4. The plan to address Dunedin's network infrastructure issues over the next 50 years

Dunedin is planning and investing for a medium-high growth scenario over 2021-28 and a medium growth scenario from 2029 onward. Because of this, significant work is required to enlarge and expand Dunedin's existing infrastructure. Renewals programmes and specific projects are also needed to address risks to health and safety, public health, levels of service and the environment, and to respond to new regulatory requirements.

In the short term, major renewals are needed at water treatment plants to ensure they continue to meet the Ministry of Health Drinking Water Standards and major renewals within the wastewater network and treatment plants are needed to ensure discharges will remain compliant and to provide a safe working environment for operational and maintenance staff. As 3 waters resource consents expire, investigations into the capacity of infrastructure, effects on the environment and working in partnership with Iwi will allow best practicable options for new resource consents to be achieved. The DCC will invest in flood alleviation in South Dunedin and Mosgiel, increase water supply resilience via the Port Chalmers and Water Supply projects and improve wet weather flow management on the wastewater networks.

In the medium term, water treatment plants will be upgraded as budgets allow to meet ongoing anticipated improvements in standards. Major renewals of water supply pipelines will also be undertaken to improve drinking water system resilience.

Large scale 3 waters projects are difficult to anticipate in the longer term due to a number of unknowns on how 3 waters reform and increased regulation will progress. However, within the timeframe of this Infrastructure Strategy, most 3 waters buildings and structures will require replacement or significant upgrades to ensure service levels are maintained. Some specific major projects are identified for post-2031 such as the Deep Creek/Deep Stream pipeline renewal and

servicing the Variation 2 to the 2GP to enable growth. Further changes to the 3 waters networks may also be required depending on demographic changes within the city. Ongoing strategic planning within 3 waters will produce long-term strategic investment plans for the 2024-34 10-year plan.

The level of investment in transport renewals and maintenance across the city aims to maintain existing levels of service but does assume some transport mode shift associated with growth occurs to mitigate traffic congestion. In the short to medium term, improved planning and increased investment is required for assets such as sea walls, retaining walls and drainage assets in light of changing weather patterns. Overall, the mid to long-term, budgets are set with the aim of maintaining assets at their current condition. The nature and extent of capital programmes required over the longer term is more uncertain, however the impacts of climate change are likely to place pressure on the network's capacity to remain resilient in coastal, flood-prone, low-lying areas and will likely require some mitigation.

Long term investment in the Transport network will need to focus on resilience to natural hazards (e.g. St Clair sea-wall), and consider efficiency and movement of freight and people (Mosgiel heavy vehicle bypass and central city bypass) and an increased level of service in public transport for our city's main commuting populations.

To support the Council's Zero Carbon 2030 target, projects will aim to minimise carbon emissions both in the construction and operational phases. In addition, tight integration of land use, infrastructure and transport system planning will be essential, particularly in the implementation of the National Policy Statement – Urban Development and the development of a Future Development Strategy.

The DCC will continue to invest in relationships with professional and local government bodies such as Water New Zealand, Local Government New Zealand, Society of Local Government Managers, Institute of Public Works Engineers Australasia and Central Government to avoid duplication of effort and identify approaches used by other groups that can be applied in a local context.

2. WHY OUR INFRASTRUCTURE IS IMPORTANT

This section covers the purposes of our various infrastructure networks and explains how they work.

2.1. Water supply

2.1.1. Purpose of the water supply network

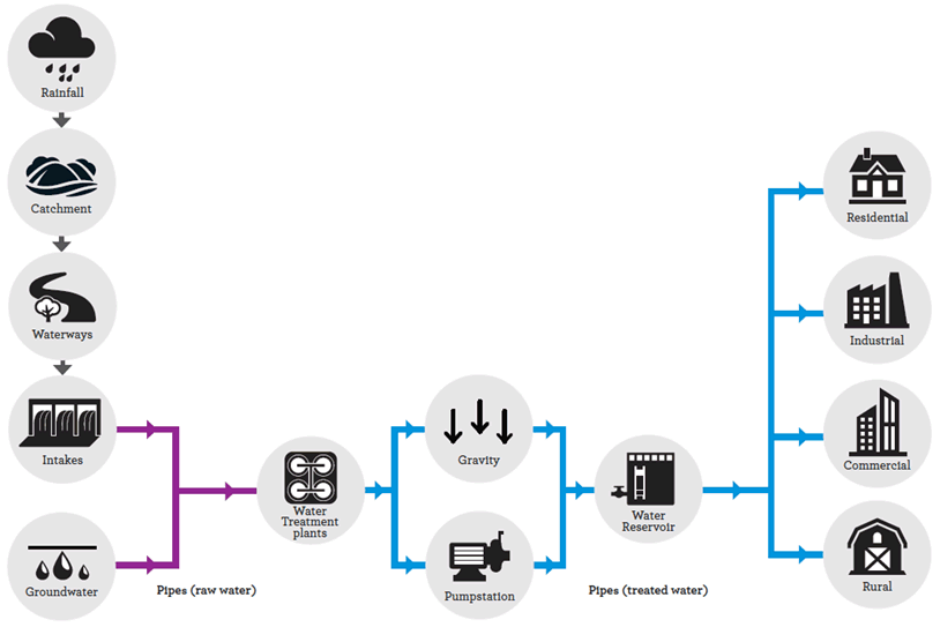
The purpose of the water supply network is to protect public health by delivering adequate quantities of safe water to water users. Clean drinking water is essential for public health and for the safe and productive operation of many businesses. The DCC provides drinking water services to protect the health of its residents and visitors and to support economic activity.

2.1.2. What's involved in supplying water?

The DCC manages the collection, supply, treatment and distribution of water to domestic and commercial residents in Dunedin. The below list covers the main aspects of the water supply system.

- Catchment: an area where water is collected by the natural landscape. The DCC holds 21,000ha of water catchment within its territory, and most of this land is in the protected Deep Stream and Deep Creek catchments.
- Untreated (raw) water: water that is collected from the catchments.
- Water supply: the main supply pipelines that carry raw water from the catchments to the raw water reservoirs or directly to the treatment plants.
- Treatment: raw water is treated at one of Dunedin's six water treatment plants.
- Distribution: the main pipelines between the treatment plants and the treated water reservoirs.
- Reticulation: pipelines that distribute water from the treated water reservoirs to the property boundary.

How our water supply infrastructure works



2.1.3. Water supply level of service measures

The water supply network provides the following levels of service:

- the water is safe to drink
- service calls are responded to promptly
- the water tastes and looks pleasant
- water is supplied at adequate pressure
- the water supply is reliable
- the Council is responsive to customer concerns
- water resources are used efficiently and sustainably.

2.2. Wastewater

2.2.1. Purpose of the wastewater network

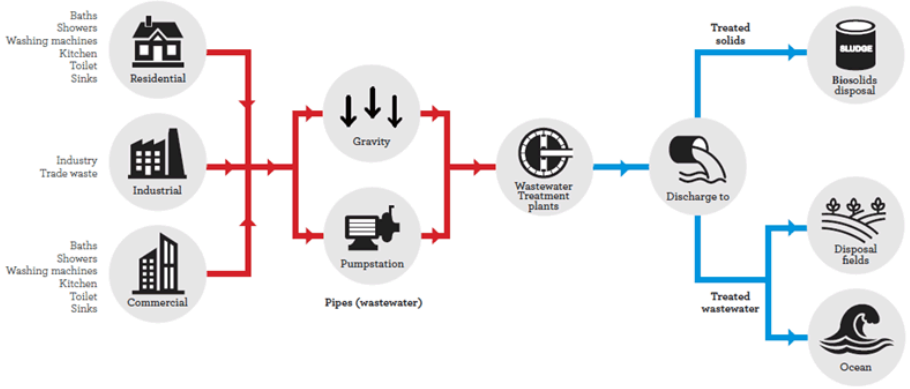
Wastewater is taken from commercial and domestic properties via pipes and pumps to one of seven waste water treatment plants in the district. The wastewater system aims to protect the health of the community by providing cost effective, reticulated wastewater services throughout the urban area, and to treat wastewater to a high standard before it is discharged into the environment.

2.2.2. What's involved in the wastewater network?

The DCC manages the collection, treatment and disposal of wastewater from residential and commercial customers across Dunedin. The below list covers the main aspects of the wastewater system.

- Reticulation: the network collects wastewater from domestic and commercial private lateral connections. The majority of the 918km of publicly owned wastewater reticulation system operates via gravity, with pipe size varying from 150mm to 1800mm in diameter.
- Pump stations: there are 79 wastewater pump stations throughout the reticulated network that pump wastewater from low points back into the gravity network. A critical pump station located at Musselburgh accounts for half of the wastewater pump station asset base (by value).
- Treatment: the DCC owns seven wastewater treatment plants. The population served by each plant varies from fewer than 100 for the smallest plant (Seacliff) to more than 83,000 for the largest plant (Tahuna). Treated wastewater is then returned into the environment.
- Biosolids: (or sludges) are the major by-product of the wastewater treatment process. They are the organic material that remains after sludge is treated. The vast majority of biosolids are generated by 3 waters wastewater treatment processes (with a small amount from the drinking water treatment process). Currently, Dunedin's biosolids are incinerated at the Tahuna wastewater treatment plant or disposed of at Green Island Landfill.

How wastewater infrastructure works



2.2.3. Wastewater level of service measures

The wastewater network provides the following levels of service:

- sewage is managed without adversely affecting the quality of the receiving environment
- service calls are responded to promptly
- the wastewater service is reliable, and the Council is responsive to customer concerns.

2.3. Stormwater

2.3.1. Purpose of the stormwater network

The stormwater network collects rainwater from the roofs of houses and buildings, footpaths and roads and diverts it to the ground, into waterways or the ocean. Effective management of stormwater is essential to prevent flooding of properties and businesses. Controls are necessary to ensure stormwater does not become excessively contaminated leading to pollution of watercourses, the harbour or the ocean. The DCC is not engaged in flood protection and control works except where it relates to stormwater or to protect assets such as roads.

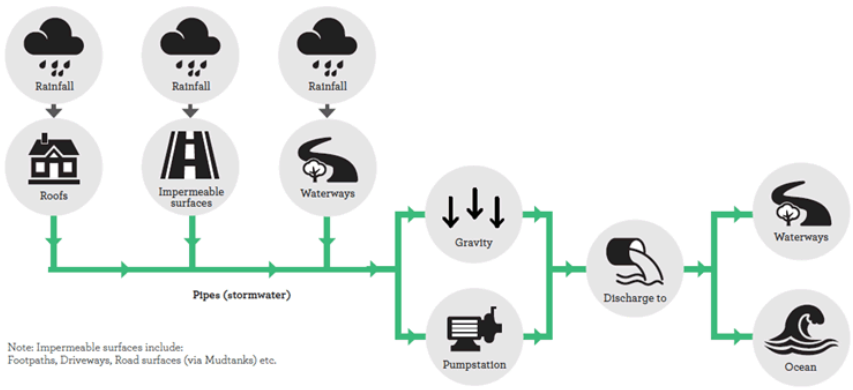
2.3.2. What's involved in the stormwater network?

The DCC provides reticulated stormwater services to the city and to most areas that also receive reticulated wastewater. When an area is developed, stormwater generally increases due to runoff from impermeable surfaces (e.g. roofs, roads, car parks, or compacted soil). It flows naturally from higher to lower ground, and ultimately discharges into natural watercourses such as wetlands, creeks, rivers or the sea. Land development results in the creation of both private and public stormwater systems. These networks exist co-operatively to collect and transfer stormwater to waterways, and in some cases the marine environment, efficiently minimising damage to downstream assets.

The below list covers the main aspects of the stormwater system.

- Reticulation: the reticulated network collects stormwater from domestic and commercial connections, mud tanks and some watercourses, and discharges stormwater into watercourses, streams and the sea. Most of the 378km of publicly owned stormwater reticulation system operates via gravity, with pipe size varying from 100mm to 2700mm in diameter.
- Pump stations: there are 11 stormwater pump stations throughout the reticulated network that pump stormwater from low points back into the gravity network or to discharge points. The most critical pump stations are in South Dunedin and Mosgiel.
- Overland flow paths: structures such as swales direct and convey stormwater overland into the stormwater system.

How stormwater infrastructure works



2.3.3. Stormwater level of service measures

The stormwater network will provide the following major levels of service:

- stormwater services perform adequately and reliably
- stormwater is managed without adversely affecting the quality of the receiving environment
- service calls are responded to promptly.

2.4. Transport

2.4.1. Purpose of the transport network

The role of a transport network is to provide access to move people and goods to destinations such as centres of employment, services, and amenities. Transport assets allow people choice about how they move around the city for either commuter or recreational purposes. Roading infrastructure also connects Dunedin to national and international road, rail, shipping and air transportation networks. Land transport investment promotes keeping people in employment, improves productivity, and supports economic growth and connected communities.

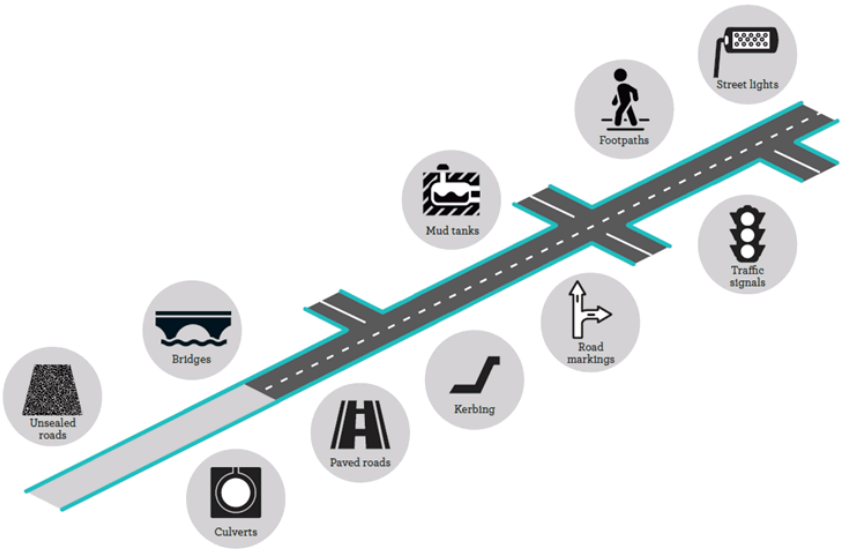
2.4.2. What's involved in the transport network?

The DCC manages a large network of transport infrastructure which includes roads (both sealed and unsealed) footpaths, cycle ways, streetlights, traffic signals, signs and road markings, retaining walls, bridges, culverts and seawalls.

The below list covers the main aspects of the transport network

- 1071km of sealed roads
- 695km of unsealed roads
- 968km of footpaths
- 261 bridges
- 42km of seawall
- 8478 mud tanks
- 5742 culverts.

Our transport network



2.4.3. Transport levels of service

The transport network provides the following levels of service:

- the transport network facilitates safe travel
- the transport network facilitates active travel
- the transport network facilitates comfortable travel
- the transport network facilitates accessibility
- the transport network facilitates efficient travel

- car parking is available and meets the needs of users
- the transport network provides choice in how people move around
- the transport network is maintained in a responsive manner.

3. HOW THE INFRASTRUCTURE STRATEGY CONTRIBUTES TO DUNEDIN'S COMMUNITY OUTCOMES

Investing in Dunedin's water and transport infrastructure will contribute to achieving the city's community outcomes and the vision of making Dunedin one of the world's great small cities.

This table shows how key projects link to Dunedin's community outcomes.

Community outcome	Infrastructure projects contributing to the community outcomes
A supportive city with caring communities and a great quality of life	The central city upgrade will improve safety, support growth, support mode choice and contribute to a more vibrant and thriving central city environment for people to enjoy. The tertiary precinct upgrade will enhance safety and accessibility in this area while supporting growth and mode choice, creating a better quality of life through health benefits. The Dunedin urban cycle ways will improve road safety for cyclists and continue to close the gaps of the cycleway network across the city. Providing active modes of transport is directly linked to health outcomes. The minor safety improvements programme will support safety and accessibility, particularly around schools and known areas where safety and accessibility are known issues. This will lead to better safety outcomes. The series of major centres upgrades will increase amenity in our major town centres across the city outside of the Central Business District (CBD), which will provide support for retail.
A healthy city with reliable and quality water, wastewater and stormwater systems	Upgrades and replacing ageing assets at the water treatment plants will ensure compliance with drinking water standards to supply adequate safe water to the community. The South Dunedin Flood Alleviation and Mosgiel Stormwater Network Improvement projects will reduce the risk of flooding by improving stormwater management in these areas. Port Chalmers water supply improvements will boost year-round reliability of drinking water to residents of Port Chalmers. Targeted renewals of the 3 waters networks will have a range of improvements in the water system such as supply aesthetics, increased fire flows and reduced supply interruptions. Inflow and infiltration to the wastewater network will be reduced. Upgrades and replacing ageing assets at the Metropolitan wastewater treatment plants will improve treatment reliability and wet weather flow management. Interventions to reduce wet weather wastewater overflows in Kaikorai Valley and South Dunedin will prepare the DCC for anticipated new standards for wastewater treatment and discharges. Rural wastewater scheme upgrades will ensure compliance with regulatory standards and reduce flooding risks. Development and implementation of a long-term Biosolids Strategy will provide sustainable, lower carbon solutions for dealing with Dunedin's waste sludges.
A sustainable city with healthy and treasured natural environments	A series of projects are programmed to improve the resilience of Dunedin's metro water supply for now and into the future. Assessing the ability of 3 waters networks and treatment plants to ensure compliance with new environmental standards and developing best practicable options. The Peninsula connection improvements will increase resilience to high tides and weather events. The LED street lighting upgrade will reduce energy needs.

Community outcome	Infrastructure projects contributing to the community outcomes
An active city with quality and accessible recreational spaces and opportunities	The Peninsula connection improvements will provide for walking and cycling along the Peninsula. Further development of Dunedin's urban cycle ways will encourage cycling uptake. The tertiary precinct upgrade will enhance the pedestrian and cycling environment in this area. The city to waterfront connection will improve accessibility and amenity in the waterfront area and contribute to a more vibrant and thriving city environment. The Shaping Future Dunedin Transport suite of works will improve how people move into, out of and around central Dunedin.
A successful city with a diverse, innovative and productive economy	Investing in increased capacity in 3 waters systems to enable growth in the city. Increasing and maintaining the level of asset renewals within 3 waters will support local and regional infrastructure providers. The central city upgrade will contribute to a more vibrant and thriving central city environment attracting more people to live, work, study and visit Dunedin. The central city upgrades aim to create retail prosperity in the CBD. The city to waterfront connection will improve accessibility and amenity in the waterfront area and contribute to a more vibrant and thriving city environment. The series of major centres upgrades will increase amenity and investment in our major town centres outside of the CBD. The tertiary precinct upgrade will improve the amenity and vibrancy of the streets around Dunedin's tertiary institutions and encourage and support active and public transport use.
A creative city with a rich and diverse arts and culture scene	The Art and Creativity in Infrastructure Policy will embed art and creativity into infrastructure projects.
A connected city with a safe, accessible and low-carbon transport system	The Peninsula connection improvements will improve safety, resilience and walking and cycling options. Further development of Dunedin's urban cycle ways will encourage cycling uptake and close the gaps in the Dunedin network for cycling. The city to waterfront connection will improve accessibility and amenity in the waterfront area and contribute to a more vibrant and thriving city environment. Ongoing annual programme of renewals will maintain existing levels of service across the transport network, including pavement reseals, pavement rehabilitations, seawalls, retaining walls, bridges, footpaths and kerb and channels. The minor safety improvements programme will improve safety and accessibility. The series of major centres upgrades will increase the level of service in our major town centres outside of the CBD.

4. WHERE ARE WE NOW? DUNEDIN'S WATER AND TRANSPORT INFRASTRUCTURE

This section covers the current condition and situation of the city's 3 waters and transport infrastructure. The DCC's assumptions on asset lives are attached as Appendix A.

4.1. 3 Waters

As one of the country's earliest metropolitan centres, Dunedin's 3 waters infrastructure pre-dates that of other centres. Some assets are older than 150 years and still operate as essential pieces of the network today. As Dunedin has grown, so have the 3 waters networks, resulting in widely distributed networks with a broad range of pipe materials, diameters and construction methods. As areas were connected to the different networks at different times, there can be wide variation in age, condition and capacity of assets in the same location. As a result of age, many assets need repair and/or replacement.

4.1.1. Water supply

Today, most of the water supply needed for the city comes from the Deep Stream and Deep Creek catchments. This is then treated at Dunedin's two major treatment plants - Mount Grand and Southern - before being distributed for public consumption. In addition, the DCC operates four smaller community water treatment plants: Waikouaiti, Outram, West Taieri and Port Chalmers. The Port Chalmers water treatment plant is only operated during periods of high demand, such as cruise ship season, to supplement the main metropolitan supply.

4.1.2. Wastewater

Dunedin's Main Interceptor Sewer was constructed between 1903 and 1908. This sewer, which has gradually increased in size, is still in use today, running from the Dunedin Railway Station to the Tahuna wastewater treatment plant. It takes wastewater from a large part of the Dunedin metropolitan area, the West Harbour catchment as far as Port Chalmers and the East Harbour as far as Portobello. The second largest wastewater system collates flows from the north-west and west of the city, Brighton and Waldronville and is treated at Green Island wastewater treatment plant. In addition, the DCC operates wastewater networks and treatment plants at Mosgiel, Middlemarch, Warrington, Seacliff and Waikouaiti/Karitane.

As time has progressed, and community expectations around wastewater discharges have changed, treatment plants have been consolidated and upgraded. The most recent major upgrade, completed in 2016, was to the Tahuna wastewater treatment plant, with minor upgrades underway at Seacliff wastewater treatment plant.

4.1.3. Stormwater

Stormwater infrastructure in Dunedin consists of public and privately owned open and piped watercourses, the DCC owned reticulated stormwater networks and Otago Regional Council owned or managed drainage schemes, streams and river systems. As Dunedin has grown, the stormwater network has grown with it.

Increases in the scale and frequency of rainfall events and growing public expectations about the quality of stormwater discharges to the environment are significant challenges to be met by all those who own or manage stormwater infrastructure.

Due to the complex nature of stormwater systems, addressing stormwater issues can be expensive, require specialist skills and a catchment-based approach with the coordination of many individual watercourse owners. The current requirement for private infrastructure owners to maintain their watercourses does not always result in the best overall outcomes for the city and may be better managed by one entity. However, the DCC's drainage rates do not currently make any allowance for maintaining infrastructure identified as privately owned.

4.2. Transport

Dunedin's transport network is relatively complex in comparison to most provincial centres. It is made up of a diverse range of assets and has an equally high mix of urban and rural roads within a varied topography. Footpaths are generally in poorer condition than the roads. Maintaining

transport levels of service is supported by the funding arrangements with Waka Kotahi year on year.

Resilience in the road network is an ongoing issue as many roads across the city are at risk from flooding, erosion and king tides. Heavy vehicle movements continue to put pressure on road pavements and deterioration of roading assets is being observed. This is particularly evident on roads from the south to the Port and the inner harbour. Certain routes across Dunedin are seeing congestion in short commuter peak travel windows.

In addition, the city suffers from the social cost of road trauma with reasonably high crash statistics across the city. Crash statistics are particularly high between motor vehicles and vulnerable road users such as pedestrians. Gaps exist in the strategic cycling network with approximately 50% of the network currently implemented across the city.

5. MANAGING DUNEDIN'S WATER AND TRANSPORT INFRASTRUCTURE

Today, Dunedin's water and transport infrastructure are worth $6.8 billion (gross asset replacement cost).

5.1. 3 Waters

Several factors are considered when managing Dunedin's water infrastructure:

- asset age, condition and performance[1]
- changing weather patterns (such as rainfall intensity and drought frequency)
- changes to population or land use
- changes to legislative and regulatory requirements, such as drinking water standards and national policy statements.

When infrastructure assets are not performing as required, or are unable to meet new standards, capital projects are scoped so deficiencies can be addressed. These projects are prioritised based on the criticality of the assets and the likely impact of any loss of service and programmed into 3 waters budgets. Strategic Planning is currently underway for water and wastewater, and will soon commence for stormwater, in the form of system planning. For wastewater it considers from the source (e.g. residential, commercial and industrial customers) to disposal (e.g. the ocean) and for drinking water it considers from the catchment (e.g. a river) to the customer's tap. Long-term optimal solutions can be developed by looking holistically at factors such as capacity, performance, growth, new standards, overflows, and storage.

Funding for infrastructure is categorised in two ways. Renewals funding is targeted at maintaining existing service levels, whereas new capital funding can both maintain existing service levels (where current assets can no longer achieve required outputs e.g. raw water quality changes require increased treatment to maintain standards) or be targeted at increasing levels of service in order to meet modern standards. These standards include new consent conditions for water take and discharge permits, changes to the drinking water standards, health and safety improvements, increasing capacity to meet additional demand and improvements to operational efficiency.

Both renewals funding and new capital funding are often used together on specific projects. The renewal of an undersized pipe will use renewal funding in the 'like for like' replacement portion of the works, while an incremental change in pipe diameter is considered 'new capital'.

5.2. Transport

Several factors are considered when managing Dunedin's transport infrastructure:

- asset age, condition and performance
- changes to population and land use
- changes to GPS on land transport
- maintenance to repair defects and preserve remaining life.

Most of the transport network's maintenance, renewal and new capital programmes are subsidised by Waka Kotahi at a funding assistance rate of 53% - 51%. Every year a funding bid is submitted to

[1] 3 waters level of service measures are set out in the 10-year plan.

Waka Kotahi for co-funding the transport network programmes. In recent years construction prices have increased significantly, creating financial pressures in delivering renewal and maintenance programmes with limited Waka Kotahi funding and corresponding DCC share.

The Dunedin Integrated Transport Strategy 2013 is an overarching strategy covering the whole of Dunedin's transport system and is designed to enable the DCC to review its investment priorities and ensure they are relevant to the current and future needs of Dunedin. It identifies and outlines areas of focus developed from several transport challenges and issues that Dunedin faces. The Strategy focuses on transport choice whilst maintaining the levels of service for road users. A corresponding asset management plan determines a condition-based asset maintenance and renewal programme that sets the level of investment required to maintain the existing transport infrastructure across Dunedin City.

5.3. Assessing the condition of Dunedin's network infrastructure

How does the DCC assess the condition of water supply assets?

Methods for assessing the condition of the DCC's 3 waters infrastructure vary by asset type but typically involve visual or physical inspection. Water pipes are more difficult to assess due to the continual flow of water through them. Instead, small sections of pipe must be taken out for inspection. The condition of treatment plants is routinely inspected by DCC staff to ensure assets are appropriately maintained. Specialist engineering advice is used as required. The DCC 3 Waters Group is currently undertaking a series of improvements to water treatment asset condition assessments.

5.3.1. Summary of water supply assets

Asset condition

- Significant number of assets in poor condition
- Some assets in poor condition
- No or few assets in poor condition

Asset capacity

- Significant capacity issues currently experienced
- Capacity issues in some areas and/or capacity issues can be expected
- No or minor capacity issues and none are currently expected

Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
Metropolitan Water Systems including the Dunedin City (Mount Grand, Southern and Port Chalmers) and Mosgiel supplies						
Raw Water Supply	Bore pumps and intake structures	Extract raw water from surface sources - from Deep Creek, Deep Stream (supplying Mount Grand Treatment Plant), Silverstream and tributaries (supplying Southern Treatment Plant), Cedar Farm Creek and Brosnahan's Creek (supplying the Port Chalmers Treatment Plant).	18	3,917	Intakes and pumps in active service are maintained in good condition.	Current risks in supply demand within the network are planned for remedial action within the short – medium term, while longer-term risks will be addressed as part of water system planning to inform the 2024-34 10 year plan. The recent refurbishment of the Ross Creek Reservoir is one of several projects aimed at increasing the security of raw water supply to the Dunedin metropolitan area. Existing capacity, while good, is susceptible to drought and the failure of critical assets. The ability to supply water in such events will be improved when the Ross Creek Reservoir is able to supply Mount Grand Water Treatment Plant via
	Raw water pipelines and pump stations	Take untreated water from source to treatment plants. This includes the Taieri River pipe bridge carrying water from Deep Creek and Deep Stream,	162km pipelines one pipe bridge two pump stations	186,214	The majority of the raw water pipelines are in good condition, however sections of the Deep Stream and Deep Creek pipelines upstream of the Taieri River pipe bridge	

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Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
		and the Puddle Alley and Silverstream pump stations, pushing water from the Taieri bores and Silverstream respectively, up to the Southern Reservoir.			are in poor condition, with specific concerns relating to the joints between sections of pipe. Enabling supply from the Ross Creek Reservoir will make these pipelines less critical, enabling the renewal of the pipelines to be pushed out while various long-term options are considered. Repairs to the pipelines are made as required.	the building of a new supply pipeline.
	Raw Water Reservoirs	Raw water storage for supply to treatment plants (dams), including Port Chalmers (Cedar Farm and Rossville), Mount Grand and Southern reservoirs as 'live' supplies, with Ross Creek and Sullivan's Dam not currently live supplies.	Six	19,705	Raw water reservoirs are managed in accordance with the Dam Safety Assurance Programme (DSAP) overseen by the consenting authority. All raw water reservoirs are in good condition, however ongoing work will be planned as required by the DSAP.	

Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
Water Treatment	Treatment Plants	Plant and equipment used to screen, filter, pH adjust, and disinfect water to meet the Drinking Water Standards New Zealand (DWSNZ), and plant and equipment used to monitor and control individual processes.	Three plants (Mt Grand, Southern and Port Chalmers)	76,439	Plant and equipment at the water treatment plants are maintained in good condition to ensure water produced meets drinking water standards. Recent condition assessments have produced a plan of renewals over the period of the plan to ensure the treatment plants can continue to supply drinking water which meets national standards.	Recent process capacity assessments showed most of the water treatment plants can cope with current and future demand. Where future demand risks have been identified, system planning will produce the best practicable option, which may include plant rationalisation. The Port Chalmers Treatment Plant runs seasonally (October to April), when peak demand from cruise ships is unable to be met by the Dunedin city supply alone. This is an expensive water supply arrangement. Rationalisation of this supply is planned on completion of feasibility studies, which is expected to result in water supply from Mount Grand Water Treatment Plant and a new supply pipeline.
Treated Water Distribution	Treated Water Pipelines and Pump Stations	Transport water from treatment plants around the network, with pump stations boosting water to areas of the network unable to be reached by gravity feed alone. Includes the 25km treated water pipeline connecting the northern water schemes of Waitati, Warrington and Seacliff to the Dunedin City water supply.	989 km pipelines 18 pump stations 22,157 minor point assets (valves, hydrants and meters)	339,989	As with some other 3 waters networks, areas of the network are in excellent condition while other areas are in poor or very poor condition, which affects flow and pressure to customers. Ongoing renewals are targeted at areas of very poor condition. Renewals of flow meters have been stepped up since 2010 but many are still outside their expected lives and are likely to be in poor condition for assets of this type.	Capacity in the treated water network is defined as being where the flow rate of water supplied by an individual fire hydrant within the network meets the requirements of the NZ Fire Service Code of Practice for Fire Fighting Water Supplies (Standards NZ reference NZ PAS 4509:2008). For the Dunedin City and Mosgiel water supplies, some of hydrants across the city are non-compliant with the standard. This generally relates to water mains installed before 1960, where the 100mm diameter pipes were appropriately

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Asset group and type		Purpose and description	Number/ Length	Value $000		Asset condition		Asset capacity
	Treated Water Reservoirs	Treated water storage within the network to meet peak demand and ensure supply in the event of network outages.	44	32,498		Regular maintenance means that most city reservoirs are in good condition. Some reservoirs will require replacement within 50 years and have been accounted for as part of the forecast renewals.		sized at the time of installation but are undersized for today's demand. In peak summer demand, some pipelines do not meet sufficient capacity and so these are targeted for replacement. A programme of renewals and new capital works targeting these areas is underway, with targeted pipeline renewals as the next package of works, aimed at improving pressure management and fire flows.
	Service connections	Service lines, tobies, manifolds and backflows preventers connecting private properties to the water network in a safe manner.	44,758	194,432		A significant proportion of service connections in the metropolitan area are older style 'toby' connections. These will be replaced with modern manifold connections when capital works are being undertaken in an area.		

Asset group and type	Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
Rural Water Supplies					
Waikouaiti/ Karitane/Merton	Extract water from Waikouaiti River, treat to drinking water standards and pump or gravity feed to properties in the Waikouaiti urban water supply area, and the Karitane and Merton rural water supply areas.	one plant 96 km pipelines three pump stations 2,638 minor point assets (valves, hydrants and meters)	68,928	The Waikouaiti water treatment plant is in generally good condition though some assets with shorter lifespans (filter membranes) are nearing the end of their useful lives and in correspondingly average to poor condition. There is a scheme which will extend into the early years of the plan which renews these assets. Condition of water mains in Karitane is of concern with a high number of breaks per kilometre being an indicator of poor asset condition. This will be addressed through the current renewal work in this area.	There are identified capacity issues in the Waikouaiti and Karitane treated water networks. Recent capital works have been completed in Waikouaiti to address some of these issues; further works are programmed within the Karitane township and from the Waikouaiti Reservoir to the Waikouaiti township in the near future to improve capacity. There are still known capacity issues in the Edinburgh Street (Waikouaiti) area, which will not be completely alleviated by the recent and planned upgrade works. Further work will be programmed in year 7-10 of the strategy to improve capacity in this area. The Merton supply is a restricted rural scheme with enough capacity for the foreseeable future. Upgrades to the Waikouaiti Water Treatment Plant will improve taste and aesthetics.
Outram	Extract water using a bore pump located adjacent to the Taieri River, treat to meet drinking water standards, and gravity fed to properties within the Outram water supply zone.	One plant 17 km pipelines one pump station 961 minor point assets (valves, hydrants and meters)	20,012	Condition within the Outram network is generally good to excellent. Recent condition assessments of the treatment plant have produced a plan of renewals over the period of the plan to ensure the plant can continue to supply drinking water which meets national standards.	Recent capacity assessments have shown that work is needed to meet future demand within the treatment plant. The strategic investment plan for longer term upgrades are part of the water system planning.

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Asset group and type	Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
West Taieri Rural Scheme (Restricted)	Water extracted from the Waipori River, treated to meet drinking water standards, and pumped to Dunedin Airport and privately-owned tanks within the West Taieri water supply zone.	One plant 135 km pipelines five pump stations 392 minor point assets (valves, hydrants and meters)	19,496	The West Taieri water treatment plant is in generally good condition, although some shorter lifespan assets are nearing the end of their useful lives and are in correspondingly average to poor condition. The piped network is also generally in good condition with a relatively small number of breaks per kilometre.	There is sufficient capacity within the West Taieri Rural Scheme to meet demand for the foreseeable future.

5.4. How does the DCC assess the condition of wastewater assets?

Visual inspection methods, such as closed-circuit television (CCTV) filming, are used to assess the condition of wastewater pipes. The results from these CCTV inspections are used to determine if assets need to be repaired or replaced.

DCC staff undertake visual and physical inspections of the condition of treatment plants and pump stations to ensure assets are appropriately maintained. Specialist engineering advice is used as required. Data on material /unit type, age, condition, performance, location, capacity, criticality and remaining life is collected for 3 waters assets. Confidence in the condition information about the DCC's wastewater network and treatment assets ranges varies. The DCC 3 Waters Group is currently undertaking a series of improvements to wastewater treatment asset condition assessments.

5.4.1. Summary of wastewater assets

Asset condition

- Significant number of assets in poor condition
- Some assets in poor condition
- No or few assets in poor condition

Asset capacity

- Significant capacity issues currently experienced
- Capacity issues in some areas and/or capacity issues can be expected
- No or minor capacity issues and none are currently expected

Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
Metropolitan Wastewater Systems	Tahuna catchment					
	Wastewater Network	Transport untreated wastewater from customers' point of discharge to Tahuna wastewater treatment plant.	618 km pipelines (including 4.5 km main interceptor sewer) 39 pump stations 14,176 network access points (manholes, lampholes etc.)	1,006,879	With a high proportion of early 20th century pipework, much of the network feeding the Tahuna WASTEWATER TREATMENT PLANT is in poor condition. A large portion of the network is older earthenware pipe with more joints than modern equivalents. As they deteriorate, these joints allow considerable volumes of water to infiltrate into the network, exceeding network capacity during heavy rainfall events and resulting in wastewater overflows downstream. Pipeline renewals are focussed on areas of high inflow and infiltration.	High intensity rainfall events can lead to inflow and infiltration entering the network with wastewater systems becoming overwhelmed and overflowing, while at the treatment plants wash out can occur which severely disrupts treatment processes. Incapacities upstream in the Tahuna wastewater catchment overflow into stormwater catchments flowing into the South Dunedin area, further exacerbating flooding issues in the area. The performance and possible solutions to wet weather flow management will continue, by

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Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
						undertaking flow monitoring and incorporating the ground water model information. The best practicable solutions will be assessed for cost and their ability to deal with growth, resilience and carbon impacts.
	Wastewater Treatment and discharge to ocean outfall	Treat wastewater to meet discharge consent conditions.	One treatment plant 1.1 km outfall pipe off Middle Beach	178,208	The upgrade of the Tahuna wastewater treatment plant means most of the plant is in good to excellent condition. Some sections or the original building will require some further remedial works in the short to medium term. The condition of the rising mains from the Musselburgh pump station to Tahuna wastewater treatment plant are poor, with investigations into options starting in 2020 to inform remedial action in the short-medium term.	The recent process capacity assessments have shown the Metropolitan treatment plants have capacity to treat to current environmental standards now and in the future, but small-scale renewals are needed to continue capacity as the assets age. As with most city plants, wet weather flows can overwhelm the system and solutions will be developed as part of the wastewater system planning.
	Green Island catchment (excluding Mosgiel)					
	Wastewater Network	Transport untreated wastewater from customers' point of discharge to Green Island wastewater treatment plants	121 km pipelines 26 pump stations 2,037 network access points (e.g. manholes lampholes.)	209,703	The Green Island network is generally in good condition given its age, with few inflow and infiltration problems in the catchment.	Some treatment capacity is available within the Green Island network, however wet weather flows can overwhelm the system. Solutions will be developed as part of system planning.
	Wastewater Treatment and	Treat wastewater to meet	one treatment plant	47,556	The Green Island wastewater treatment plant is in average condition given its age. Smaller scale	The recent process capacity assessments have shown the Metropolitan treatment plants have

Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
	discharge to ocean outfall.	discharge consent conditions.	850m outfall off coast at Waldronville		renewals and process changes are needed to continue to meet levels of service and implement short-term wet weather flow management operational processes.	capacity to treat to current environmental standards now and in the future, but small-scale renewals are needed to continue capacity as the assets age. As with most city plants, wet weather flows can overwhelm the system and solutions will be developed as part of the wastewater system planning project.
	Mosgiel catchment (includes Allanton)					
	Wastewater Network	Transport untreated wastewater from customers' point of discharge to wastewater treatment plants	113km pipelines six pump stations 2,226 network access points (manholes, lampholes etc.)	179,070	Some areas of the Mosgiel wastewater network are in excellent condition, while other areas are in poor or very poor condition. While the overall network is a similar age to the Green Island network, the way in which the Mosgiel network was constructed means that it experiences significantly higher infiltration during rainfall events. During heavy rainfall events groundwater levels become elevated which increases the amount of groundwater infiltrating into the wastewater network.	There are significant incapacities in the network servicing the Mosgiel wastewater treatment plant catchment. High levels of inflow and infiltration result in wastewater overflows to roads, homes and properties during heavy rainfall events. Preliminary investigative work has shown that large-scale pipeline and pump station upgrades are needed to reduce the risk of flooding.
	Wastewater Treatment and transfer to Green Island	Treat wastewater to remove solids and organic matter, transfer to Green Island Wastewater for UV treatment	one treatment plant 20 km transfer line to Green Island	56,130	The Mosgiel wastewater treatment plant has some mechanical, electrical and civil plant items in poor condition resulting in increased operations and maintenance costs. Renewals will be stepped up to improve overall plant condition to maintain service while awaiting long term options from system planning.	While there is sufficient capacity within the Mosgiel wastewater treatment plant for dry weather flows, the pipeline that transfers effluent from the Mosgiel wastewater treatment plant for final treatment at the Green Island wastewater treatment plant is at capacity during heavy rainfall events, resulting in a bottleneck at the treatment plant. Investigative

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Asset group and type		Purpose and description	Number/ Length	Value $000	Asset condition	Asset capacity
		prior to discharge.				work is underway to determine the most appropriate solution long term.
Rural Wastewater Schemes	Waikouaiti (including Karitane), Seacliff, Warrington and Middlemarch catchments					
	Wastewater Network	Transport untreated wastewater from customers' point of discharge to wastewater treatment plants	43 km pipelines 10 pump stations	58,180	Rural wastewater network assets vary between 'very good' and 'poor' condition. The Karitane portion of the network is in very good condition having been installed as an entirely new network in 1983. Renewal of older assets is incorporated as part of forecast renewals as assets reach the end of their useful lives.	There is incapacity in the Waikouaiti/Karitane network which show up as minor wastewater overflows at the Karitane No. 1 pump station during heavy rainfall events. There are no known network capacity issues in Seacliff or Warrington. There are known capacity issues in Middlemarch due to inflow and infiltration issues evidenced by minor network overflows in wet weather, work is underway to understand the best 'whole of system' solution for the area.
	Wastewater Treatment and discharge to land	Treat wastewater to meet discharge consent conditions.	four treatment plants and associated disposal areas	4,497	The rural wastewater treatment plants are generally in good condition, with renewals planned over the next 10 years as discharge consents expire. Treatment options will be considered as renewals are planned, with Seacliff being the first of the northern wastewater treatment plants programmed for renewal.	There is enough capacity within the existing wastewater treatment plants for current and forecast flows in the short term. The plants will be upgraded over the next 10 years prior to their discharge consents expiring, with any forecast capacity changes accounted for as the upgrades are planned.

5.5. How does the DCC assess the condition of stormwater assets?

The condition of stormwater pipes is primarily assessed through CCTV filming. The results from CCTV inspections are used to determine whether assets need repair or replacement, and when this needs to happen. The condition of pump station assets is routinely inspected by DCC staff to ensure assets are appropriately maintained. Specialist engineering advice is used as required. Data on material /unit type, age, condition, performance, location, capacity, criticality and remaining life is collected for 3 waters assets. The DCC 3 Waters Group is currently planning to undertake a series of improvements to stormwater asset condition assessments.

5.5.1. Summary of stormwater assets

Asset condition

- Significant number of assets in poor condition
- Some assets in poor condition
- No or few assets in poor condition

Asset capacity

- Significant capacity issues currently experienced
- Capacity issues in some areas and/or capacity issues can be expected
- No or minor capacity issues and none are currently expected

Area	Asset type	Purpose/ description	Number/ Length	Value $000	Asset condition	Asset capacity
South Dunedin (includes the individual stormwater catchments of Orari Street, St Clair, Portsmouth Drive, and South Dunedin)	Pipe network	Transport stormwater water to pump stations or outlets	97km pipelines 2,454 network access points (manholes, lampholes etc.)	307,757	Condition of the pipe network in the wider South Dunedin stormwater catchment area varies widely based on the age, diameter and construction materials of individual pipes. Older large diameter pipes are generally in sound condition, due to the construction methods of the era.	In heavy rainfall events the stormwater network in South Dunedin can become overwhelmed, resulting in flooding of roads, homes and properties. This is exacerbated by areas of high ground water, particularly around high tide. Hydraulic modelling indicates the stormwater network is performing below the expected level of service. The DCC is working with the ORC and GNS Science to develop and incorporate groundwater into the hydraulic model for the area. Significant capital works are proposed to bring these assets up to currently accepted design standards.
	Pump stations	Pump stormwater during times of significant inflow	three pump stations	4,773	The majority of pump stations are in average condition with some requiring attention to wet wells, pipes and pumps.	Pump station capacity is generally good; issues relate to incapacity within the wider network.

Mosgiel, East Taieri and Outram	Pipes	Transport stormwater water to pump stations or outlets	52km pipelines 1,023 network access points (manholes, lampholes etc.)	132,635		Condition of the pipe network in the Mosgiel, East Taieri and Outram area varies widely based on the diameter and construction materials of individual pipes.		Mosgiel is a very sensitive stormwater catchment; the area is the flood plain for the Taieri River and Silverstream and is underlain by the extensive Taieri Aquifer which is responsive to river levels. The DCC stormwater network discharges into the Taieri River, Silverstream and other tributaries, and when those waterways are high stormwater discharge is impeded. Mosgiel frequently experiences catchment-wide nuisance flooding in small rainfall events. Deep flooding and property flooding are experienced in some areas. Capital works are proposed after modelling improvements have assessed the best practicable option to bring areas of the network with capacity issues up to currently accepted design standards.
	Pump stations	Pump stormwater during times of significant inflow	five pump stations	1,331		Many pump stations are in average condition with some requiring attention to wet wells, pipes and pumps.		Pump station capacity is generally fair; issues have tended to be with incapacity within the wider network. Capital works are planned to enhance pump station performance in conjunction with pipe improvements above.
Centre City (includes the individual catchments of Halsey Street, Mason Street, Kitchener Street and Ravensbourne Road) Outlying areas: Port Chalmers, Brighton/Waldronville, Green Island, Waikouaiti/ Karitane and Warrington.	Pipes	Transport stormwater water to pump stations or outlets	233km 7,406 network access points (manholes, lampholes etc.)	519,432		Condition of the pipe network in the Centre City area varies widely based on the age, diameter and construction materials of individual pipes. Older large diameter pipes are mostly in sound condition, due to the construction methods of the era. Capital works are proposed via the Central City, Tertiary Precinct and general renewals projects.		Capacity issues exist in small discrete areas of the network. These issues will be addressed through focused capital works. The DCC is working with the ORC and GNS Science to develop and incorporate a groundwater model for the central city area. Northern area – there are limited networks installed in the townships of Waikouaiti, Karitane and Warrington. Both – stormwater system planning will be developed in the early years of this 10-year plan and will provide a basis for future investment

	Pump stations	Pump stormwater during times of significant inflow	three pump stations	1,133		Many pump stations are in good condition with some attention required on specific wet wells, pipes and pumps. The pump station renewals projects target these issues.		Pump station capacity is generally good.

5.6. How does the DCC assess the condition of transport assets?

Assessing the condition of above ground infrastructure like roads, cycleways and footpaths is more straightforward than assessing the condition of pipes and other underground infrastructure. The transport team uses a rolling programme of condition assessments to inform its maintenance and renewals decisions which translates into the Asset Management plan which enables co-funding with Waka Kotahi. The level of confidence in the knowledge of the DCC's transport assets is high.

5.6.1. Summary of transport assets

Asset condition

- Significant number of assets in poor condition
- Some assets in poor condition
- No or few assets in poor condition

Asset capacity

- Significant capacity issues currently experienced
- Capacity issues in some areas and/or capacity issues can be expected
- No or minor capacity issues and none are currently expected

Asset group and type	Number/ Length	Value $000	Asset condition	Asset capacity
Paved roads	1,071 km	824,880	Road pavements are in decline. Most of Dunedin's sealed pavements have a theoretical useful life ranging from 60 – 100 years. 57% of pavements are aged 60 years and over. Based on condition assessment road condition is in decline. Smooth travel exposure for urban roads has sat below target for the past 11 years and has slowly declined.	In capacity terms the Dunedin urban network is experiencing congestion at certain parts of the day. With the hospital re-build coming congestion will increase so intervention such as the Harbour Arterial bypass are required. In addition, offering Transport choices will be necessary to avoid congestion in the future.
Unsealed gravel roads	693km	28,284	Gravel roads are maintained in a good condition; however, dust suppression methods have changed meaning potentially gravel roads will see higher volumes of dust.	In capacity terms the Dunedin transport network is fit for purpose and can cope with traffic demands.
Footpaths & Cycleways	976 km	177,700	There are a high percentage of footpaths that have exceeded their life, or are nearing the end of their economic life. Asphalt footpaths, that represent 76% of footpaths, have approximately 23% of the network at the end or nearing the end of their expected economic life. Concrete footpaths, that make up 6% of footpaths, have approximately 48% exceeding their expected economic life. Slurry seals, that represent 9% of footpaths, has 84% exceeding or nearing the end of their expected economic life. In the past 3 years 18% of the network have shown signs of deteriorating with a higher proportion moving to average condition from good to very good.	In capacity terms Dunedin's footpaths are fit for purpose and can cope with pedestrian demands.

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Asset group and type	Number/ Length	Value $000	Asset condition	Asset capacity
Road drainage Kerbing		175,571	Kerb and channel condition are showing signs of decline. In 2019/20 6% of the network was in poor to very poor condition and without sustained investment this is expected to rise as more reach the end of their economic lives.	Good
Signs, road markings and signals	20,403 signs 79 signalled intersections	10,721	Signs, road markings and signals are maintained to a good condition.	Good
Street lights	13,656 streetlights, 5 base stations, 3,313 tele-cells	27,900	LED rollout will be complete by the middle of 2021	Good
Bridges and large culverts	243 bridges 61 large culverts	100,217	Bridges are in largely good condition.	Good
Culverts and mud-tanks	5,734 culverts 8,331 mud-tanks	72,127	Culverts have 5% in poor condition, 35% in average condition, 36% in good condition and 20% in very good condition. 4% are awaiting condition rating. The expected age for mud-tanks is 80 years. 74% are aged between 70-79 years thus nearing the end of their estimated lives, however in terms of their structural condition (which is largely unknown) as long as mud-tanks are adequately maintained it would be expected they would live well beyond their estimated lives.	Given changing weather patterns, emphasis has been placed on ensuring culverts and mud-tanks are maintained to a high standard. Capacity may become an issue in the face of significant adverse conditions.
Seawalls	41 km	35,480	Seawalls have 6% in very poor condition, 13% in poor condition, 23% in average condition, 39% in good condition and 19% in very good condition.	Isolated areas of the network are compromised during significant weather events and will require future investment.
Retaining walls	31 km	27,832	Many of Dunedin's retaining walls were made many years ago and do not meet the current design requirements. Many provide resistance to surface erosion, rain and weathering but are not able to retain saturated retained material. As such many may be at risk of failure during high rainfall events and are routinely inspected and monitored for movement and condition.	Given changing weather patterns and the age of some retaining walls capacity may become an issue.
Minor structures		9,950	Minor structures are maintained regularly and are in good condition.	Good

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6. SIGNIFICANT INFRASTRUCTURE ISSUES AND OPPORTUNITIES FOR DUNEDIN

This section sets out the key infrastructure challenges and opportunities for Dunedin and the main options and implications for managing these over the next 50 years.

6.1. Regulatory, legislative and service delivery changes

The Government is undertaking a substantial change programme that is expected to impact Dunedin's infrastructure services in the coming years. This includes reform of 3 waters regulatory and service delivery arrangements, freshwater reforms, review of the resource management system and changes to the way we provide for and manage urban growth. In addition, the Government Policy Statement on land transport, which sets out the Government's strategic direction for the land transport system over the next 10 years, is issued every three years.

6.1.1. 3 Waters regulatory and service delivery reform

The Government's Inquiry into the Havelock North water supply contamination event of 2016 recommended a suite of changes to improve the safety of drinking water in New Zealand. Three key issues were identified – regulatory weakness, funding and financing challenges, and capability and capacity challenges.

In 2017, the Government established the Three Waters Review. The Review acknowledges multiple challenges facing 3 water services, including funding pressures, ageing infrastructure, rising environmental standards, climate change, seasonal pressure from tourism, and an industry-wide shortage of skilled and qualified people. From the outset, the Government made it clear that it would explore a variety of possible interventions to lift the performance of these services, including changes to both regulatory and service delivery arrangements.

The Government has begun implementing a package of 3 waters regulatory reforms designed to:

- improve national-level leadership, oversight, and support relating to the 3 waters through the creation of Taumata Arowai, the new, dedicated water services regulator
- significantly strengthen compliance monitoring and enforcement relating to drinking water regulation
- manage risks to drinking water safety and ensure sources of drinking water are protected
- improve the environmental performance and transparency of wastewater and stormwater networks.

In July 2020, the Government introduced the Water Services Bill to Parliament. The Bill, if passed, would implement system-wide reforms to the regulation of drinking water and source water, as well as introducing new national-level reporting and monitoring requirements for wastewater and stormwater. Parliament also passed legislation establishing Taumata Arowai as a new Crown entity.

Taumata Arowai is currently being built and will take up its regulatory responsibilities after Parliament passes the Water Services Bill. This is expected to occur in the second half of 2021. From that point, Taumata Arowai will oversee, administer and enforce the regulatory system for drinking water and perform national-level oversight and advisory functions relating to wastewater and stormwater. Regional councils will still regulate wastewater and stormwater discharges to the environment under the Resource Management Act 1991.

Further regulatory reforms may include the introduction of national environmental standards for wastewater discharges and overflows.

In addition to regulatory reforms, the Government has launched a suite of 3 waters service delivery reform proposals. The Government intends to transfer 3 waters service delivery functions from councils to new, public multi-regional water entities. Participation in the service delivery reform programme is voluntary, but the Government has made its preference for full participation by councils clear. In July 2020, the Government provided an indicative timeline for a three stage service delivery reform work programme, with each stage accompanied by a tranche of stimulus funding, and the DCC agreed to 'opt in' to the first stage in August 2020. Councils will be asked to make a second decision on participation in late-2021. All councils will be included in one of the new

proposed water services entities by default but will have the option to decide not to continue to participate. According to an updated reform timeline published in December 2020, the proposed water services entities would commence operation in about 2023.

Through voluntary participation in stage 1, the DCC received Tranche 1 stimulus funding totalling $15.84 million in November 2020 to be spent by 31 March 2022. The purpose of the funding is to support the Government's reform objectives, stimulate economic recovery through job creation and increase and/or accelerate investment in 3 waters infrastructure.

Major decision: participation in Government 3 waters service delivery reform programme

The DCC agreed to 'opt in' to the first stage of the Government's 3 waters service delivery reform programme in August 2020.

In December 2020, the Government decided that participation in the service delivery reform programme would continue to be voluntary, and that councils would be asked to make a second decision on participation in late-2021. All councils will be included in one of the new water services entities by default but will have the option to decide not to continue to participate.

The Government will promote an amendment to the Local Government Act 2002 that, if passed, will enable councils to transfer ownership of 3 waters assets and services to new entities. The proposed amendment will also provide a fit-for-purpose consultation process that sets out how local government will engage with communities and iwi/Māori about the reform proposals and make decisions.

This decision is only for service delivery reform. Council is unable to opt out of the regulatory elements of 3 waters reform.

6.1.2. Essential Freshwater Programme

The Government has also introduced changes to freshwater regulation through the Essential Freshwater Programme. The Essential Freshwater Programme aims to:

- Stop further degradation of New Zealand's freshwater
- Start making immediate improvements so water quality improves within five years
- Reverse past damage to bring New Zealand's waterways and ecosystems to a healthy state within a generation.

There are overlaps between the Essential Freshwater Programme and the Three Waters Review, which relate to the environmental regulation of stormwater and wastewater discharges and protection of drinking water sources.

The National Policy Statement for Freshwater Management 2020 (NPS-FM 2020) came into effect in September 2020. The NPS-FM 2020 requires regional councils to manage freshwater in a way that gives effect to Te Mana o te Wai, a concept that refers to the fundamental importance of water and recognises that protecting the health of freshwater protects the health and well-being of the wider environment and the mauri of the water itself. Regional councils are required to notify new or amended regional plans that give effect to the NPS-FM by 31 December 2024.

The Essential Freshwater Programme has also included introduction of new National Environmental Standards for Freshwater and amendments to existing regulations for the measurement and reporting of water takes. Further regulatory changes proposed include amendments to the NES for Sources of Human Drinking Water, which would strengthen the ability of regional councils and territorial authorities to manage risks to drinking water posed by activities in drinking water catchments.

Overall, the changes made through the Essential Freshwater Programme will have significant flow-on effects for 3 waters activities, through anticipated changes to permitted activities and more

stringent requirements around discharges. Changes to engagement requirements are also expected in order to promote active tangata whenua involvement in freshwater management and decision making, and to ensure Māori freshwater values are identified and provided for.

6.1.3. Resource management system review

In 2020, an independent panel appointed by the Minister for the Environment completed a comprehensive review of New Zealand's resource management system. The review's scope included looking at the Resource Management Act 1991 and its interfaces with the Local Government Act 2002. The review recommended the current Resource Management Act be replaced with three new pieces of legislation: a Natural and Built Environments Act, a Strategic Planning Act and a Managed Retreat and Climate Change Adaptation Act. The panel's report is expected to be followed in 2021 by consultation to develop government policy and a framework to link together the key pieces of legislation.

6.1.4. Urban Growth Agenda

The Urban Growth Agenda is a Government work programme that aims to remove barriers to the supply of land and infrastructure and make room for cities to grow up and out. It has five interconnected focus areas: infrastructure funding and financing; urban planning; spatial planning; transport pricing; and legislative reform.

The National Policy Statement on Urban Development 2020 (NPS-UD 2020) came into effect on 20 August 2020. The NPS-UD contributes to the Urban Growth Agenda by addressing constraints in New Zealand's planning system to ensure it enables growth and supports well-functioning urban environments. The NPS-UD 2020 categorises Dunedin as a tier 2 urban environment, bringing into effect a range of provisions relating to the amount of development capacity required to be serviceable with infrastructure.

6.1.5. Government Policy Statement on Land Transport

The Government Policy Statement on land transport (GPS) sets the Government's priorities on land transport investment over the next 10-year period. It sets out how money is spent on activities such as public transport, state highway improvements, local roads and road safety. The GPS is reviewed and updated every three years. Changes to priorities in the GPS impact on the DCC's renewal and capital programmes.
The strategic priorities for GPS 2021 are:

- Safety – developing a transport system where no-one is killed or seriously injured
- Better Travel Options – providing people with better transport options
- Improving freight connections
- Climate Change – developing a low carbon transport system that supports emission reductions.

The Land Transport (Rail) Legislation Act 2020 (the Rail Act) came into force on 1 July 2020. The Rail Act amends the Land Transport Management Act 2003 (the LTMA) and the Land Transport Act 1998 to implement a new long-term planning and funding system for the heavy rail track network owned by KiwiRail.

The new framework brings the planning and funding of the rail network under the land transport planning and funding regime set by the LTMA. This will allow local authorities to have input into how the rail network influences the movement of freight and people in their areas.

6.1.6. Principal Options and Implications of responding to regulatory, legislative and service delivery changes: 3 waters

While a decision whether to transfer the DCC's 3 waters assets and service delivery functions to a new entity will not be made until late-2021, the DCC 3 Waters Group has initiated a series of projects that will assist with preparation for regulatory, legislative and service delivery changes. These projects focus on organisational impacts, which have potentially large financial implications for the DCC and so all options must be carefully considered. System planning is also key to preparing for reform.

Some projects have already commenced to better understand the capability and capacity of the water, wastewater and stormwater systems to meet current and future anticipated standards. This is complemented by projects to assess the impacts of wastewater and stormwater discharges on the receiving water environments and an assessment of the treatment plants to meet anticipated future treatment standards.

The 2021-31 capital programme does not fund any improvements needed to meet anticipated new regulatory standards in drinking water, wastewater or stormwater as these are not yet confirmed. However the current workplan will assess the ability of the systems to meet a range of new, enhanced standards as well as the baseline investment needed to address more urgent operational risks to maintain current service levels. Longer term strategic investment plans and enhancements needed from system planning will be incorporated into the 10 year plan 2024-34 as the outputs of system planning become available.

6.1.7. Principal options and implications to respond to 3 waters reform

The option that the DCC has decided to take is highlighted in green.

	1-10 years (2031)	10-30 years (2051)	30-50 years (2071)
Continue current 3 Waters Group work programme (status quo)	Passive approach to reform, responses to the Government's reform programme would be reactive and any change in direction would have to be manged within existing budgets and staffing levels.	High likelihood of unplanned investment needs to meet new anticipated standards, which will negatively impact other capital investment projects and could affect service levels.	Unknown as yet.
Proactive, moderate scope transition work programme	Staff are prepared for potential transition into a new water services entity, the DCC has prior understanding of the impacts of reforms and options to manage transition. Projects within the programme aim to reduce risks and ensure a favourable balance sheet position at the time of any potential asset transfer. Timeline targets the 2024-24 10-year plan and some projects may not be complete prior to a potential transition.	Medium–long term investment plans based on improved evidence; any enhancements needed have been programmed via the best practicable solution method. Impacts on rates for various service level provision available.	As previous.
Proactive, comprehensive transition work programme	As above, but with accelerated delivery of key outputs and a wider scope of improvement activities.	As above, but with additional planning and data to produce robust long-term investment plans and a thorough understanding of further planning, policy and delivery improvements needed.	As previous.

Section 6.3 (Responding to changes in demand for infrastructure) includes further detail on how the DCC will respond to changes that arise out of the Government's Urban Growth Agenda.

Section 6.4 (Public health and environmental outcomes) includes further detail on how the DCC will respond to changes arising from 3 waters regulatory reforms and the Essential Freshwater Programme.

6.2. Replacing and renewing ageing infrastructure

Dunedin has $6.8 billion in water supply, wastewater, stormwater and transport assets.
The DCC's planning is increasingly focused on sound asset condition and risk assessment, planning and delivery opportunities, and long-term asset solutions that provide lasting value for residents, businesses and the environment. Asset management planning is most efficient and effective when all options, including renewals and upgrades, are considered holistically. This can identify opportunities to make more systemic improvements. Systematic improvements can extend network life while maintaining levels of service or in some cases improve levels of service where that would be of value to the community and the environment.

In the next 10 years, DCC has identified opportunities to address some infrastructure issues by investing in a combination of renewals and new capital. Projects such as the Central City Plan and Tertiary Precinct upgrades will replace ageing 3 waters and transport infrastructure and deliver public realm improvements to support a thriving tertiary and retail sector.

6.2.1. 3 Waters

The DCC 3 waters assets have a value of $5.1 billion, with assets depreciating by approximately $31.9 million annually. The renewals spend profile within this plan is a significant increase from previous plans due to the ageing asset base and the risk of not meeting stated levels of service. Budget increases year on year will enable a higher rate of renewals as the plan progresses. Annual budgets may be brought forward through the annual plan process if an increased rate of delivery is successful (as described in section 9). In order to deliver an increased programme, 3 waters has set up new delivery models and longer-term programme contracts. The stimulus funding grant received as part of the Government Three Waters Reform Programme has accelerated network renewals in year 1 of the plan. Proposed future grants are an opportunity to uplift the renewals programme further.

Assets do not always need replacing as they reach their theoretical life. Performance or condition can indicate that the asset can continue to run beyond the asset life within acceptable levels of risk (e.g. non-critical assets such as tobies) or alternative approaches to asset management may be adopted. For example, the largest and oldest of Dunedin's sewer pipes are actively monitored by CCTV to assess when renewal or replacement is needed. This allows 3 waters capital expenditure to be focussed on the renewal of assets not performing as required or unable to meet new standards, based on the criticality of those assets and the likely impact of any loss of service.

6.2.2. Transport

Dunedin's transport network is made up of a diverse range of assets. They are revalued annually and in 2020 had a total replacement value of $1.7 billion. Assets depreciate by approximately $23.4 million annually. Careful management of these assets is paramount to ensure investment is prioritised where most needed. Emphasis is therefore placed on regular inspections and ongoing condition assessments. This information helps guide renewal investment to the right place at the right time.

Many of the city's transport assets are ageing with a number nearing or having exceeded the end of their useful economic lives. When an asset reaches about 75% of its service life, deterioration will accelerate. For example, if a road pavement is left beyond this point without maintenance, the cost to renew the asset could be 4-5 times higher. Maintenance and renewal interventions are interlinked. Timely repairs can extend the time until a reseal is required on a road, resealing at the right time will extend the life of the pavement structure beneath. Routine maintenance deals with defects such as cracks and potholes before more serious problems develop.

In addition, certain renewals are considered as part of the Major Projects Programme, namely the Central City upgrade and the Tertiary Precinct. Both projects require significant transport and 3 water renewals so delivering them together creates efficiency and minimises disruption. Where

opportunities exist to combine these types of renewals activities and they are large enough in dollar value, they are delivered through the Major Projects Programme.

6.2.3. Principal options and implications of replacing and renewing ageing infrastructure

The option that the DCC has decided to take is highlighted in green.

	1-10 years (2031)	10-30 years (2051)	30-50 years (2071)
Renewals delivery continues at current rates, with no plans to increase internal or external delivery capacity	Transport and 3 waters renewals continue to be prioritised in accordance with known asset condition and performance within existing budgets, however ageing assets mean risk to service levels increase. Gravel road re-metaling, pavement rehabilitation, pavement renewals, traffic service renewals and structures have a static spend in the 10 year plan to meet asset management requirements.	The value of renewals required versus those undertaken is expected to increase until at least 2048 based on the increasing age of assets and inflation. The programme will be regularly reviewed to determine whether strategic upgrades would be preferable.	The value of renewals undertaken is expected to flat line in the long-term. The design and delivery of renewals will become more effective in maintaining service levels over the longer term, as internal and external capacity to deliver is increased.
Renewals delivery is increased over time as internal and external capacity to deliver is increased.	As above, however renewals delivery will be gradually increased year by year as internal and external delivery capacity allows. For 3 waters in particular, this will allow the renewals backlog to be partly reduced and allow strategic upgrades to be undertaken at the same time as renewals as well as planning for anticipated new standards. The bulk of asset renewals for 2021-2023 target the highest risk issues at treatment plants that impact on health and safety and levels of service. For transport, footpath renewals increase over the 10 Year Plan to improve the condition of the asset to help facilitate active modes of transport. Drainage spend over the 10 Year Plan gradually increases to reflect that the city will be under increasing pressure with increased weather events and sea level rise.	The renewals programme will be more effective in reducing maintenance and operating expenditure and reducing the risk of deteriorating service levels. Non-critical issues, or those that affect a limited number of customers, can be addressed more quickly than they otherwise would.	As above, however infrastructure risk profiles will be reduced as delivery of the renewals programme begins to outpace the rate at which asset age and condition deteriorates. Operations and maintenance costs can be reduced, and issues will become less prevalent.
Renewals delivery is accelerated in the early years of the plan, increased overall	As above, but with significant budget moved to years 1-6 to address priority renewals. Increased overall budget to allow deferred or removed projects to be completed, to reduce further reduce risks to	The renewals programme will be most effective in reducing maintenance and operating expenditure and has the lowest risk of	The value of renewals undertaken is expected to flat line at a much faster rate than in other options.

	1-10 years (2031)	10-30 years (2051)	30-50 years (2071)
renewals budgets.	service levels and health and safety. There is a high likelihood this option is not deliverable.	deteriorating service levels. Budgets in these years are not affected by any deferrals in the previous 10 years.	

6.3. Responding to changes in demand for infrastructure

Factors such as population growth, the rate and type of economic growth, the rate of growth in dwellings and where future housing developments occur will have an impact on the demand for infrastructure. An important part of good asset management is enabling sustainable growth by undertaking investments that address both service levels and future capacity at the same time, while taking opportunities to rationalise the complexity of networks that have grown over many decades. This can also reduce future repair and maintenance costs.

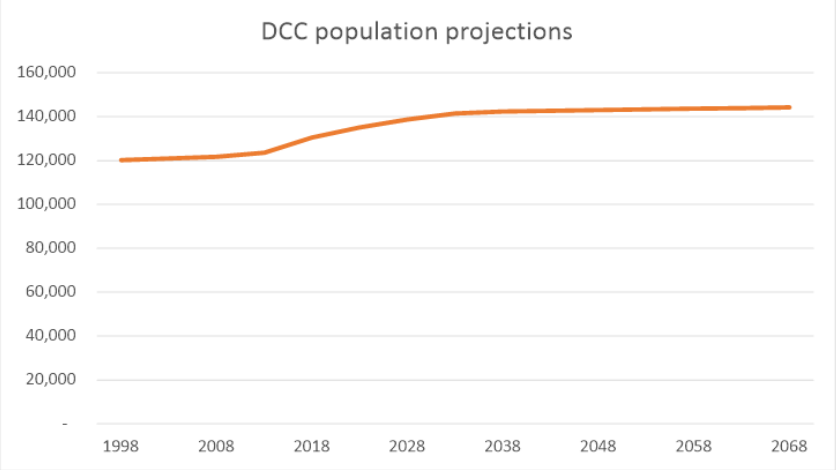
6.3.1. Population and dwelling growth

The COVID-19 pandemic has created uncertainty around Dunedin's future growth. Dunedin's population is projected to be relatively resilient in the near term, despite the impact of COVID-19. Current projections indicate the population will continue to grow sharply until 2033, reaching 141,417. From 2034 onwards, the population rate will begin to taper off returning to a medium growth scenario. By 2038, the 65 years and over demographic will be Dunedin's second largest age group (behind 25 and under).

Dunedin's dwelling numbers will experience similar trends to the Dunedin population, experiencing a sharp rate of expansion until 2038 reaching a total of 60,511 dwellings. Projections then indicate that dwelling expansion will slow. This is likely to be a result of an ageing population and the changing make up of families and households.

Variations to the 2GP will define where forecast growth might occur across Dunedin.

DCC population projections



6.3.2. Planning for growth in housing and business development

Under the National Policy Statement for Urban Development 2020, Dunedin is categorised as a tier 2 urban environment (the requirements of which are in the table below). This brings into effect a range of provisions relating to the amount of development capacity that is required to be

serviceable with infrastructure. 2GP Variation 2 comprises a number of discrete changes that will add additional housing capacity into the 2GP.

National Policy Statement on Urban Development 2020[2]

Term	Infrastructure requirements
Short-term (within the next three years)	Development capacity must have adequate existing development infrastructure to support the development of the land.
Medium-term (3 - 10 years)	Development capacity must have either: adequate existing development infrastructure to support the development of the land, or funding for adequate infrastructure to support development of the land identified in a long-term plan.
Long-term (10 - 30 years)	Development capacity must have either: adequate existing development infrastructure to support the development of the land, or funding for adequate infrastructure to support development of the land identified in a long-term plan, or development infrastructure identified in an infrastructure strategy.

6.3.3. Visitor growth

Dunedin's successful tourism marketing, which attracted large cruise ships and major stadium events, resulted in Dunedin's 'peak day' visitor numbers growing steadily from 2013 to 2018. However, with the impact of COVID-19 on tourism, 'peak day' visitor numbers are expected to drop sharply in the short term, with a recovery period between 2023-2028 as tourism markets re-establish. Pre COVID-19 levels of growth are projected by 2031, with peak day visitor numbers reaching 27,886 by 2033.

6.3.4. Economic growth

The COVID-19 pandemic has created uncertainty around Dunedin's future growth and economic performance. As detailed above, the impact on visitor numbers will have an impact on Dunedin's tourism economy.

The changing make up and rate of growth in the economy may impact on demand for network infrastructure. For example, Port Otago at Port Chalmers is New Zealand's 5th largest port (by value) and a key link in New Zealand's international supply chain as a regional hub for the export of high value products including meat, dairy, timber, fish, horticulture and other agriculturally based products. Reduced international demand for export products will reduce heavy vehicle movements accessing the port, which will put less pressure on road pavements and network congestion.

[2] https://www.mfe.govt.nz/about-national-policy-statement-urban-development

6.3.5. Principal Options and implications for responding to changes in demand for infrastructure

StatsNZ guidance issued in June 2019 recommended the use of the medium-high projections scenario for Dunedin until 2028, and the medium growth scenario from 2028 until 2043. While a pre-COVID single set of projections was developed, reflecting the most probable growth scenario, there is significant uncertainty in any projections. There is a particularly high level of uncertainty for projections over the longer term (e.g. 2028-68).

The option that the DCC has decided to take is highlighted in green.

	10-years (2031)	10-30 years (2051)	30-50 years (2071)
Plan and invest for a medium-high growth scenario over 2019-28 and a medium growth scenario from 2029 onward (target 2GP only in 2021-31)	Existing network infrastructure capacity will be adequate in currently serviced areas, with augmentation required in localised areas. 3 waters and transport budgets allow for network growth required under the 2GP. If actual growth is higher than the medium scenario, infrastructure will more quickly reach capacity and there is a risk of insufficient infrastructure in areas where assets are at or near capacity. Decisions on where and how to augment infrastructure in localised areas in response to growth will occur once Variation 2 to the 2GP has been adopted.	Existing network infrastructure capacity will need to be augmented in localised areas in both current and newly serviced areas, provide capacity for Variation 2. 3 waters and transport budgets will focus on changes needed under Variation 2. If actual growth is higher than the medium scenario, infrastructure capacity will be exceeded in localised areas and require additions to the capacity of some major assets.	The majority of the 3 waters and transport renewal programme will be complete, resulting in a lower average age for assets and increased network capacity. Major assets will be due for replacement or modernisation at this time. A decline in population may have funding consequences. Technological change may improve asset efficiency.
Plan and invest for a medium-high growth scenario over 2019-28 and a medium growth scenario from 2029 onward (target 2GP and Variation 2 in 2021-31)	As above, however budgets allow for infrastructure growth required under the 2GP and Variation 2, with adequate budgets to accommodate investment. If actual growth is higher than the medium scenario, servicing of Variation 2 will require an accelerated response. There is a high likelihood this option is not deliverable as investigation work is still underway and ability to undertake work is constrained by budgets, internal resource, contractor and material availability.	Planned growth has been serviced and so infrastructure capacity is not a limiting factor to development. Lower growth investment is needed in this period. If actual growth is higher than the medium scenario, infrastructure capacity will be exceeded in localised areas and require additions to the capacity of some major assets.	As above.

6.4. Public health and environmental outcomes

The 3 waters and transport networks provide important public health and safety benefits to the community and deliver services which can impact on the natural environment.

6.4.1. 3 Waters

With 3 waters reform, it is likely capital improvements will be required to meet enhanced protection of drinking water sources, water management practices and new standards for drinking water, wastewater and stormwater services. In anticipation of the reforms and the potential transition into a new entity (if the DCC does not opt out of the Government's service delivery reform programme), the DCC is undertaking a programme of work to strengthen regulation policies and improve asset ownership, asset management and delivery processes. The DCC is also underway with a project to update drinking water safety plans to better align with the new regulatory system. The DCC will continue with water system planning processes to guide capital investment strategies which will support the continued provision of safe drinking water to serviced communities.

Under the Local Government Act 2002 (LGA), the DCC is required to undertake a Water and Sanitary Services Assessment (WSSA) from time to time. The purpose of the assessment is to assess, from a public health perspective, the adequacy of water and other sanitary services available to communities in terms of five specified factors. The DCC is considering the best way to carry out the next reviews, and it may be most efficient to undertake it as part of system planning.

The Health Act 1956 requires the DCC to comply with the criteria set out in the Drinking Water Standards for New Zealand. The standards set maximum amounts for substances, organisms, contaminants or residues that may be present in drinking water, requires monitoring, and prescribes remedial actions in the event of non-compliance. Drinking water suppliers must also have approved Water Safety Plans for large supplies to identify and manage risk - from the raw water catchment to the treatment plant and within the distribution network - and operate in accordance with those plans.

Resource consents to discharge treated effluent to the environment are held for each of Dunedin's seven wastewater treatment plants, except for Mosgiel where effluent is transferred to Green Island for ultraviolet disinfection treatment before discharge. Three of the resource consents are due to expire within the next 10 years and so projects are planned to investigate best practicable options for new consents and the impact of anticipated new standards. System planning will address future consent changes and investment plans to address improvements needed.

The DCC currently has six constructed wastewater overflows consented by the ORC. These overflows are designed to manage the public health risk in heavy rainfall events by allowing discharge of diluted wastewater at specific points of the network, rather than in an uncontrolled manner at low points in the network (including into private property). The consented overflows are signposted to alert the public to the potential risk of exposure to diluted wastewater in the event of heavy rainfall. As wastewater assets are renewed and upgraded, these overflows will activate less often with smaller discharges. Under water reform, it is anticipated the quantity and quality of wastewater discharges will also have to meet new standards.

The DCC holds resource consents to discharge stormwater to the coastal marine area. Those consents expire in 2048. Key stormwater discharges are part of the environmental monitoring programme and work is underway to improve the stormwater hydraulic models for key areas. The 3 Waters Group plans to undertake stormwater system planning for all areas in the early years of the plan, starting with a review and improvement of the hydraulic models. Under the current rules of the Regional Plan: Water, most of Dunedin's stormwater discharges are permitted, subject to certain provisions. The wider implications of water reform mean tighter regulation on quality and quantity of stormwater discharges is likely.

The DCC's long-held approach has been to enable property owners to build and maintain their own pipes or open watercourse infrastructure. Roughly half the city is serviced by private pipes and streams, many of which are 100+ years old and in poor condition, with confusion over ownership and responsibility. Developing solutions to the complex stormwater problems is often beyond the means of most landowners. Failure of these assets can lead to flooding, sinkholes and landslips. A new approach to dealing with hazards from privately-owned stormwater assets was approved in

2019 (known as the watercourse programme), which aims to reduce these risks on the highest priority sites. Through the programme of work to prepare for reform, 3 waters will review the policy on watercourse asset ownership and the financial impacts of this on the DCC.

6.4.2. Transport

Waka Kotahi's Road to Zero aims to have a 40% reduction in deaths and serious injuries from 2018 – 2030 and sets out a series of initiatives to address road safety. The city's accident statistics show limited improvement in Dunedin with the death and serious injury numbers static over recent years. Safety initiatives are developed around our transport infrastructure for both motorists and vulnerable users such as pedestrians and cyclists.

An analysis of crash statistics indicates factors which contribute to Dunedin's safety record are: intersections; young drivers; older drivers; and distractions. Dunedin also has a diverse network ranging from busy urban roads through to quiet rural roads. In some cases, the transition between urban and rural is very abrupt. The central city is also compact and needs to cater for a wide range of user groups, such as cyclists, pedestrians, cars and heavy freight vehicles. State Highway 1 runs through the University of Otago, Otago Polytechnic and the CBD. Improving network safety is a key issue to be addressed through specific safety improvement programmes, major capital projects and in considering safety improvements when undertaking renewal works.

Safety interventions undertaken by the Transport group include:

- upgrading pedestrian facilities
- upgrading major arterials with priority bus routes
- implementing road safety education campaigns to raise awareness of road safety, public transport safety and pedestrian safety
- using fixed safety cameras at intersections and other high-risk areas
- implementing a prioritised programme of safety engineering projects
- providing separated cycling infrastructure.

The ability to be able to move around easily across a variety of modes is linked to health, social and economic benefits. Providing transport choices will have health benefits as more active modes of transport are taken up. A goal of the Integrated Transport Strategy is to increase the percentage of people who walk, cycle, and take public transport to work from 16 percent to 40 percent by 2024. Committing to the goal of increasing active/sustainable transport will also contribute to the city's environmental commitments of carbon zero 2030, reduce congestion and improve the health of those incorporating physical activity into their daily commute. Investment in providing safe and attractive infrastructure for active modes is expected to increase the desirability of active transport modes.

6.4.3. Principal Options and implications for responding to public health and environmental concerns

The option that the DCC has decided to take is highlighted in green.

	10-years (2031)	10-30 years (2051)	30-50 years (2071)
Existing public health and environmental impacts are not prioritised	Compliance with DWSNZ is not prioritised and water and wastewater treatment plants are not upgraded in a timely manner to keep pace with changing standards. Incidence and volume of wastewater overflows to the environment will likely increase as will incidences of habitable floor flooding. For Transport, limited network safety improvement packages are implemented, resulting in no decreases to the	Water treatment plants are not upgraded to meet DWSNZ changes and treatment processes fall short of increased standards. Wastewater discharges to the environment and the volume of discharges continue to increase. Consents required to continue to discharge to environment would be unlikely to be	Water treatment plants are not upgraded to meet DWSNZ changes and treatment plant processes become so outdated that compliance would not be able to be achieved without significant widespread large scale capital works. Wastewater discharges to environment likely to become the norm with the associated

	10-years (2031)	10-30 years (2051)	30-50 years (2071)
	numbers of serious injury or death statistics on the Dunedin transport network.	renewed resulting in prosecution and fines. Incidence of habitable floor flooding will increase. No specific investment to decrease the number of serious injuries or deaths on the Dunedin transport network.	degradation of receiving waters. Discharges likely to have no consents and incur fines in each instance where a discharge occurs. No specific investment to decrease the number of serious injuries or deaths on the Dunedin transport network.
Improve public health & environmental outcomes by investing in public transport, road safety and 3 waters upgrades and renewals programmes. Investment is increased over time.	Water treatment plants meet DWSNZ standards and prepare for new standards and regulation by the newly established Taumata Arowai. Wastewater discharges reduce as renewals remove inflow and infiltration from wastewater networks. A long-term investment plan to address wet weather flows is developed. Stormwater discharge impacts are understood, best practicable solutions to flooding are implemented and system planning provides a long-term investment plan. Transport investments are focussed on reducing deaths and serious injury in high risk transport corridors. Public Health outcomes are also achieved by continued investment in active transport modes such as walking and cycling.	Water treatment plants continue to meet DWSNZ measures and are updated as required to meet any changes in standards. Best practicable option for all wastewater overflows implemented. New sustainable solutions to stormwater management are implemented. Continued investment in road safety and active transport modes results in decreased road trauma on the transport network and a healthy connected community.	Water treatment plants continue to meet DWSNZ measures and are updated as required to meet any changes in standards. New sustainable solutions to stormwater management are implemented. Continued investment in road safety and active transport modes results in decreased road trauma on the transport network and a healthy connected community.
Prioritise public health and environmental concerns over other considerations. Investment is prioritised in the earlier years of the plan.	As above, however budgets moved to years 1-6. Improvements to drinking water resilience, wastewater discharges and stormwater overflows can be addressed more quickly however lost opportunities to benefit from the synergies obtained through aligning cross-network renewals. Reducing the number of deaths and serious injury is achieved by additional investment in road safety.	As above.	As above.

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	10-years (2031)	10-30 years (2051)	30-50 years (2071)
	The strategic cycleway network is delivered earlier and expanded. There is a likelihood this option is not deliverable and may result in increased disruption to residents due to construction projects not being well aligned across 3 waters and transport assets and other asset providers.		

6.5. Resilience to natural hazards

Flooding, landslides, drought, catchment fire, rising groundwater and the risk of liquefaction in the event of an earthquake pose the most significant risks to Dunedin's infrastructure. It is anticipated these risks will increase over time as a result of climate change.

6.5.1. Climate change

Climate change impacts include more extreme rainfall events, causing increased frequency and severity of flood events, while experiencing less rainfall overall can impact on water supply. Dry periods increase the risk of drought and catchment fire (which impacts on drinking water quality). Rising groundwater as a result of sea level rise in low-lying areas is the one of the most significant risks facing Dunedin from climate change. High groundwater can cause problems such as increased frequency of flooding, boggy ground and surface ponding, damage to infrastructure and buildings, and a risk of liquefaction in earthquakes along with associated social wellbeing issues.

Dunedin has significant low-lying areas that are within 0.5m of the current spring high tide mark (estimated at 2,684 Dunedin homes, 116 business and 35km of roads)[3]. Older people and vulnerable populations find it more challenging to manage the impacts of natural hazards. South Dunedin has an increasingly aged population and one of the lowest decile demographics in the country.

6.5.2. Earthquakes

Seismic activity can cause widespread damage to network infrastructure. Destruction of critical built infrastructure and displacement of piped infrastructure can render 3 waters systems inoperable and unable to deliver clean drinking water or to transport and treat wastewater safely. Liquefaction can cause more damage to underground pipes than ground movement and is a significant contributor to pipe failure in earthquakes. Dunedin has several areas with moderate to high likelihood of liquefaction in an earthquake.

Seismic activity could also cause isolation across the transport network if certain areas are cut off due to rubble, slips, liquefaction or land displacement. Dunedin is vulnerable to isolation given the limited number of routes in or out of the city. Dunedin is predominately serviced by a motorway in from the north and a motorway in from the south with the alternative route from the north on Mt Cargill road. Dunedin's Akatore fault has potential to disrupt the network to the south of the City.

6.5.3. Flooding and landslides

Some parts of Dunedin are susceptible to flooding and landslides during heavy rainfall events. Flooding and landslides can damage homes, business and infrastructure. Flood risks are due to several factors including:

- Rainfall events exceeding design tolerances.
- Limited capacity in parts of the wastewater network as a result of rainwater and groundwater infiltration to the wastewater network from ageing and cracked pipes and inflow to the wastewater network from direct stormwater connections
- Low-lying areas where the groundwater is close to the surface so rainwater cannot drain away.

[3] Parliamentary Commissioner for the Environment (2015) Rising Seas

- Sea level rise, more extreme rainfall events and storm surges increasing the frequency of flood events in the future.
- Mud-tanks can become blocked and creating a flooding hazard
- The low elevation of some roading infrastructure can cause roads to become flooded and cut off.

Manhole surcharging can create a safety hazard in flood events on the Transport corridor when manholes covers become dislodged. Communities in low-lying coastal areas serviced by septic tanks (rather than a reticulated wastewater system) may be at higher risk of groundwater contamination during flood events. More extreme rainfall events and storm surges may lead to larger and more frequent slips and damage to 3 waters and transport infrastructure including sea walls, bridges and culverts.

As weather events become more frequent and severe, the infrastructure networks and community's ability to recover will continue to be put under increasing pressure.

6.5.4. Drought, higher mean temperatures and catchment fires

Prolonged periods of drought pose a risk to Dunedin's water supply. Furthermore, drier water catchments yield less water and are more prone to large scale fires. Catchment fires can result in highly turbid water that that is more expensive to treat or is unable to be treated by existing treatment processes. Higher mean temperatures increase the risk of algal blooms within raw water reservoirs, which may require expensive treatment. In addition, odour issues at wastewater treatment sites and within the network are more likely at higher temperatures.

From a transport perspective, higher temperatures can cause degradation in the roading infrastructure. Droughts can also present a fire risk for roadside vegetation.

6.5.5. Building resilience to natural hazards

The DCC has improved its understanding of natural hazards to assist in developing options for a resilient infrastructure network into the future. The DCC are working in partnership with other agencies such as GNS Science and ORC to further enhance our understanding of groundwater and impacts of sea level rise, particularly in South Dunedin.

The Peninsula Connection project is an example of building a more resilient asset by raising the road to allow for predicted sea level rise while widening the transport corridor (for safety purposes) and creating a shared path (for mode choice purposes).

System planning for 3 waters is focussed on an adaptive approach to investment, planning for natural hazards and ensuring resilient solutions are implemented. Long-term investment plans will be ready for the 2024-34 10 year plan, however early work to increase resilience to some water supplies and targeted metro wastewater treatment plant wet weather flow management are budgeted within the 2021-31 capital programme.

Planning is also underway to look at the resilience of the Transport network in the case of a seismic event, specifically around the supply chain and getting goods to and from Dunedin. Planning is also underway for any Alpine Fault activity. In a seismic event involving the Alpine Fault, Dunedin would likely be the least affected so may have to become a recovery hub for the lower South Island.

6.5.6. Principal options and implications for building resilience to natural hazards

The option that the DCC has decided to take is highlighted in green.

	10-years (2031)	10-30 years (2051)	30-50 years (2071)
Planned renewals and projects will reduce some risks arising from natural hazards	Renewing pipes and other infrastructure in flood prone areas will reduce some risks arising from natural hazards. Continue to fund projects to improve the resilience of the water supply network. AF8 (Alpine fault quake resilience)[4] and Lifelines resilience projects will improve resilience of 3 waters network. Existing transport infrastructure is renewed like for like. Significant weather events will remain a problem for isolated areas of the network; largely in coastal, slip prone and low-lying areas.	Renewing pipes and other infrastructure in flood prone areas will reduce some risks arising from natural hazards. Existing transport infrastructure renewed like for like. Significant weather events will remain a problem for isolated areas of the network; largely in coastal, slip prone and low-lying areas.	Natural hazard risks fully considered when renewals are planned. Updated design tolerances incorporated into asset renewals. Existing transport infrastructure renewed like for like. Significant weather events will remain a problem for isolated areas of the network; largely in coastal, slip prone and low-lying areas.
Invest in new capital to specifically reduce the risk arising from natural hazards	As above, however investment is made in specific new projects to minimise the risks from natural hazards. Undertake adaptive planning pathways – events are uncertain and so infrastructure planning will need to be agile and adapt to various scenarios.	New capital incorporated into renewals where a known hazard requires mitigation.	New capital incorporated into renewals where a known hazard requires mitigation.

6.6. Planned increases or decreases in levels of service

The DCC upgrades assets in response to growth or higher service demands. These include improving taste and odour of drinking water and making improvements to roads to improve transport choice and safety.

6.6.1. 3 Waters

The highest priority service levels for 3 waters are: water quality and supply reliability, the adequate performance of networks and the impacts of 3 waters discharges and overflows on the environment, plus internal service measures such as health & safety.

The upcoming 3 waters reform will require further improvements to drinking water supplies; such as quality, quantity and management, and require improvements in wastewater and stormwater management. No funding allowance has been made in the 2021 – 31 10 year plan for enhanced standards in water, wastewater or stormwater as at the time of writing these are unknown.

A large part of the work programme within 3 waters in the shorter term is to prepare for anticipated new standards associated with reform. This will include: increased monitoring of assets, assessing internal capability and capacity to undertake the projects proposed in the capital expenditure programme (including the tranche 1 stimulus funding) and improving asset and compliance management practices.

[4] DCC is an active participant in the Alpine fault quake resilience (AF8) programme. This is a scenario-based planning project, managed by the Ministry of Civil Defence and Emergency Management, with the intention of preparing plans in response to a major earthquake on the Alpine Fault.

6.6.1.1. Water

Some capital projects to upgrade water treatment capability have been initiated to improve drinking water aesthetics and taste and provide enhanced monitoring. At the water treatment plants, a programme of work to improve wet weather flow management has begun and additional monitoring has been installed to assist in understanding what investment will be needed to meet any national standards introduced through 3 waters reform.

6.6.1.2. Wastewater

Ageing pipes and sewers are creating 'nuisance' level problems for some residents. The larger issues are caused by inflow and infiltration into the wastewater systems which can lead to surcharge, flooding and hydraulic pressures at the wastewater treatment plants. Renewal programmes on the network are focussed on reducing inflow and infiltration to reduce wet weather overflows and treatment plant wash-out. At pump stations the aim is to increase reliability to maintain network performance and at the treatment plants assets are to be renewed to maintain compliance with resource consents and reduce health and safety risks.

6.6.1.3. Stormwater

Sea level rise leading to rising groundwater in low-lying parts of Dunedin will make it more difficult to meet current stormwater levels of service. As groundwater rises, additional investment will be required in wastewater and stormwater infrastructure to maintain existing service levels. To support this, the DCC will remain focused on the renewal of assets with new projects to address areas where levels of service issues currently exist. Following previous floods, investment in an expanded stormwater network, in addition to focused improvements in the most heavily affected areas (South Dunedin, Mosgiel), is anticipated.

6.6.2. Transport

The priority service levels for the transport network are:

- Safety – all users of the transport network are catered for in a safe network.
- Resilience – The availability and restoration of the network function when there is a weather or emergency event
- Accessibility – The ease with which people can reach key destinations and the transport networks available to them.
- Travel time reliability – The reliability of travel time on key routes during peak use
- Cost efficiency - The relative costs and efficiency of the network compared with other networks.

There are a number of projects in the 2021 – 31 capital programme, including the Shaping Dunedin Future Transport (SFDT) programme, that aim to respond to levels of service across the city in light of the hospital rebuild and growth in the city, some of which are detailed below.

- Harbour arterial improvements: The harbour arterial route would run along Wharf St and Thomas Burns St to provide an alternative route bypassing the city centre, avoiding the new hospital during and after construction.
- Park and Ride facilities at Mosgiel and Burnside: Parking areas, where people can leave their car and catch a city-bound express bus service.
- Central city parking management: Implementation of a plan to improve the parking experience, wayfinding of parking and a review of the pricing structure of parking.
- Strategic cycleway network: To fill the gaps and expand the existing cycling network across the city to provide a safe and connected cycle network.
- Central City bike hubs: Hubs where cyclists can lock their bikes in sheltered lockers and other facilities, such as repair and charging services, in North Dunedin, Central City and South Dunedin/Oval.
- Bus priority measures and safety improvements: Providing infrastructure to prioritise buses and safety improvements for pedestrians in and around the CBD.

ORC are investing in additional bus hubs and improved public transport and Waka Kotahi is investing in enhancing the state highway, intersections and other cycleways as part of the SDFT programme.

6.6.3. Principal options and implications for increasing or decreasing levels of service

The option that the DCC has decided to take is highlighted in green.

Option	10-years (2031)	10-30 years (2051)	30-50 years (2071)
Plan and invest to maintain service levels	Focus on renewing network infrastructure to reduce the risk of declining service levels. Do not plan or invest for changes to service levels.	Maintain capacity to manage current risk, however no increases in service levels may undermine growth in future. Does not plan for regulatory and legislative changes, which will see an increase in required levels of service for 3 waters, of which the impact upon rates is currently unknown.	Demographically driven decline in population may mean costs directly linked to service level delivery are borne by fewer residents if growth does not occur.
Plan and invest to maintain and increase some strategic service levels	Renew infrastructure to reduce the risk of declining service levels and to increase resilience, while also investing in improving strategic service levels. Planning for 3 waters regulatory and service delivery reforms continue. Increase investment in active and public transport modes to contribute to carbon zero 2030 goals.	Balance our ability to manage future demands, with strategic investments aimed at encouraging sustainable growth through improved service levels. Planning and implementation to deal with the longer-term impacts of regulatory and legislative changes such as the anticipated wastewater and stormwater service level enhancements.	If investing in infrastructure to attract more people to live and study in Dunedin results in higher than projected growth, this may improve ongoing affordability of service level increases. A long-term investment programme is built up from enhanced monitoring and investment can be phased to deliver maximum benefits and efficiencies.
Plan and invest to increase some strategic service levels through enhanced projects	Renew infrastructure to reduce the risk of declining service levels and to increase resilience, while investing strongly in significantly improving strategic service levels through new and enhanced projects. High likelihood this option is not deliverable.	If strong growth does not occur, a higher cost will be borne by existing residents. This may limit the ability to maintain and operate changes to service levels. The impact on rates of any changes in strategic service levels are currently not understood, and so best practicable options cannot be chosen. There is the risk that abortive work will be undertaken and additional spend needed to meet new standards.	If investing in infrastructure to attract more people to live and study in Dunedin results in higher than projected growth, this may improve ongoing affordability of service level increases.

6.7. Zero Carbon 2030 target

In June 2019, Council declared a climate emergency and brought forward the city's emissions reduction target by 20 years. The 'Zero Carbon 2030' target seeks to achieve city-wide net carbon neutrality (excluding biogenic methane) by 2030. For biogenic methane, the target aligns with central Government, aiming to achieve a 24% to 47% reduction below 2017 levels by 2050, including 10% reduction below 2017 levels by 2030.

6.7.1. Current impact of 3 waters infrastructure on city-wide emissions

3 waters infrastructure impacts on city-wide emissions in a number of ways.

- Biological processes from wastewater treatment were assessed as being responsible for approx. 0.2% of the city's emissions in 2018/19.
- Some sludge generated in wastewater treatment processes is currently sent to landfill, contributing to solid waste emissions.
- Diesel, LPG and electricity used in distribution, treatment and disposal processes associated with 3 waters networks all contribute to stationary energy sector emissions.
- The availability of servicing in various parts of the city shapes urban form, which in turn impacts on transport sector emissions.
- Construction and maintenance processes associated with the 3 waters network also contribute to the city's emissions profile.

Historically, carbon emissions have not been a key consideration in the design of 3 waters plant and network infrastructure. As a result, neither existing plant nor network configuration is optimised to minimise emissions. In addition, the current need to prioritise reactive operational expenditure, to address process challenges and compliance risks, hinders significant immediate investment in aligning these facilities and assets with Zero Carbon ambitions. Another key consideration is service delivery reform and increasing treatment standards for water and wastewater - these are very likely to result in more intensive treatment processes, which in turn are likely to drive increases in energy demand. The extent to which these requirements may undermine emissions reduction efforts is currently unknown, but may be significant.

In terms of 3 waters' impact on urban form, urban intensification (particularly around the CBD, centres and along public transport routes) is preferable to urban expansion, because it is more likely to support and promote low emission transport systems. The DCC's overall urban form objective of a 'compact city with resilient townships' is intended to be achieved through urban consolidation and prioritising use of existing capacity within existing urban areas. Rules in the 2GP currently restrict development in some new medium density areas due to constraints in the 3 waters network, and the degree to which additional intensification is achievable is similarly limited in some locations by 3 waters network capacity.

6.7.2. Current impact of transport infrastructure on city-wide emissions

The transport sector is Dunedin's most significant, and fastest growing, source of emissions. In 2018/19, transport was assessed as contributing 39% of Dunedin's total gross emissions, with the largest proportion of this (27% of gross emissions) stemming from land transport. The configuration of the local road network, and the relative levels of service for different modes, shape residents' travel choices and therefore the city's emissions profile.

Dunedin has a reliance on cars, which has constrained the uptake of alternative modes of travel. According to the 2018 census data, 68.5% of the community within Otago used private or company vehicles as the means of travelling to work. Global and national trends suggest, however, that with increasing investment in infrastructure to improve the levels of service for alternative modes, there is a slow increase in uptake of these modes. This is reflected in cyclist numbers on monitored routes, and in bus patronage data in Dunedin.

In March 2019, a central city bus hub was established and in 2020 the ORC implemented a cheaper and simpler fare and card system for public transport. Both initiatives appear to have encouraged further uptake of public transport with patronage steadily increasing.

6.7.3. Aligning infrastructure work programmes with the Zero Carbon 2030 target

For both transport and 3 waters, improvements in data quality has been identified as a key step in supporting efforts to reduce emissions.

- In the transport network, investigations into the end use of fuel purchased within Dunedin, and residents' travel choices, will help the Transport team prioritise and tailor emissions-reducing interventions.
- For the 3 waters network, an emissions baseline for existing plant and network operations needs to be established, to help identify and prioritise opportunities for emissions reduction.

Development of policies, processes and guidance to support the integration of the Zero Carbon 2030 target into infrastructure teams' planning and day-to-day operations, is underway. This includes revision of the DCC's existing Carbon Management Policy (2017) for the organisation (which will assist to align all infrastructure projects, including renewals, with emissions reduction ambitions). Clearly defining the outcomes sought to give effect to the Zero Carbon 2030 target will ensure these can be embedded in strategic planning, including 3 waters system planning. It is considered that this will, in turn, clearly align transport and 3 waters expenditure with Zero Carbon ambitions from 2024 onwards.

Looking forward, there is also provision in the 10 year plan to embed Zero Carbon-related considerations in the DCC's performance management framework, asset management and procurement processes, and reporting.

For transport, the speed and depth of changes required to achieve the Zero Carbon 2030 target represent a very significant departure from business-as-usual. Provision for these alternative modes, and residents' use of them, will need to increase substantially over the decade to 2030. This will rely not only on DCC investment, but also on the degree to which partner agencies focus their investment on facilitating a rapid transition to a low emission transport system – and the extent to which this is supported by the community. The development of a Zero Carbon Plan for the city, scheduled for 2021, is anticipated to assist with this process.

For both transport and 3 waters, the need to cater for population growth, discussed in section 6.3, is both a challenge and an opportunity in achieving alignment with the Zero Carbon 2030 target. City Development, in consultation with transport and 3 waters, is developing an approach to provide for Dunedin's growth. Variation 2 is considering additional changes to address the shortfall in medium-term housing capacity.

7. MAJOR PROJECTS AND DECISIONS

This section shows the major infrastructure projects and key infrastructure decisions over the next 50 years. Significant future decisions are subject to the DCC's Policy on Significance and Engagement, and significance will be determined by the DCC in the context of decisions about the 10 year plan.

Major projects and key decisions	Issues in response to	Description	Options	Type	Cost	Expected timing	Carbon Neutrality
3 Waters Reform							
Decision on participation in Three Waters Reform Programme+ (+service delivery reforms –proposed transfer of local government 3 waters assets and service delivery functions to new water services entities)	Regulatory, legislative and service delivery changes	The DCC will decide whether to continue participating or 'opt out' of the Government's 3 waters service delivery reform programme in late 2021. The Government will promote an amendment to the Local Government Act 2002 that, if passed, would enable councils to transfer ownership of 3 waters assets and services to new entities. The proposed amendment will also provide a fit-for-purpose consultation process that sets out how local government will engage with communities and iwi/Māori about the reform proposals and make decisions. This decision is only for service delivery reform. Council is unable to opt out of the regulatory	**Option 1**: agree to continue DCC participation in the Three Waters Reform Programme. This is expected to lead to the transfer of DCC 3 waters assets and service delivery functions to a new water services entity in about 2023. **Option 2**: 'opt out' of the Three Waters Reform Programme. Retain 3 waters assets and service delivery functions within the DCC.	Council decision.	Costs relating to making this decision, including costs related to running a public consultation process, are yet to be determined.	Late-2021	Likely no effect on emissions

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		elements of 3 waters reform.					
Projects to prepare for regulatory, legislative and service delivery changes	Regulatory, legislative and service delivery changes Planned increase in levels of service	Prepare the 3 Waters Group, the wider DCC and Dunedin for implementation of changes to 3 waters regulatory systems, and the potential transition to a new entity for 3 waters service delivery. The purpose of these projects is to establish certainty on the impact of reform and reduce associated risks. Other benefits include enabling a co-operative exit, leveraging value for Dunedin and setting up a new water services entity for success. The focus areas are contract and capital delivery, asset ownership, system planning, asset management, strengthening regulation and servicing growth.	Options to be developed via the various projects currently in planning stages.	To be determined	Costs will be determined based on strategic need and deliverability.	2021 - 2023	Likely no effect on emissions
System Planning	Regulatory and Legislative Changes Planned increase in levels of service, Response to growth in demand,	3 Waters 'whole of system' strategic planning to develop baseline and long-term investment plans. Identify current and future issues, develop objectives and levels of service and create long and short list options for the systems. In the short	Options to be developed via the various projects currently in planning stages. A decision will be made on long term	Majority of planning is OPEX, produces CAPEX plans, amount to be determined.	Costs will be determined based on strategic need, affordability and deliverability.	2021 - 2051	Unknown

	Public health and environmental outcomes Renewing and replacing assets Resilience to natural hazards	term, the baseline stage of this work informs the Metro WWTP Resilience Project. Long-term, strategic capital investment plans are produced. These will inform the 2024-34 10-year plan.	investment plans in the 2024-34 10 year plan.				
Network infrastructure							
The need for new capital expenditure will be reassessed following decisions on areas for new development in the 2GP and then Variation 2	Response to growth in demand Public health and environmental outcomes	Using a medium growth scenario, demand is estimated at 4,000 new dwellings between 2021 and 2031 and 7,000 new dwellings by 2071. Growth funding has been allocated to allow for substantial planning and design within the first 12-18 months, followed by a steady programme of capital delivery over the remaining term of the 10 year plan. Detailed planning is in progress, with the initial planning focussed on high priority areas that have been identified in consultation with developers. As the planning and design develops, the phasing of capital works may change through the annual plan process to meet	Options for responding to increase in demand will be developed once the 2GP and Variation 2 appeals process is completed. The costs included in the 10 year plan are an estimate of the 3 waters and transport network infrastructure requirements to meet the growth needs of 2GP and Variation 2.	To be determined	$104 million to be funded by development contributions and debt financing where appropriate.	2021 - 2036	Likely increase in emissions

		development requirements.					
Water and Sanitary Services assessment	Public health and environmental outcomes	The Water and Sanitary Services Assessment is a district-wide assessment of the provision of water and sanitary services (such as wastewater, stormwater, public toilets and cemeteries). The assessment reviews the adequacy of existing systems in serviced communities and any health risks arising from the absence of systems in un-serviced communities. The most recent assessment was completed in 2007.	Options will be considered in the Water and Sanitary Services assessment.	To be determined	Costs will be determined based on the outcomes and associated Council decisions from the Water and Sanitary Services Assessments.	2021-23	Possible increase in emissions
Other Network Renewals	Renewing and replacing assets Public Health and environmental outcomes	These are ongoing pipeline renewals projects (not already identified below) across all 3 waters network assets. These renewals will be focused on: areas of high inflow and infiltration rates, aged assets, high break rates and customer complaints. This will address risks in water supply reliability and pressure, water quality, wastewater overflows, flooding and pipeline collapse.	The preferred option is a steady spend over the 10-year period.	Renewals	$57 million (note the remainder of the renewals budget is allocated to specific network renewals identified elsewhere in the table).	2021-2031	Likely no effect on emissions

Minor Network Renewals	Renewing and replacing assets Public Health and environmental outcomes	Reactive, smaller scale network renewals and repairs across all 3 waters, mostly undertaken by the network contractor.	Reactive work is undertaken as required.	Renewals	$50 million	2021-2031	Likely no effect on emissions
Water supply							
Water supply resilience	Response to growth in demand Public health and environmental outcomes Renewing and replacing assets Resilience to natural hazards	Projects intended to improve the ability of the water supply network to provide adequate safe potable water regardless of forecast changes in climate and population, and in the event of a natural disaster. Activities include the Ross Creek to Mount Grand transfer line, water treatment plant renewals and upgrades and pump station renewals and upgrades. Some minor renewals and monitoring work have commenced as part of the 3 waters reform tranche 1 funding.	Further work is needed on detailed design and deliverability, plus risks may materialise which would change the timing of some projects. Options are in development.	New Capital and Renewals	$84.9 million	2021-2031	Likely no effect on emissions
Dam Safety Action Plan	Renewing and replacing assets Resilience to natural hazards	Physical works required in order to continue to comply with Dam Safety requirements. Some work has commenced as part of the 3 waters reform tranche 1 funding.	Physical works are undertaken as required in order to meet dam safety requirements.	Renewals	$4.4 million	2021-31	Likely no effect on emissions

Water take reporting	Regulatory and Legislative Changes Public health and environmental outcomes	Recent amendments to the Resource Management (Measurement and Reporting of Water Takes) Regulations 2010 make real-time collecting and transmitting of water use to regional councils mandatory. Implementation is required by 2022 for takes ≥20 litres/second (20 of the DCC's 29 takes). For takes ≥10 but <20 litres/second (eight of the DCC's 29 takes) real-time monitoring is required by 2024. For takes ≥5 but <10 litres/second (one of the DCC's 29 takes), implementation is required by 2026. The DCC currently downloads and supplies water take data to the regional council on a monthly basis. Work is underway to investigate adjustments and/or upgrades needed to meet the new real-time reporting requirements.	Work is underway to respond to regulatory changes.	New Capital	$750,000	2020-2026	Likely no effect on emissions
Smart Metering	Renewing and replacing assets	Replacement of existing manual read meters on commercial premises with 'smart' meters capable of being read remotely and connection to the Internet of Things allowing the DCC	Work is underway with completion expected in 2026.	New Capital	$1.4 million	202-2031	Likely no effect on emissions

		and customers to view consumption in real time.					
Port Chalmers Water Supply	Renewing and replacing assets Response to growth in demand	Investigate options to rationalise water supply to Port Chalmers year-round from the metropolitan supply. Funding is based on this being feasible, however, if not, it will be redirected towards renewal/upgrade of Port Chalmers water supply infrastructure to meet demand. This will reduce water quality risks, improve supply reliability and reduce operational costs Renewals are needed at the treatment plant if it is not to be decommissioned in the near future as part of the Water Supply Resilience project.	This project is currently programmed for 2027 but if delivery capacity can be increased this project can be brought forward.	New capital	$14.4 million	2027-2031	Likely decrease in emissions
Deep Stream and Deep Creek raw water pipeline renewals	Renewing and replacing assets Resilience to natural hazards	Renew Deep Creek and Deep Stream pipelines to Mt Grand Water Treatment plant (which provide majority of Dunedin's water) to increase resilience and renew ageing pipes. Investigation of options and design will commence in the final year of the 2021-31 plan with construction to commence after 2031. Seismic and	Timing of project will be confirmed by a formal condition assessment within the next 5 years. The renewal date will be brought forward if the pipe condition warrants it.	Option dependent	$80 million	2030-2036	Likely no effect on emissions

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		geotechnical assessments undertaken and construction with seismically resilient materials where necessary.					
Water network renewals – Waikouaiti/Karitane	Renewing and replacing assets Public Health and environmental outcomes.	Renewal of water assets to mitigate increasing asset failure rates. This work was accelerated as part of the 3 waters reform tranche 1 funding.	Design underway with construction to commence once design completed.	Renewals	$6.5 million	2020 – 2022	Likely no effect on emissions
Network renewals Kaikorai Valley / North East Valley	Renewing and replacing assets Response to growth in demand	Renew water network assets to improve water supply fire flows. Renewals for all three networks in these areas will be undertaken as part of the new pipeline renewals contract.	This is an ongoing project. Renewals will be focused on areas with aged assets, high break rates and customer complaints.	Renewals	$17 million (over water supply and wastewater renewals)	2019 - 2023	Likely no effect on emissions
Network renewals Careys Bay	Renewing and replacing assets Public Health and environmental outcomes.	Renewal of water assets to mitigate increasing asset failure rates. Renewal of wastewater assets to reduce wet weather flows to the downstream network. Construction of stormwater network where required.	Construction underway.	Renewals and new capital.	$5.4 million across all three networks.	2021-24	Possible increase in emissions
Network renewals Sawyers Bay	Renewing and replacing assets	Renewal of assets across all 3 waters networks to decrease wet weather overflows in the	Design underway with construction to commence	Renewals and new capital	$5.9 million across all three networks	2020-23	Likely no effect on emissions

	Public Health and environmental outcomes.	wastewater network, improve the ability of the stormwater network to deal with forecast future flows and aged water infrastructure. This work was accelerated as part of the 3 waters reform tranche 1 funding.	once design completed.				
Central City renewals	Renewing and replacing assets Public Health and environmental outcomes.	Renewal, rationalisation and upgrade of 3 waters infrastructure in the area covered by the central city plan (George Street, Stuart Street, Bath Street, Princes Street, Rattray Street and associated streets).	Options are still being considered for 3 waters approach in these areas but range from full replacement of all assets in certain areas to replacement of aged, failing or under capacity assets only. The scale of investment needed from 3 waters is a significant portion of the overall budget in years 2-3 and so benefit compared to other risks needs to be considered in the options.	Renewals	$37.9 million across all three networks	2021-27	Likely no effect on emissions

Tertiary Precinct renewals	Renewing and replacing assets Public Health and environmental outcomes	Renewal and upgrade of 3 waters infrastructure in the area covered by the Tertiary Precinct Project (Harbour Terrace, Union Street East, Clyde Street and Albany Street).	Options are still being considered for 3 waters approach in these areas but range from full replacement of all assets in certain areas to replacement of aged, failing or under capacity assets only.	Renewals	$11.2 million across all three networks.	2031-2035	Likely no effect on emissions
Wastewater							
Metro WWTP resilience	Response to growth in demand Public health and environmental outcomes Renewing and replacing assets Resilience to natural hazards	Renewals and new capital at the metropolitan wastewater treatment plants and Musselburgh pumping station to: maintain levels of service, ensure ongoing compliance with, and renewals of, resource consents, and biosolids treatment, removal and disposal. Most urgent elements are prioritised for years 1-3 Some minor renewals and monitoring work have commenced as part of the 3 waters reform tranche 1 funding. This work targets risks to H&S, plant reliability, sludge treatment reliability and compliance issues from inadequate	Further work is needed on detailed design and deliverability, plus risks may materialise which would change the timing of some projects. Options are in development.	New capital and renewals	$114 Million	2021-33	Likely no effect on emissions

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		wet weather flow management.					
Rural wastewater schemes	Public Health and environmental outcomes Renewing or replacing assets Planned increase in levels of service Resilience to natural hazards	Network and WWTP investigation to inform upgrades to the rural networks prior to the discharge consents expiring to ensure they can meet current and anticipated enhanced effluent quality targets and minimise the effect the effluent has on the environment. These projects also assess the capability and capacity of the wastewater systems to meet current and future demands and levels of service.	Design for Seacliff and planning for Middlemarch WWTPs renewals is underway. Options for Warrington and Waikouaiti will be developed as plant consents become due in 2024 and 2027 respectively.	New capital and renewals	$10.7 million	2021-27	Likely no effect on emissions
Pump station renewals	Renewing or replacing assets	A programme of risk-based renewal and upgrades to wastewater pumping stations to maintain levels of service and replace ageing assets.	This project is to address pump stations that have been identified as requiring urgent attention.	Renewals	$2 million	2021-25	Likely no effect on emissions
Stormwater							
Stormwater Hydraulic Models	Public Health and environmental outcomes Planned increase in levels of service	This project is part of the baseline stage for stormwater system planning. Capital work is associated with the creation, calibration and/or updating of stormwater network models which will allow	The level of model development will be assessed as part of the gap analysis stage. Development of a stormwater	Renewals and/or New Capital	$1 million	2021-24	Likely no effect on, or a decrease in emissions

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	Resilience to natural hazards	investment options to be tested and compared.	system plan will provide the 3 Waters Group with the tools necessary to ensure the greatest return on future investment.				
South Dunedin Flood Alleviation	Public health and environmental outcomes Planned increases in levels of service Renewing or replacing assets Response to growth in demand Resilience to natural hazards	Capital works to mitigate flooding in South Dunedin. Informed through the work on existing hydraulic models, flow monitoring and incorporation of groundwater models. Includes work on Forbury and Portobello Road areas.	Hydraulic model enhancements and calibrations are underway, which will inform the capital investment options and enable decisions on the best way forward. These models will be supported by information on environmental effects, ensuring that constructed infrastructure meets community expectations. It is possible further funding changes will be	New capital and renewals	$34.7 million	2021-31	Likely no effect on emissions

			needed as options progress to minimise the flooding risk.				
Mosgiel stormwater network improvements	Public health and environmental outcomes Renewing or replacing assets Planned increases in levels of service Resilience to natural hazards	Improvement of hydraulic models to enable optimal options. Improvements to Reid Avenue swale to reduce flooding. Identify and undertake where needed, optimal infrastructure investment to reduce flooding.	Updating of hydraulic models allowing for targeted renewals and replacement.	Renewals	$21.4 million	2021-28	Likely no effect on emissions
Watercourse Programme (New Capital)	Renewing or replacing assets Public health and environmental outcomes Resilience to natural hazards Planned increases in levels of service	New approach to watercourse related flood and landslip problems, resolving priority issues caused by watercourse asset failure under private ownership within current budgets. This results in minor extension of DCC's network with localised benefits in management of stormwater and meeting stated levels of service. Reduces other hazard risks such as sinkholes and landslips.	Projects are prioritised based on a standard multi-criteria tool and managed via a set delivery framework. Budget requests to be made each year as part of the annual plan process. The asset ownership policy for watercourses is planned for	New Capital	$3.5 million annually	2021-22	Likely no effect on emissions

			review, along with assessing financial impacts to the DCC, to enable to longer-term strategy for managing these assets.				
Transport							
Central City upgrade	Public health and environmental outcomes Renewing or replacing assets Planned increases in levels of service	Renewal, rationalisation and upgrade of transport infrastructure to improve safety, accessibility and amenity in the area covered by the central city plan (George Street, Stuart Street, Bath Street, Princes Street, Rattray Street and associated streets).	Options will be considered through indicative and detailed business cases. The George St upgrade detailed business case will commence in early 2021.	New capital and renewals	$60 million	2020 – 31	Likely decrease in emissions
Dunedin urban cycle ways	Public health and environmental outcomes Planned increase in levels of service	Arterials Cycleway: Close the gaps in the existing cycleway network.	Options are being considered through a detailed business case expected to be completed in 2021.	New capital	$9 million	2021 – 23	Likely decrease in emissions
		North East Valley Cycleway: Provide a cycleway to connect North East Valley with the city	Work on a business case will be started in 2021.		$11 million	2023-2036	
		Tunnels Trail Cycleway: Provide a cycleway connecting Dunedin and	Preferred alignment options and a		$27 million	2023-2041	

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		Mosgiel through chain hills area and the Caversham tunnel.	single stage business case are in development.				
Tertiary precinct improvement	Public health and environmental outcomes Renewing or replacing assets Planned increase in levels of service	Renewal, rationalisation and upgrade of transport infrastructure to improve safety, accessibility and amenity in the area covered by the Tertiary Precinct Project (Harbour Terrace, Union Street East, Clyde Street and Albany Street).	Options are being considered through an indicative business case that is currently underway.	New capital and renewals	$20 million	2031-36	Likely decrease in emissions
City to waterfront cycling / pedestrian connection	Public health and environmental outcomes Planned increase in levels of service	New cycling and pedestrian bridge connecting the city centre and waterfront. Existing connections (i.e. level crossing at St Andrews Street, heritage pedestrian over bridge behind Railway Station and route across Castle and Wharf Street) have a number of issues including accessibility for cyclists and mobility impaired users, directness of route and safety issues.	Concept options have been considered through an indicative business case. The project was put on hold following the COVID-19 pandemic. Detailed design options will be explored through the detailed business case phase.	New capital	$20 million	2024 - 28	Likely decrease in emissions
Major centres upgrade	Public health and environmental outcomes	Improve the safety and accessibility of main streets within Dunedin's	Design and phasing options are still to be determined	New capital and renewals	$9.4 million	2024 -31	Likely no effect on emissions

64

	Renewing or replacing assets	commercial shopping centres.					
St Clair Seawall	Renewing or replacing assets Resilience to natural hazards Public Health and environmental outcomes	Renew and upgrade the existing coastal defences at St Clair Beach to build resilience and to benefit public safety, access and environmental outcomes at the coast.	Design options are still to be determined. The project is likely to include replacement of the existing sea wall and/ or supplementary protection with sand retention structure(s) or similar.	New capital	100.3 million	2032-2036	Likely no effect on emissions
Mosgiel heavy Vehicle by-pass	Public health and environmental outcomes Planned increase in levels of service	Re-routing heavy vehicles along another route rather than through Mosgiel town centre.	Route and design options are still to be determined.	New capital	15 million	2042-2051	Likely increase in emissions
Dunedin central city bypass	Public health and environmental outcomes Planned increase in levels of service.	Re-routing state highway traffic away from the central city.	Route and design options are still to be determined.	New capital	35 million	2032-2041	Likely increase in emissions
Harbour Arterial corridor	Planned increases in levels of service.	Improvements to the Harbour Arterial corridor to improve safety and efficiency to provide an alternative to accessing the CBD from the south.	Single stage business case to be started in early 2021.	New capital	$16.3 million	2021 - 2027	Likely increase in emissions

65

	Response to growth in demand.	The route will utilise the following roads (south to north): Caversham Motorway (SH1)/Andersons Bay Road intersection – Andersons Bay Road – Strathallan Street – Wharf Street - Thomas Burns Street - Ward Street – Ward Street overbridge - Frederick Street/Anzac Avenue intersection.					
Parking Management	Planned increases in levels of service Response to growth in demand.	Technology for wayfinding of parking, replacing parking meters with more efficient technology, consolidation of off-street parking, installation of technology to assist more reliable parking and a review of the parking costs across the city.	A parking management policy is in development. A single stage business case assessing options to improve the parking experience will begin in 2021.	New capital	$10.9 million	2021 - 2026	Likely decrease in emissions
Mosgiel and Burnside Park & Ride	Planned increases in levels of service Response to growth in demand.	Installation of a park and ride at Mosgiel and Burnside to enable people to take the bus into the CBD.	A single stage business case will need to be developed.	New capital	$10.2 million	2023 - 2029	Likely decrease in emissions
Corridor Safety Improvements and bus priority measures	Public health and environmental outcomes	Safety improvements for pedestrians in the CBD and bus priority measures especially around Princess Street.	A single stage business case will need to be developed.	New capital	$6.4 million	2021 - 2024	Likely decrease in emissions

66

	Planned increases in levels of service Response to growth in demand.						
Central cycle and pedestrian safety	Public health and environmental outcomes Planned increases in levels of service Response to growth in demand.	Safety improvements and provision for pedestrians and cyclists on St Andrew Street from Anzac Avenue to Great King street, George Street to Cumberland Street, Anzac Avenue to the Harbour Circuit via Minerva Street.	A single stage business case will need to be developed.	New capital	$4.8 million	2021 - 2026	Likely decrease in emissions
Bike Hubs	Public Health and environmental outcomes. Planned increase in levels of service.	Creation of bike hubs where people are cycling particularly to work.	A single stage business case will need to be developed.	New capital	$2.45 million	2022 - 2027	Likely decrease in emissions
Capital renewal programme	Renewing or replacing assets.	Planned renewals to pavements, seawalls, retaining walls, footpaths and kerb and channel to maintain existing levels of service in the transport network.	Range of design options will be considered subject to alignment with NZTA's One Network Road Classification system.	Renewals	$245.8 million	2021-2031	Likely no effect on emissions

8. APPROACH TO DELIVERING THE NEW CAPITAL AND RENEWALS PROGRAMME

The Infrastructure Strategy is closely linked to the Financial Strategy. The Financial Strategy considers affordability for ratepayers and the DCC as a whole. The DCC has attempted to balance the competing tensions of affordability, maintaining assets and investing for the future, while addressing the financial challenges of increasing costs, delivering large capital projects and increasing network renewals. The Financial Strategy provides strategic financial limits for rates and debt and discusses other funding sources. The budgets increase rates and debt requirements, but do not exceed the limits over the next ten years.

8.1.1. Ability to deliver on the planned capital programme

Our planned capital expenditure programme represents a significant uplift from the last 10 year plan, with renewals a key area of focus. The challenge for the DCC will be the ability to deliver this programme, acknowledging that the annual targets are higher than previous achievements, and the lead time for delivery is always longer than anticipated. These risks will be managed through improved forward planning, early contractor engagement, innovative procurement strategies, and strong disciplines around project management and monitoring to ensure progress is on track.

8.1.2. Debt

The use of debt allows the financial burden of new capital expenditure to be spread across a number of financial years, recognising that the expenditure is on intergenerational assets, i.e., the assets have a long life and generate benefits both now and to future generations.

Debt is also used to fund the portion of capital renewals that is not covered by funded depreciation.

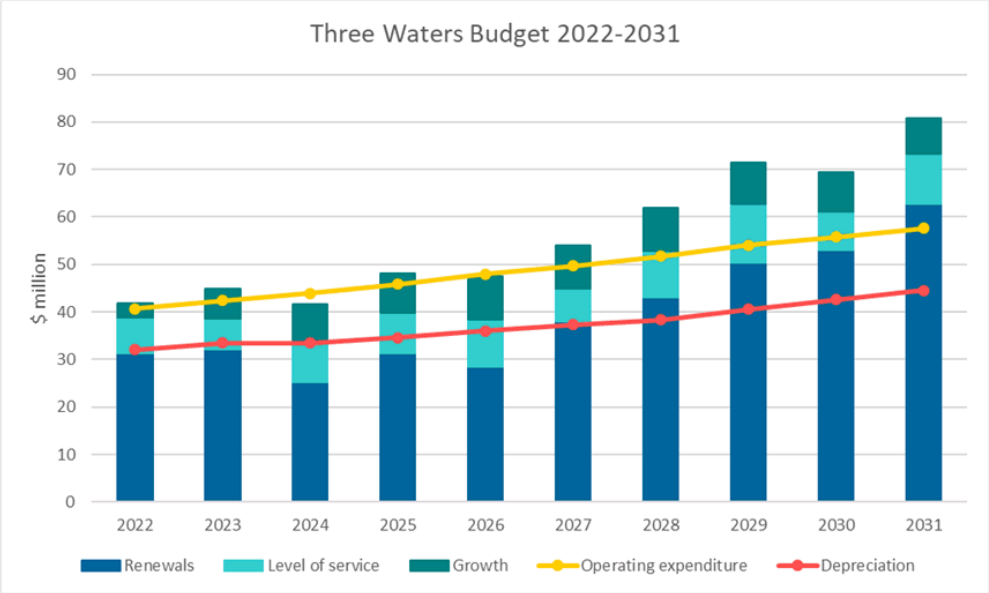
In our last 10 year plan, the debt limit was fixed at $350 million. This limit is not sufficient to fund planned investment in capital projects and does not recognise the impact of changing costs and/or activity.

The gross debt limit for this 10 year plan is set as 250% of revenue. This means that our debt level will be responsive to change and will move in line with the level of our activities. This revised debt limit will allow flexibility to deliver the planned capital expenditure programme, while also having capacity to fund potential unplanned events.

This debt limit is considered financially prudent, as it sits within the lending limits set by the Local Government Funding Authority (LGFA). The LGFA equivalent metric is based on net debt, where net debt is defined as gross debt less liquid financial assets and investments.

This section shows the planned capital, operating expenditure and depreciation for the first ten years.

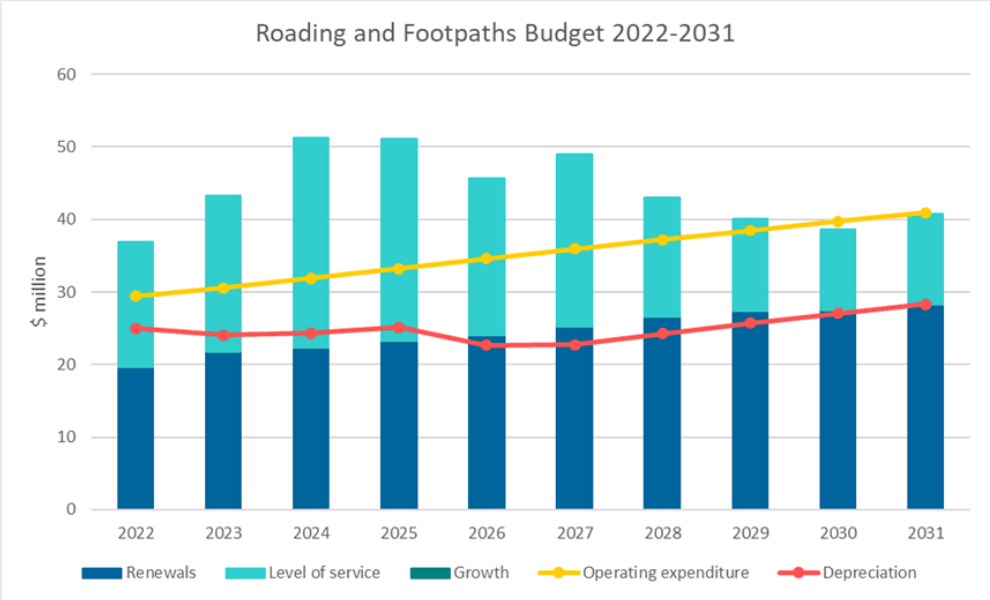
8.2. Three waters budget



3 Waters capital and operating expenditure budget

$ million	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating expenditure	40.7	42.4	43.9	45.8	48.0	49.8	51.8	54.1	55.8	57.7	489.9
Depreciation	32.1	33.5	33.5	34.6	36.1	37.4	38.3	40.6	42.7	44.6	373.2
Total operating expenditure	**72.8**	**75.9**	**77.4**	**80.5**	**84.0**	**87.1**	**90.1**	**94.7**	**98.4**	**102.2**	**863.2**
Renewals	31.3	32.2	25.3	31.3	28.5	38.1	43.1	50.3	53.0	62.8	395.9
Level of service	7.5	6.4	8.4	8.5	9.9	6.8	9.8	12.5	8.2	10.5	88.4
Growth	3.0	6.3	7.9	8.2	9.1	9.1	9.1	8.7	8.3	7.6	77.4
Total capital expenditure	**38.8**	**38.5**	**33.8**	**39.8**	**38.4**	**44.9**	**52.9**	**62.8**	**61.2**	**73.2**	**484.3**

8.3. Transport Budget



Roading and footpaths capital and operating expenditure budget

$ Million	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating expenditure	29.4	30.5	31.9	33.2	34.6	35.9	37.2	38.5	39.7	40.9	351.9
Depreciation	25.0	24.0	24.3	25.1	22.7	22.7	24.3	25.7	27.0	28.3	249.1
Total operating expenditure	**54.4**	**54.6**	**56.2**	**58.3**	**57.3**	**58.6**	**61.5**	**64.2**	**66.7**	**69.2**	**601.0**
Renewals	19.6	21.7	22.3	23.3	24.0	25.2	26.5	27.3	27.5	28.3	245.8
Level of service	17.3	21.6	28.9	27.8	21.8	23.8	16.4	12.8	11.1	12.4	193.8
Growth	-	-	-	-	-	-	-	-	-	-	-
Total capital expenditure	**36.9**	**43.3**	**51.2**	**51.1**	**45.7**	**49.0**	**43.0**	**40.1**	**38.6**	**40.7**	**439.6**

9. THE 50 YEAR PLAN FOR NETWORK INFRASTRUCTURE

The DCC has identified work to address the highest priority risks and activities in most need of investment in years 1 to 5 of this 10 Year Plan. However, affordability pressures, market capacity and DCC project delivery capacity and capability mean investment trade-offs have been made. Renewals investment will be prioritised in the most need and highest risk areas while market and the DCC delivery capacity is established. The aim is to increase project delivery year on year and if an improved rate is achieved, there is the option to re-allocate funds from later in the plan to earlier years through the Annual Plan process.

Large scale projects are difficult to anticipate in the longer term due to an increasing number of unknowns However, within the timeframe of this 50 Year Plan, most 3 waters buildings and structures will require replacement or significant upgrades to ensure service levels are maintained. Further changes to the 3 waters and transport networks may also be required depending on demographic changes within the city. The impacts of climate change are likely to place pressure on the transport network's capacity to remain resilient in coastal, flood-prone, low-lying areas and will likely require some mitigation.

3 Waters investment in the short - medium term is to continue pipework renewals and large-scale plant renewals and focus on wet weather capacity upgrades at the WWTPs. More clarity on regulatory changes and the outputs of the system plans will be available for the 2024-34 10 Year Plan and so it is expected that the medium to long term capital projects will evolve for the larger treatment plants.

Longer term, the replacement of the Deep Creek and Deep Stream raw water pipelines (including replacing the Taieri River pipe bridge) are planned, with design starting in the medium term. The replacement of these two pipelines is particularly significant as both carry significant risk in terms of the DCC's ability to supply water. Failure to address these assets in this timeframe would expose the assets to increasing risk of failure denying the city of its two primary water sources.

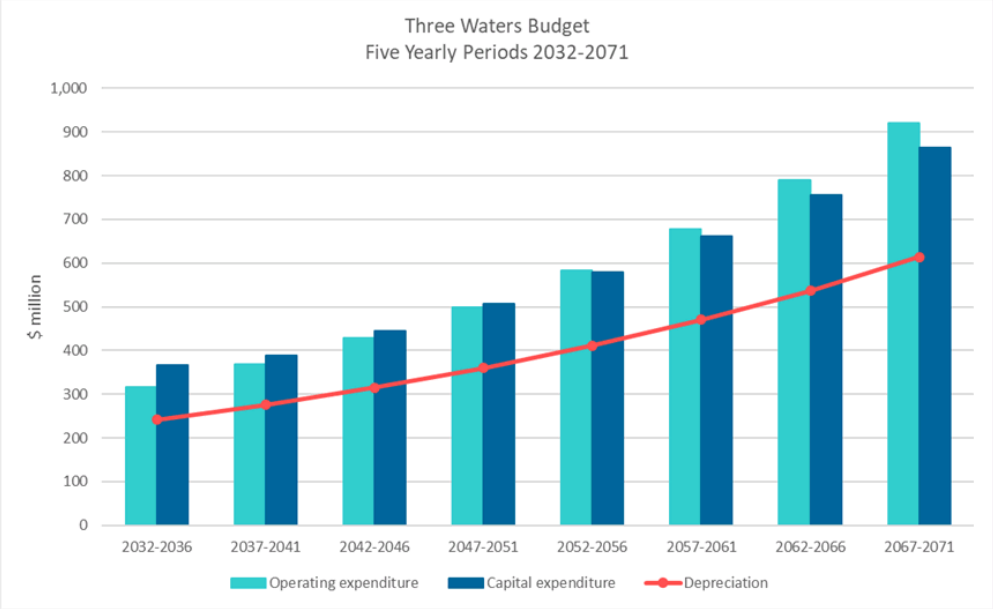
Significant 3 waters investment is required to service growth within the city, mainly within the networks. Most of the treatment plants have capacity to deal with forecast population changes, however some of the smaller water treatment plants will need upsizing. The solutions to the water treatment plants will be considered as part of the water system plan which may result in rationalising of plants to ensure they are able to comply with any new, more stringent water quality standards introduced through 3 Water's reform.

Transport renewals in the short – medium term will remain focused on maintaining the road network to appropriate levels of service. Investment decisions will be backed by condition assessments and prioritised according to the function of the road. Improved planning and increased investment will be required for assets such as sea walls, retaining walls and drainage assets in light of changing weather patterns. Larger projects look to address safety issues, improve the networks capacity and to provide transport choice for different modes that will facilitate a decrease in transport carbon emissions and a healthy connected city.

The DCC will continue to invest in relationships with professional and local government bodies such as Water New Zealand, Local Government New Zealand, Society of Local Government Managers, Institute of Public Works Engineers Australasia and Central Government to avoid duplication of effort and identify approaches used by other groups that can be applied in a local context.

9.1. 3 Waters 50 year budget

Projected 3 waters capital and operating expenditure in 5 year bands for the 11 to 50 year period.

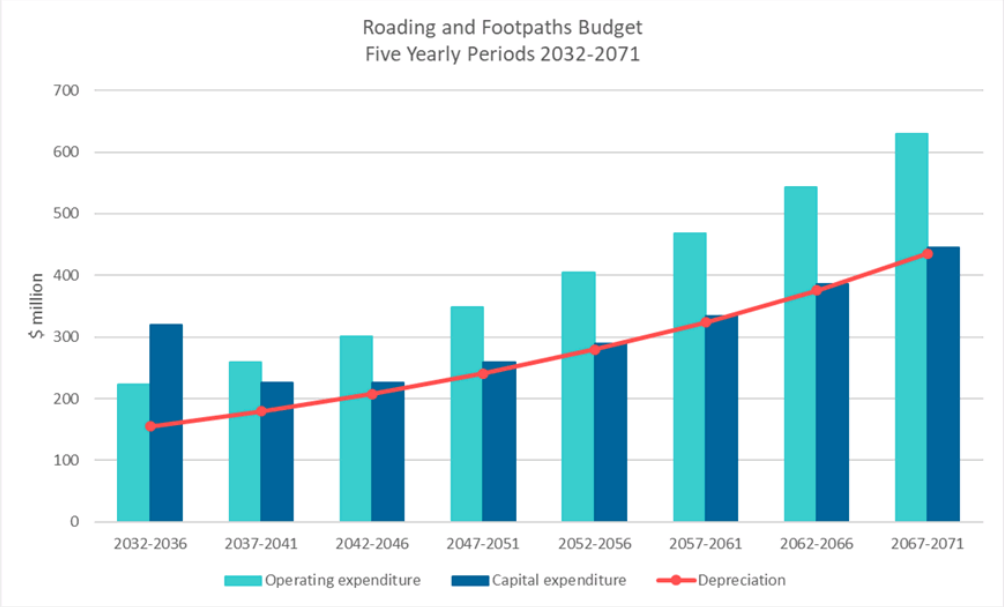


3 Waters capital and operating expenditure budget, five year bands for the 11 to 50 year period

$ million	2032-2036	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	2062-2066	2067-2071	Total
Depreciation	241.5	275.9	315.2	360.1	411.4	470.1	537.0	613.6	3,224.8
Operating Expenditure	316.3	368.4	429.2	500.0	582.4	678.5	790.4	920.7	4,585.9
Capital Expenditure	367.2	388.7	444.1	507.4	579.7	662.3	756.6	864.4	4,570.3

9.2. Transport 50 year budget

Projected transport capital and operating expenditure in 5 year bands for the 11 to 50 year period.



Transport capital and operating expenditure budget, five year bands for the 11 to 50 year period

$ million	2032-2036	2037-2041	2042-2046	2047-2051	2052-2056	2057-2061	2062-2066	2067-2071	Total
Depreciation	154.7	179.4	207.9	241.1	279.5	324.0	375.6	435.4	2,197.6
Operating Expenditure	223.8	259.5	300.8	348.7	404.3	468.6	543.3	629.8	3,178.8
Capital Expenditure	319.7	225.8	225.4	258.5	289.4	333.9	385.4	445.2	2,483.3

CAPITAL EXPENDITURE REPORT 2021-2031

Department: Corporate Policy

EXECUTIVE SUMMARY

1 This report seeks approval of the draft capital budget for the purposes of developing the 10 year plan 2021-31, and consulting with the community.

2 The draft budget currently represents an investment $1.515 billion over the 10 years made up of $950.5 million for renewals, $487.5 million for new capital, and $77.4 million for specific growth expenditure in Three Waters.

3 Council considered options for some capital projects at its meeting on 14 December 2020, and decisions made at that meeting have been incorporated into the draft capital budget.

RECOMMENDATIONS

That the Council:

a) **Approves** the capital budget for the purposes of developing the 10 year plan 2021-31 and consulting with the community.

BACKGROUND

4 Capital budgets have been prepared for all activities of council, taking into consideration the following:

- Asset management plans, incorporating current condition assessments and risk profiling to inform the timing of any renewal
- Priority of work – renewals over new capital
- Ability to deliver – both internally and the available market capacity
- Timing of work – achievably over the 10 year period
- Climate change and zero carbon targets – assessment of possible impacts from capital proposals
- Ability to fund – debt limits and our ability to service debt
- Legislation – requiring works to be undertaken

5 A number of option reports were considered by Council at its meeting on 14 December 2020, and the decisions made at this meeting have been incorporated into the capital budgets as follows:

- Shaping Dunedin Future – inclusion of six transport projects developed to ensure that transport disruption is minimised during and after the construction of the new Dunedin Hospital ($51.2 million);
- Performing Arts – inclusion of funding for the development of a performing arts facility, noting two options are to be consulted on, the Athenaeum and the Mayfair Theatre ($17.1 million);
- Moana Pool – inclusion of funding for a low emissions heating upgrade ($3.4 million);
- District Energy Scheme – inclusion of funding for a district energy scheme, noting two options are to be further investigated, an Octagon area low emissions heating upgrade, and connection to an existing scheme ($11.1 million).

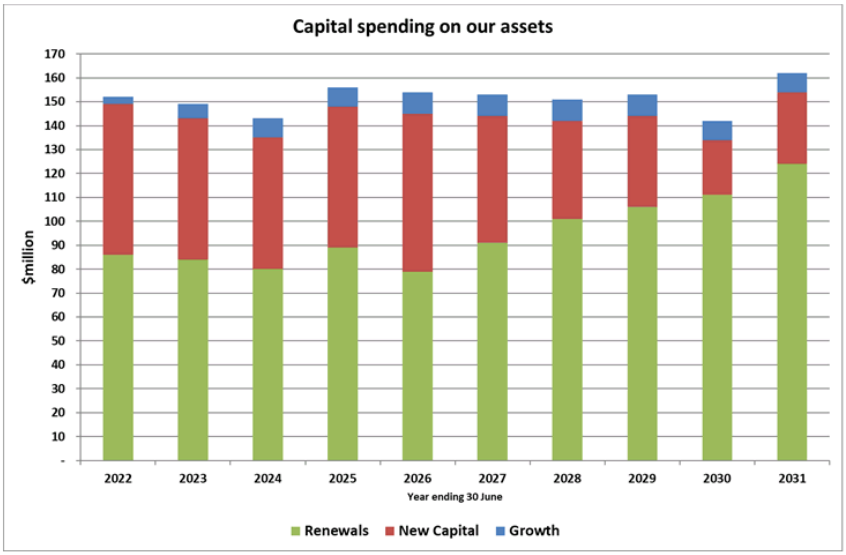
DISCUSSION

6 The draft capital budget for the 10 year plan provides for replacing existing assets and infrastructure, meeting additional demand (including growth) and improving some levels of service. Across the Council's activities, we are proposing to spend $1.515 billion over the 10 year period. The draft capital budgets are provided at Attachment A.

7 Capital expenditure is funded as follows:

- Funded depreciation – for renewals
- Debt – for new capital, and any shortfall in funded depreciation for renewals
- Waka Kotahi NZTA grant funding – renewals and new capital for transport projects
- Other third party contributions for new capital – e.g,: Trust funding for the new Mosgiel Pool
- Development contributions – for growth capital

8 The graph below shows the overall proposed capital budget by renewals, new capital and growth.



Renewals

9 The capital budget provides for $950.5 million of renewals expenditure, including an inflation adjustment of $116.8 million over the 10 year period. Table 1 provides the renewals budgeted for each activity group.

Table 1 – Renewal capital expenditure by activity group

Activity	Draft Budget 2021-31	2018-28 Plan	Increase
Ara Toi	$15.6 m	$13.9 m	$1.7 m
Economic Development	$0.1 m	-	$0.1 m
Governance	$34.3 m	$27.5 m	$6.8 m
Property	$168.2 m	$50.2 m	$118.0 m
Regulatory	$4.6 m	$3.6 m	$1.0 m
Reserves & Recreation	$77.0 m	$52.7 m	$24.3 m
Roading & Footpaths	$245.8 m	$161.1 m	$84.7 m
3 Waters	$395.9 m	$208.7 m	$187.2 m
Waste Management	$9.0 m	$2.9 m	$6.1 m
Total	**$950.5 m**	**$520.6 m**	**$429.9 m**

10 The programme of renewals is based on the latest asset management plans, which focus on asset condition, risk assessment, planning and delivery opportunities, and long-term asset solutions that provide value for residents, businesses and the environment.

11 The proposed level of investment represents a considerable uplift on the previous 10 year plan and has been based on current information, and the required level of spend needed to support current levels of service. The uplift also represents the need for increased investment on an aging infrastructure network including buildings and operational plant.

Depreciation

12 Depreciation expenditure is the systematic write-off of an assets value over that asset's useful and/or economic life. As such depreciation provides a fair representation of renewals expenditure over the long term.

13 Table 2 shows the relative comparison between renewals and depreciation for the 10 year period 2021-31.

Table 2 – Renewal capital expenditure vs Depreciation 2021-31

Activity	Renewals Capex 2021-31	Depreciation 2021-31	Over/(Under)
Ara Toi	$15.6 m	$13.6 m	$2.0 m
Economic Development	$0.1 m	$0.3 m	($0.2 m)
Governance	$34.3 m	$27.0 m	$7.3 m
Property	$168.2 m	$138.5 m	$29.7 m
Regulatory	$4.6 m	$2.3 m	$2.3 m
Reserves & Recreation	$77.0 m	$79.6 m	($2.6 m)
Roading & Footpaths	$245.8 m	$249.1 m	($3.3 m)
3 Waters	$395.9 m	$373.2 m	$22.7 m
Waste Management	$9.0 m	$5.4 m	$3.6 m
Other	$0.0 m	$0.1 m	($0.1 m)
Total	**$950.5 m**	**$889.1 m**	**$61.4 m**

Renewals Funding

14 Depreciation (and therefore renewals expenditure) is funded from annual revenue including rates, fees and charges and NZTA renewals grant funding. Where the level of spend exceeds these combined income lines in any given year, the additional investment will be funded by debt.

15 The above table shows a shortfall over the 10 year period, which will require additional debt funding to deliver the planned programme.

Ara Toi

16 Renewals for the Ara Toi Group is budgeted as $15.6 million. The renewal projects include:

17 **Dunedin Public Art Gallery**: $0.6 million for heating and ventilation system, and exhibition lighting.

18 **Dunedin Public Libraries**: $12.9 million for purchasing lending and reference collection materials, minor capital equipment purchases (e.g., barcode scanners, library shelving, public area furniture, etc.), and the replacement of the Radio Frequency Identification system implemented across the network of libraries.

19 **Toitū Otago Settlers Museum**: $1.8 million for renewal of the permanent galleries 10 years after their opening, LED lighting replacement, and minor equipment and technology upgrades.

Governance

20 Renewals for the Governance Group is budgeted as $34.3 million. The renewal projects include:

21 **Business Information Systems:** $28.2 million for initiatives including replacing asset management software and the corporate finance system, upgrading rates and regulatory systems.

22 **Fleet operations:** $4.9 million has been provided for fleet vehicle replacement over the 10 year period.

23 **Communications and marketing:** $1.0 million for street banner hardware, the DCC's website (design and installation), and intranet renewal.

Property

24 Renewals for the Property Group is budgeted as $168.2 million. The renewal projects include:

25 **Property asset renewals:** $120.3 million has been provided for asset renewals for the following property portfolios:

- $21.7 million for commercial properties
- $21.4 million for community property
- $11.9 million for investment property
- $42.6 million for operational property
- $22.6 million for community housing

26 Asset renewal projects include a number of lift replacements, roof replacements, flooring replacements, and compliance work across all of the portfolios.

27 **Healthy Homes Upgrades:** $3.1 million has been provided for healthy homes upgrades.

28 Under the Residential Tenancies (Healthy Homes Standards) Regulations 2019, all rental properties must meet specific and minimum standards for heating, insulation, ventilation, moisture ingress, drainage, and draught stopping.

29 All rentals must comply within 90 days of any new or renewed tenancy after 1 July 2021, with all rentals complying by 1 July 2024.

30 The DCC currently owns 936 community housing units, which will require upgrades over the first three years of the 10 year plan.

31 **Palmyra Refurbishment:** $4.1 million has been provided for the refurbishment of the 42 housing units.

32 **Asbestos remediation works:** Under the Health and Safety at Work Act 2015, building owners are required to produce Asbestos Management plans for all buildings. $8.2 million has been allocated for remediating any asbestos issues requiring remediation that are discovered following surveys of all DCC owned buildings.

33 **Seismic remediation works:** Under the Building (Earthquake-Prone Buildings) Amendment Act 2016, building owners are required to carry out seismic assessments for all buildings that fit the profile (age, building type, structure, etc.). $6.0 million has been provided for completing any structural strengthening work that is required following the surveys. This work will be completed for all DCC owned buildings.

34 **Specific Properties:** provision for renewals work on specific properties include:

- $1.7 million for the Dunedin Library refurbishment
- $3.6 million for the town hall, municipal chamber exterior and lift
- $3 million for the Civic Centre exterior, roof and windows
- $5.7 million for community hall renewals
- $2.9 million for Edgar Stadium refurbishment
- $2.6 million for tarpits
- $2.4 million for the Railway Station exterior and lift
- $1.1 million for Olveston House renewals
- $1.1 million for public toilet renewals
- $1.5 million for investment property lift replacements
- $0.9 million for the Dunedin Public Art Gallery refurbishment

Regulatory

35 Renewals for the Regulatory Group is budgeted as $4.6 million. The renewal projects include:

36 **Parking Operation Replacement Equipment:** $3.4 million is included in the budget to provide for the replacement of approximately 30 parking meters each year. There are currently 330 pay and display meters on the street. This budget will also cater for plans to increase some of the paid parking areas around the city.

Reserves and Recreation

37 Renewals for the Reserves and Recreation Group is budgeted as $77.0 million. The renewal projects include:

38 **Moana Pool**: $16.1 million has been provided to renew aging and poor condition building assets at Moana Pool. The majority of works form part of the Moana Pool Masterplan. Renewals include windows, changing rooms, lifts, structural works, gym refurbishments and plant assets such as boilers, pumps and treatment systems.

39 $3.8 million has been provided to replace the poor condition hydro-slides at Moana Pool.

40 **Community Pools:** $4.3 million has been provided to renew community pool plant and built assets at the Port Chalmers and St. Clair swimming pools.

41 **Botanic garden**: $1.9 million has been provided to renew public facilities, buildings and structures.

42 **Recreational Facilities**: provision for renewals is made up of the following:

- Green space funding of $6.1 million has been provided for the renewals of soft and living assets such as sports turf, trees and gardens, including drainage and irrigations systems.
- Playground funding of $9.7 million has been provided to renew aging and poor condition playground equipment and soft-fall surfaces across the cities network of 111 playgrounds and skate parks.
- Recreational facilities funding of $29.8 million has been provided for the renewal of public facilities and built recreational assets such as gymnasiums, sports pavilions, changing rooms, toilets, coastal structures, athletics facilities, sports field lights, hard surfaces (paths, car parks, skate parks, tracks), heritage and cultural structures.

43 **St Clair/St Kilda Transition Plan**: $4.2 million has been provided to fund the delivery of the St. Clair Transition Plan, including the renewal of the geo-bag structure (sand-sausage), and delivery of the Kettle Park Transition Plan. These transition plans are designed to support the management of the St Clair sea wall and beach.

Roading and footpaths

44 Renewals for the Roading and Footpaths Group is budgeted as $245.8 million. The renewal projects include:

45 **Footpath renewals**: $48.2 million has been provided for footpath renewals. Footpaths are aging with some nearing or over their expected useful economic lives. Condition has declined since 2013/14 with programmes deferred for the broad band roll-out. Since 2016/17 investment has increased, averaging 2.17% of the network per annum but below the asset management target of 4%. The budget proposes increasing investment to address this issue preventing further deterioration.

46 **Gravel road re-metaling**: $14.3 million has been provided to undertake gravel road re-metaling. We have relied on a strategy of spot metalling which, while saving on material costs, over time is not the most cost-effective approach. A sustained and pro-active method of renewal that would become area focused, reducing cartage and mobilisation costs is being proposed.

47 **Major drainage control**: $49.2 million has been provided for this. The budget allows for sustained investment in Kerb and Channel renewals to improve condition and avoid further deterioration. The culvert and mud tank network is aging with many assets nearing or at the end of their expected useful economic lives. The budget therefore allows for culvert and mud tank renewals to address anticipated failures.

48 **Pavement rehabilitations**: $17.2 million has been provided to undertake pavement rehabilitation work.

49 **Pavement renewals**: $84.7 million has been provided for pavement renewals. The condition of the sealed network is deteriorating and the level of service targets for renewal investment and road roughness are not being met. Average annual investment over the past five years has been 5.07% of the sealed network versus a target of 6%. The programme seeks to address this by increasing the average annual investment in the network.

50 **Structure component replacement**: $22.6 million has been provided for this.

51 **Traffic services renewals**: $9.7 million has been budgeted to undertake this work.

3 Waters

52 Renewals for the 3 Waters Group is budgeted as $395.9 million. The renewal projects include:

53 **Water supply**: $158.6 million for water supply, includes Central city renewals of $10.3 million, water supply resilience of $57.7 million and other water renewals of $90.6 million.

54 **Wastewater**: $162.7 million for wastewater renewals includes, metro wastewater treatment plant resilience of $82.4 million, other wastewater renewals of $69.6 million, and rural wastewater schemes of $10.7 million.

55 **Stormwater:** $74.6 million for stormwater renewals includes central city renewals of $21.5 million, Mosgiel stormwater pump station and network renewals of $21.5 million, and other stormwater renewals of $31.6 million.

56 This renewals programme is informed by recent condition assessment programmes on treatment plants and performance data, down to the individual asset level where possible.

57 The effects of deferred renewals are evident in asset failure and inability to meet required levels of service such as resource consent conditions. For example, at certain wastewater treatment plants high rates of inflow and infiltration cause treatment plant 'wash-out' resulting in poor performance, and foul sewer overflows both to the environment and into private property. Assets contributing to these level of service failures are generally part of the 'renewals backlog'.

58 The proposed renewals programme only includes projects that are required to maintain service levels or meet existing service level shortfalls. Renewals will proactively target significant risk areas, such as highly critical assets in order to prevent significant service level failure. Where possible during renewals, network rationalisation (downsizing or up-sizing pipes upon renewal, combining double-ups or re-configuring parts of the network) will be carried out.

Waste Management

59 Renewals for the Waste Management Group is budgeted as $9.0 million. The renewal projects include:

60 **Forrester Park Closed Landfill**: $3.8 million has been budgeted for culvert pipe renewal in 2029/30 and 2030/31. This culvert carries stormwater underneath the closed landfill and CCTV inspection of the pipe has revealed that it is nearing end of life.

61 **Kerbside bin replacement**: $2.0 million has been budgeted for ongoing bin replacements.

New Capital

62 Table 3 shows the new capital budgeted by each of the activity groups. Details of the major projects for each activity are provided.

Table 3 – New capital by activity group

Activity	Draft Budget 2021-31	2018-28 Plan	Increase (Decrease)
Ara Toi	$4.7m	$3.7m	$1.0m
Community & Planning	$4.0m	$3.5m	$0.5m
Economic Development	$0.3m	$0m	$0.3m
Governance	$13.0m	$7.2m	$5.8m
Property	$46.6m	$14.3m	$32.3m
Regulatory	$0m	$0.1m	($0.1m)
Reserves & Recreation	$36.5m	$14.7m	$21.8m
Roading & Footpaths	$193.8m	$211.5m	($17.7m)
3 Waters	$88.4m	$96.5m	($8.1m)
Waste Management	$100.2m	$6.2m	$94.0m
Total	**$487.5m**	**$357.7m**	**$129.8m**

Ara Toi

63 New capital for the Ara Toi Group is budgeted as $4.7 million. Of this $2.6 million is for the Dunedin Public Art Gallery (primarily for acquisitions), $0.9 million for Toitū and $1.2 million for libraries, including $0.5 million acquisitions for the new South Dunedin library.

Community and Planning

64 New capital for the Community and Planning Group is budgeted as $4.0 million. The major new capital projects are:

65 ***Warehouse Precinct Upgrades*** - $1.0 million is included over the 2021/22 – 2022/23 financial years for the completion of the final stage of the Warehouse Precinct Plan. This involves the planning and delivering of streetscape improvements within the northern sections of Bond Street, that will integrate with the surrounding environs.

66 **Minor Amenity Centres Upgrades** - $2.0 million is included over ten years for amenity upgrades to a range of centres. It is phased to allow for significant upgrades every second year, with $100k in intervening years when planning will be undertaken. This phasing aligns with Transport group budgets for infrastructure upgrades to suburban centres.

67 **Street Trees and Furniture (City Development)** - $1.0 million is included over ten years for street furniture, trees and plants, to provide minor city-wide amenity improvements outside of the central city and suburban centres.

Governance and Support Services

68 New capital for the Governance and Support Services Group is budgeted as $13.0 million of which $12.7 million is for the Business Information Services department. The major new capital projects are:

69 ***Customer self-service portal*** – $3.2 million is provided for a new customer self-service portal that will enable rate payers to access DCC information, log a complaint, pay for rates and any other online services that the DCC can provide through a DCC web interface/portal. This will be developed over the 2021/22 – 2025/26 period.

70 ***Smart City Internet of Things*** - $4.2 million is provided for this initiative. Smart cities use Internet of Things (IoT) devices such as connected sensors, lights, and meters to collect and analyse data. This data is used to improve infrastructure, public utilities and services. The DCC currently has the Smart Water Metre project now underway, and the LED Light project using IoT. This program of work, which will run from 2024/25 through to 2030/31, will have a systematic approach for implementing all DCC's IoT capacity.

Property

71 New capital for the Property Group is budgeted as $46.6 million. The major new capital projects are:

72 ***Public toilets*** - $2.1 million is included over the 10 year period to increase the number of public toilets in Dunedin. A "Changing Places Bathroom" will be constructed in the 2021/22 year, and two public toilets are budgeted to be completed each year thereafter.

73 ***Performing Arts Centre*** - $21.9 million has been provided in the budget, from 2024/25 – 2027/28, for the future provision of a performing arts centre. Staff are working on the development of two options, the Athenaeum as the preferred option, and the Mayfair as a potential alternative, for consultation in March/April 2021.

74 ***South Dunedin Library and Community Complex*** - $11.6 million has been provided in the budget, from 2021/22 – 2023/24. At the 24 November 2020 Council meeting, approval was

given for the demolition of the existing buildings, and the building of a new single-storey library and community complex on the site at 278 King Edward Street.

75 ***District Energy Scheme*** - $11.1 million has been provided in the budget, from 2021/22 – 2025/26. At the 14 December 2020 Council meeting, a decision was made to further investigate two shortlisted Octagon-Area Low Emissions Heating Upgrade options (the electrical Octagon-Area District Energy Scheme, and connection to the existing Pioneer Energy Ltd District Energy Scheme followed by the Future City District Energy Scheme), and include a capital budget of $11.1 million.

Reserves and Recreation

76 New capital for the Reserves and Recreation Group is budgeted as $36.5 million. The major new capital projects are:

77 ***Mosgiel Pool*** –$15.7 million has been provided to complete the construction of the new aquatic facility in Mosgiel over the 2021/22 – 2022/23 period. A further $3.4 million has been included for consequential works associated with the development. External funding raised by the Taieri Community Facilities Trust of $4.05 million will contribute towards this development.

78 ***Moana Pool improvements*** - $4.1 million has been provided for Moana Pool. At the 14 December 2020 Council meeting, a decision was made to include $3.4 million for a Moana Pool Low Emissions Heating Upgrade, comprising improvements to energy monitoring systems and installation of a second heat recovery heatpump, followed by either a wood pellet boiler or an air source heatpump. Of the $3.4 million for the heating upgrade, $1.9 million is included in this budget, and the balance is in the renewals budget.

79 The balance of $2.2 million has been budgeted for Moana masterplan improvements, such as a new lift from reception, multi-use room for swim squads, dive pool seating and provision for a new café facility should there be support for this pending a feasibility study.

80 ***Parks and recreation -*** $9.2 million has been budgeted for parks and recreation, including $4.3 million for playground improvement, and $4.4 million for recreation facilities improvements.

Roading and Footpaths

81 New capital for the Roading and Footpaths Group is budgeted as $193.8 million. The major new capital projects are:

82 ***Shaping Future Dunedin*** - $51.2 million from 2021/22 to 2028/29 has been budgeted for this project. At the 14 December 2020 Council meeting, a decision was made to include a set of six capital projects that have been developed by the Connecting Dunedin Partnership. The projects have been collaboratively developed to ensure that transport disruption is minimised during and after the construction of the new Dunedin Hospital. The detail of the six projects is provided in the report "Shaping Future Dunedin Transport Programme" being considered at the 27 January 2021 Council meeting.

83 ***Central City Upgrade*** - $60.0 million has been provided over the 10 year period for the central city upgrade project. The aim of this project is to improve safety, accessibility and amenity in the central city area. The project will increase safety, particularly for pedestrians and cyclists, and contributes to a more vibrant, thriving central city environment.

84 ***City to waterfront (bridge) connection*** - $20.0 million has been provided from 2024/25 to 2027/28 for this project. The aim of this project is to improve the pedestrian and cycle connection between the city centre and harbour. Staff are working with mana whenua and other stakeholders over coming months to review the objectives and scope of the project, to ensure that it meets a broad range of aspirations for the city, including mana whenua cultural values, economic revitalisation, regeneration of the waterfront as well as transport, sustainability and art and creativity in infrastructure objectives. Staff will report back to Council in May 2021 as part of the 10 Year Plan process. In the meantime, the $20.0 million agreed by the Council in 2018 has been retained in the capital budget.

85 ***Dunedin urban cycleways*** - $21.9 million has been provided for over the 10 years of the plan for this project. Dunedin's urban cycleways programme has a focus on road safety, and on providing an appropriate level of service to encourage the uptake of cycling for everyone. Waka Kotahi (NZTA) is working closely with the Council to develop the city's cycling infrastructure and is supporting the programme with project funding and guidance. Dunedin urban cycleways are made up of the Arterials cycleways which seeks to close the gap in terms of levels of service across the city, the Tunnels Trail connecting Dunedin to Mosgiel, and North East Valley.

86 ***Low cost, low risk improvements*** - $20.0 million has been provided for over the 10 years of the plan for minor safety improvements.

87 ***Peninsula connection*** - $9.7 million has been provided in year one of the 10 year plan, to complete the series of improvements to Portobello Road and Harrington Point Road. These improvements aim to improve safety for all road users, provide for walking and cycling, improve resilience to high tide and weather events, and improve efficiency and travel time reliability.

3 Waters

88 New capital for the 3 Waters Group is budgeted as $88.4 million. The major new capital projects are:

89 ***South Dunedin Flood Alleviation*** - $33.5 million has been provided for over the 10 year period for this project. A capital works programme is planned to mitigate flooding in South Dunedin. The programme is informed by work on existing hydraulic models, flow monitoring and incorporation of groundwater models. The programme will increase resilience to future rainfall events and includes work on the Forbury and Portobello Road areas.

90 ***Ross Creek / Mt Grand resilience*** - $27.2 million has been provided for over the 10 year period, to increase water supply resilience and enable water stored in the recently refurbished Ross Creek Reservoir to be transferred to Mt Grand Water Treatment Plant for treatment and distribution.

91 ***Port Chalmers water supply*** - $14.4 million has been provide from 2027/28 – 2030/31, to increase water supply capacity from the Dunedin metropolitan system to Port Chalmers. The intention would be to decommission the two raw dams and water treatment plant at Port Chalmers that are only used to service cruise ships at the height of summer and install a new water supply pipeline from the Mount Grand treatment plant to Port Chalmers.

92 ***Metro wastewater treatment plant*** - $7.0 million has been provided from 2021/22 – 2023/24 to improve plant resilience.

Waste

93 New capital for the Waste Group is budgeted as $100.2 million. The major new capital projects are:

94 ***Waste Futures*** - $29.3 million has been provided for the roll out of a new kerbside collection system, plus development of additional waste diversion facilities including an organics facility, a mixed recyclables sorting facility, a plastics granulation facility, a centrally located Rummage Store, and a bulk waste transfer facility. This project has a strong focus on the minimisation of waste, the minimisation of carbon dioxide emissions from waste, cost effectiveness of services to ratepayers, the reduction of environmental impacts as a result of waste operations, and the provision of refuse collection and kerbside recycling services that meet ratepayer expectations.

95 ***Smooth Hill*** - $56.4 million has been provided from 2024/25 to 2028/29 for the development of Smooth Hill to replace the Green Island Landfill on its closure.

96 ***Green Island landfill solar farm*** - $5.1 million has been provided in 2030/31, with a further $5 million needed in 2031/32 for a solar farm. The final cap of the closed Green Island landfill would be used for a large installation of solar panels linked to the electricity export infrastructure at Green Island Wastewater Treatment Plant, to supplement the electricity generated by destruction of landfill gas. This electricity can to be used to either off-set the operational costs of the Green Island Wastewater Treatment Plant, or the operational costs of future waste diversion facilities established at Green Island, with any excess sold into the national grid.

97 ***Gas collection system*** - $5.0 million has been provided from 2022/23 to 2025/26 for growth of the Green Island landfill gas collection system. The system has undergone a programme of improvement since 2017, with the number of gas wells also increasing from 14 to 26. The number will continue to increase to 55 as the landfill is progressively closed. The gas is used to produce electricity via a Gas Engine located at the Green Island Wastewater Treatment Plant, with the excess destroyed via a Gas Flare. The Gas Engine was second hand when purchased and has been in operation for 7 years. The Gas Engine is unable to utilise all the available gas from the landfill and a larger engine will be required to reduce Council's Emission Trading Scheme obligations over the medium to long term. The final 55 gas wells will continue to operate and be maintained long after closure of the landfill.

Growth Capital

98 The three waters budget includes $77.3 million for growth capital as follows:

Table 4 – growth capital

Activity	Draft Budget 2021-31
Water supply	$17.7m
Wastewater	$32.2m
Stormwater	$27.4m
Total	**$77.3m**

99 3 Waters infrastructure is required to service areas rezoned within the 2GP and Dunedin's change in status to a 'medium' growth city under the National Policy Statement for Urban Development Capacity. The need to comply with this (through Variation 2 of the 2GP), means new capital expenditure is required to upsize existing networks and create new reticulation assets for water, wastewater and stormwater.

100 Funding for this capital expenditure will come from a combination of development contribution revenue and debt depending on the relative timing of the expenditure and associated revenue.

101 The Development Contribution (DC) policy is currently being updated to incorporate this new expenditure into the unit rates for charging purposes. The current operating statements exclude any additional DC revenue that may arise from the change in these unit rates – these values will be incorporated into the final draft LTP prior to consultation.

Signatories

Author:	Sharon Bodeker - Corporate Planner
Authoriser:	Gavin Logie - Acting General Manager Finance Sandy Graham - Chief Executive Officer

Attachments

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities, and promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	☒	☐	☐
Economic Development Strategy	☒	☐	☐
Environment Strategy	☒	☐	☐
Arts and Culture Strategy	☒	☐	☐
3 Waters Strategy	☒	☐	☐
Spatial Plan	☒	☐	☐
Integrated Transport Strategy	☒	☐	☐
Parks and Recreation Strategy	☒	☐	☐
Other strategic projects/policies/plans	☒	☐	☐

The Activity Groups contribute to the delivery of all of the objectives and priorities of the strategic framework.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

Major issues and implications for sustainability are discussed and considered in the 50 year Infrastructure Strategy and financial resilience is discussed in the Financial Strategy.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides draft budgets for each Activity Group for inclusion in the 10 year plan.

Financial considerations

Financial considerations are detailed in the report.

Significance

The draft budgets are considered significant in terms of the Council's Significance and Engagement Policy, and will be consulted on as part of the 10 year plan 2021-31.

Engagement – external

There has been no external engagement in developing the draft budgets for the Activity Groups.

Engagement - internal

Staff and managers from across council have been involved in the development of the draft budgets.

Risks: Legal / Health and Safety etc.

There are no identified risks.

SUMMARY OF CONSIDERATIONS
Conflict of Interest There are no known conflicts of interest.
Community Boards Projects identified in Community Board Plans have been considered in the development of the draft budgets; and Community Boards will be consulted on the 10 year plan 2021-2031.

Dunedin City Council

Pre-draft Capital Expenditure Programme

	10 Year Plan Group	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	$'000 2018-28 10 Year Plan	Increase (Decrease)	Increase (Decrease) %
Growth	Three Waters	3,000	6,306	7,867	8,236	9,117	9,117	9,117	8,717	8,317	7,567	77,361		77,361	
Total Growth		**3,000**	**6,306**	**7,867**	**8,236**	**9,117**	**9,117**	**9,117**	**8,717**	**8,317**	**7,567**	**77,361**		**77,361**	
New Capital	Ara Toi (Arts and Culture)	401	361	971	381	391	401	511	421	431	441	4,710	3,716	994	27%
	Community and Planning	350	970	400	200	500	200	500	200	500	200	4,020	3,520	500	14%
	Economic Development	250										250		250	
	Governance and Support Services	975	2,009	2,058	2,408	1,525	775	775	775	875	775	12,950	7,150	5,800	81%
	Property	3,250	7,260	6,700	4,200	9,800	11,500	3,300	200	200	200	46,610	14,330	32,280	225%
	Regulatory Services												90	(90)	-100%
	Reserves and Recreational Facilities	15,745	9,426	1,931	4,531	1,038	792	727	727	727	827	36,471	14,720	21,751	148%
	Roading and Footpaths	17,286	21,583	28,891	27,817	21,750	23,781	16,410	12,800	11,100	12,400	193,818	211,508	(17,690)	-8%
	Three Waters	7,453	6,386	8,447	8,480	9,890	6,825	9,770	12,520	8,222	10,454	88,447	96,473	(8,026)	-8%
	Waste Management	17,167	11,446	5,389	10,697	21,334	8,703	8,832	10,148	1,390	5,100	100,206	6,205	94,001	1515%
Total New Capital		**62,877**	**59,441**	**54,787**	**58,714**	**66,228**	**52,977**	**40,825**	**37,791**	**23,445**	**30,397**	**487,482**	**357,712**	**129,770**	**36%**
Renewal	Ara Toi (Arts and Culture)	1,962	1,891	1,104	1,193	1,191	1,326	2,663	1,304	1,341	1,620	15,595	13,864	1,731	12%
	Community and Planning	5	1	5	1	6	3	7	14	7	5	54		54	
	Economic Development	15	5	16	5	84	6			6		137		137	
	Governance and Support Services	4,152	3,143	2,856	2,709	2,851	4,526	3,651	3,822	3,862	2,757	34,329	27,510	6,819	25%
	Property	16,550	14,421	18,023	17,886	15,596	16,002	16,436	16,912	17,388	19,012	168,226	50,222	118,004	235%
	Regulatory Services	300	366	343	731	372	401	378	414	839	443	4,587	3,560	1,027	29%
	Reserves and Recreational Facilities	11,564	10,441	9,016	11,576	5,857	5,080	7,325	4,972	5,141	6,003	76,975	52,737	24,238	46%
	Roading and Footpaths	19,614	21,719	22,349	23,274	23,956	25,216	26,549	27,330	27,503	28,286	245,796	161,127	84,669	53%
	Three Waters	31,338	32,155	25,328	31,331	28,483	38,086	43,092	50,295	52,987	62,774	395,869	208,668	187,201	90%
	Waste Management	300	294	481	472	474	497	534	525	2,248	3,108	8,933	2,867	6,066	212%
Total Renewal		**85,800**	**84,436**	**79,521**	**89,178**	**78,870**	**91,143**	**100,635**	**105,588**	**111,322**	**124,008**	**950,501**	**520,555**	**429,946**	**83%**
Total		**151,677**	**150,183**	**142,175**	**156,128**	**154,215**	**153,237**	**150,577**	**152,096**	**143,084**	**161,972**	**1,515,344**	**878,267**	**637,077**	**73%**

Ara Toi (Arts and Culture)
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Dunedin Public Art Gallery	Acquisitions - Donation Funded	35	35	35	35	35	35	35	35	35	35	350	350
		Acquisitions - DPAG Society Funded	30	30	30	30	30	30	30	30	30	30	300	300
		Acquisitions - Rates Funded	90	100	110	120	130	140	150	160	170	180	1,350	1,050
		Art in Public Places			100				100				200	200
		Basement Store												202
		Collection Store Painting Racks	50										50	50
		Minor Capital Works	40	40	40	40	40	40	40	40	40	40	400	200
	Total Dunedin Public Art Gallery		**245**	**205**	**315**	**225**	**235**	**245**	**355**	**265**	**275**	**285**	**2,650**	**2,352**
	Dunedin Public Libraries	Heritage Collection Purchases - Rates Funded	56	56	56	56	56	56	56	56	56	56	560	562
		Heritage Collection Purchases - Trust Funded	10	10	10	10	10	10	10	10	10	10	100	100
		South Dunedin Library Opening Collection			500								500	
	Total Dunedin Public Libraries		**66**	**66**	**566**	**66**	**66**	**66**	**66**	**66**	**66**	**66**	**1,160**	**662**
	Toitū Otago Settlers Museum	Acquisitions - Rates Runded	50	50	50	50	50	50	50	50	50	50	500	500
		Minor Capital Works	40	40	40	40	40	40	40	40	40	40	400	200
	Total Toitū Otago Settlers Museum		**90**	**90**	**90**	**90**	**90**	**90**	**90**	**90**	**90**	**90**	**900**	**700**
Total New Capital			**401**	**361**	**971**	**381**	**391**	**401**	**511**	**421**	**431**	**441**	**4,710**	**3,714**
Renewal	Dunedin Public Art Gallery	Chilled Water Pipe Replacement												140
		Exhibition Lighting	25	26	26	27	28	29	29	30	31	32	283	90
		Goods Lift Renewal												400
		Heating and Ventilation System	30	31	32	33	33	34	35	36	37	38	339	717
		Security Cameras												60
	Total Dunedin Public Art Gallery		**55**	**57**	**58**	**60**	**61**	**63**	**64**	**66**	**68**	**70**	**622**	**1,407**
	Dunedin Public Libraries	Acquisitions - Operational Collection	915	942	967	1,030	1,058	1,086	1,115	1,148	1,180	1,212	10,653	9,116
		Minor Capital Equipment	55	57	58	60	50	51	53	66	68	70	588	550
		RFID Replacement	717						939				1,656	
	Total Dunedin Public Libraries		**1,687**	**999**	**1,025**	**1,090**	**1,108**	**1,137**	**2,107**	**1,214**	**1,248**	**1,282**	**12,897**	**9,666**
	Toitū Otago Settlers Museum	Gallery Furniture and Office/Gallery Renewal		515									515	500
		HVAC and Building Management												180
		LED Lighting Replacment							352				352	300
		Minor Equipment Renewals		196				103				242	541	450
		Plant Renewal	150	103					117				370	510
	Total Toitū Otago Settlers Museum		**150**	**814**				**103**	**469**			**242**	**1,778**	**1,940**
	Lan Yuan Dunedin Chinese Garden	Plant and Furniture Renewals												500
	Total Lan Yuan Dunedin Chinese Garden													**500**
	Olveston House	Minor Capital Works	70	21	21	43	22	23	23	24	25	26	298	353
	Total Olveston House		**70**	**21**	**21**	**43**	**22**	**23**	**23**	**24**	**25**	**26**	**298**	**353**
Total Renewal			**1,962**	**1,891**	**1,104**	**1,193**	**1,191**	**1,326**	**2,663**	**1,304**	**1,341**	**1,620**	**15,595**	**13,866**
Grand Total			**2,363**	**2,252**	**2,075**	**1,574**	**1,582**	**1,727**	**3,174**	**1,725**	**1,772**	**2,061**	**20,305**	**17,580**

Community and Planning
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

			$'000											
	Activity Name	Project Name	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	City Development	Minor Amenity Centres Upgrades		100	300	100	400	100	400	100	400	100	2,000	1,000
		Street Trees and Furniture	100	100	100	100	100	100	100	100	100	100	1,000	1,000
		Warehouse Precinct Upgrades	250	770									1,020	1,400
		Christmas Tree												70
		Caversham BBQ/Picnic Hub												50
	Total City Development		**350**	**970**	**400**	**200**	**500**	**200**	**500**	**200**	**500**	**200**	**4,020**	**3,520**
Total New Capital			**350**	**970**	**400**	**200**	**500**	**200**	**500**	**200**	**500**	**200**	**4,020**	**3,520**
Renewal	Community Development and Events	Task Force Green	5	1	5	1	6	3	7	14	7	5	54	
	Total Community Development and Events		**5**	**1**	**5**	**1**	**6**	**3**	**7**	**14**	**7**	**5**	**54**	
Total Renewal			**5**	**1**	**5**	**1**	**6**	**3**	**7**	**14**	**7**	**5**	**54**	
Grand Total			**355**	**971**	**405**	**201**	**506**	**203**	**507**	**214**	**507**	**205**	**4,074**	**3,520**

Economic Development
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Economic Development	Virtual Production Studio	250										250	
	Total Economic Development		250										250	
Total New Capital			250										250	
Renewal	Destination Marketing	Digital Content - Camera and Video gear	15	5	16	5	17	6			6		70	
	Total Destination Marketing		15	5	16	5	17	6			6		70	
	iSITE Visitor Centre	iSITE Octagon Premises Refresh					67						67	
	Total iSITE Visitor Centre						67						67	
Total Renewal			15	5	16	5	84	6			6		137	
Grand Total			265	5	16	5	84	6			6		387	

Governance and Support Services
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	BIS	ICT Systems and Services												6,500
		Value Added External Services Workstream	750	1,250	1,250	1,850	1,350	600	600	600	600	600	9,450	
		Internal Legacy Corrections	175	175	175	175	175	175	175	175	175	175	1,750	
		Internal Services Workstream		584	583	333							1,500	
	Total BIS		**925**	**2,009**	**2,008**	**2,358**	**1,525**	**775**	**775**	**775**	**775**	**775**	**12,700**	**6,500**
	Fleet Operations	EV Charging Infrastructure	50		50	50					100		250	
	Total Fleet Operations		**50**		**50**	**50**					**100**		**250**	
Total New Capital			**975**	**2,009**	**2,058**	**2,408**	**1,525**	**775**	**775**	**775**	**875**	**775**	**12,950**	**6,500**
Renewal	**Customer Services Agency**	Self Service Kiosks		52		54		57		60		64	287	50
	Total Customer Services Agency			**52**		**54**		**57**		**60**		**64**	**287**	**50**
	BIS	ICT Renewals												24,063
		Internal Legacy Corrections	1,100	979	1,004	758	779	800	821	846	869	894	8,850	
		Internal Services Workstream	2,300	1,545	1,374	1,409	1,225	2,972	2,348	2,416	2,484	1,276	19,349	
	Total BIS		**3,400**	**2,524**	**2,378**	**2,167**	**2,004**	**3,772**	**3,169**	**3,262**	**3,353**	**2,170**	**28,199**	**24,063**
	Fleet Operations	Fleet Replacement	450	464	476	488	401	411	423	435	447	459	4,454	3,447
		Mobile Library Replacement	200										200	600
		Heavy Vehicle Replacement	100	103									203	
	Total Fleet Operations		**750**	**567**	**476**	**488**	**401**	**411**	**423**	**435**	**447**	**459**	**4,857**	**4,047**
	Council Communications and Marketing	DCC Intranet Renewal						229					229	
		DCC Website Renewal					446						446	
		Replacement of Webcams	2		2					5			9	
		Street Banner Hardware						57	59	60	62	64	302	
	Total Council Communications and Marketing		**2**		**2**		**446**	**286**	**59**	**65**	**62**	**64**	**986**	
Total Renewal			**4,152**	**3,143**	**2,856**	**2,709**	**2,851**	**4,526**	**3,651**	**3,822**	**3,862**	**2,757**	**34,329**	**28,160**
Grand Total			**5,127**	**5,152**	**4,914**	**5,117**	**4,376**	**5,301**	**4,426**	**4,597**	**4,737**	**3,532**	**47,279**	**34,660**

Property

Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Commercial	Other Property Upgrades												230
	Total Commercial													**230**
	Community	Public Toilets	250	200	200	200	200	200	200	200	200	200	2,050	
		Sammy's/Performing Arts						4,800					4,800	5,000
		Performing Arts - Athenaeum				1,000	6,500	6,500	3,100				17,100	
	Total Community		**250**	**200**	**200**	**1,200**	**6,700**	**11,500**	**3,300**	**200**	**200**	**200**	**23,950**	**5,000**
	Housing	Housing Growth												
	Total Housing													
	Operational	Central Library Refurbishment												3,850
		District Energy Scheme	1,000	2,000	2,000	3,000	3,100						11,100	
		South Dunedin Library and Community Complex	2,000	5,060	4,500								11,560	5,250
	Total Operational		**3,000**	**7,060**	**6,500**	**3,000**	**3,100**						**22,660**	**9,100**
Total New Capital			**3,250**	**7,260**	**6,700**	**4,200**	**9,800**	**11,500**	**3,300**	**200**	**200**	**200**	**46,610**	**14,330**
Renewal	Commercial	Asset Renewals	1,000	2,060	2,114	2,168	2,228	2,286	2,348	2,416	2,484	2,552	21,656	
	Total Commercial		**1,000**	**2,060**	**2,114**	**2,168**	**2,228**	**2,286**	**2,348**	**2,416**	**2,484**	**2,552**	**21,656**	
	Community	Asset Renewals	780	587	159	2,710	2,674	2,743	2,818	2,899	2,981	3,062	21,413	
		Community Hall Renewals	500	515	529	542	557	572	587	604	621	638	5,665	
		Edgar Centre Refurbishment	600		264	2,060							2,924	
		Public Toilet Renewals	100	103	106	108	111	114	117	121	124	128	1,132	
		Tarpits			2,114	542							2,656	
		Railway Station Exterior and Lift	1,020	1,370									2,390	
	Total Community		**3,000**	**2,575**	**3,172**	**5,962**	**3,342**	**3,429**	**3,522**	**3,624**	**3,726**	**3,828**	**36,180**	
	Housing	Asset Renewals	2,000	2,060	2,114	2,168	2,228	2,286	2,348	2,416	2,484	2,552	22,656	6,643
		Healthy Homes Upgrades	1,000	1,030	1,057								3,087	
		Palmyra Refurbishment	2,000	2,060									4,060	
	Total Housing		**5,000**	**5,150**	**3,171**	**2,168**	**2,228**	**2,286**	**2,348**	**2,416**	**2,484**	**2,552**	**29,803**	**6,643**
	Investment	Asset Renewals	646	979	2,452	737	1,114	1,143	1,174	1,208	1,242	1,276	11,971	
		Lift Replacements	354	52	719	347							1,472	
	Total Investment		**1,000**	**1,031**	**3,171**	**1,084**	**1,114**	**1,143**	**1,174**	**1,208**	**1,242**	**1,276**	**13,443**	
	Operational	Asbestos Remediation				1,084	1,114	1,143	1,174	1,208	1,242	1,276	8,241	
		Asset Renewals	3,220	3,018	3,203	3,436	4,456	4,572	4,696	4,832	4,968	6,252	42,653	43,579
		Civic Centre - Exterior, Roof, and Windows	3,000										3,000	
		Dunedin Library Refurbishment			1,691								1,691	
		Dunedin Public Art Gallery Refurbishment	30	484	21	358							893	
		Olveston House Renewal		103	423	542							1,068	
		Seismic Remediation						1,143	1,174	1,208	1,242	1,276	6,043	
		Town Hall/Municipal Chamber Exterior and Lift	300		1,057	1,084	1,114						3,555	
	Total Operational		**6,550**	**3,605**	**6,395**	**6,504**	**6,684**	**6,858**	**7,044**	**7,248**	**7,452**	**8,804**	**67,144**	**43,579**
Total Renewal			**16,550**	**14,421**	**18,023**	**17,886**	**15,596**	**16,002**	**16,436**	**16,912**	**17,388**	**19,012**	**168,226**	**50,222**
Grand Total			**19,800**	**21,681**	**24,723**	**22,086**	**25,396**	**27,502**	**19,736**	**17,112**	**17,588**	**19,212**	**214,836**	**64,552**

Regulatory Services
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Compliance Solutions	Radio Telephone System												50
	Total Compliance Solutions													50
Total New Capital														50
Renewal	Compliance Solutions	Animal Services Body Worn Cameras		12			16			22			50	40
		Noise Meter Renewals		19			22		26			28	95	40
	Total Compliance Solutions			31			38		26	22		28	145	80
	Parking Operations	Car Park Buildings Equipment Renewals				379					435		814	920
		Parking Meter Renewals	300	309	317	325	334	343	352	362	373	383	3,398	2,450
	Total Parking Operations		300	309	317	704	334	343	352	362	808	383	4,212	3,370
	Parking Services	Electronic Ticket Writers Renewals (Includes Phones)		26		27		29		30		32	144	75
		Parking Services Body Worn Camera Renewals			26			29			31		86	75
	Total Parking Services			26	26	27		58		30	31	32	230	150
Total Renewal			300	366	343	731	372	401	378	414	839	443	4,587	3,600
Grand Total			300	366	343	731	372	401	378	414	839	443	4,587	3,650

Reserves and Recreational Facilities

Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

			$'000											
	Activity Name	Project Name	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Aquatic Services	Mosgiel Pool	10,605	5,119									15,724	10,800
		Mosgiel Pool Consequential	1,720	1,720									3,440	
		Moana Pool Improvements	873	378	20	2,713	20	20	20	20	20	20	4,104	200
	Total Aquatic Services		**13,198**	**7,217**	**20**	**2,713**	**20**	**20**	**20**	**20**	**20**	**20**	**23,268**	**11,000**
	Botanic Garden	Botanic Garden Improvements	60	825	125	125	125	125	125	125	125	225	1,985	
	Total Botanic Garden		**60**	**825**	**125**	**125**	**125**	**125**	**125**	**125**	**125**	**225**	**1,985**	
	Cemeteries and Crematorium	Cemetery Strategic Development Plan	375	100	500	500							1,475	2,820
		City Wide Beam Expansion	40	40	40	40	40	40	40	40	40	40	400	400
	Total Cemeteries and Crematorium		**415**	**140**	**540**	**540**	**40**	**40**	**40**	**40**	**40**	**40**	**1,875**	**3,220**
	Parks and Recreation	Playground Improvements	500	774	744	528	528	242	242	242	242	242	4,284	
		Recreation Facilities Improvements	1,520	420	450	550	250	250	250	250	250	250	4,440	
		Track Network Development	50	50	50	50	50	50	50	50	50	50	500	500
	Total Parks and Recreation		**2,070**	**1,244**	**1,244**	**1,128**	**828**	**542**	**542**	**542**	**542**	**542**	**9,224**	**500**
	St Clair - St Kilda Coastal Plan	St Kilda Transition Plan	2		2	25	25	65					119	
	Total St Clair - St Kilda Coastal Plan		**2**		**2**	**25**	**25**	**65**					**119**	
Total New Capital			**15,745**	**9,426**	**1,931**	**4,531**	**1,038**	**792**	**727**	**727**	**727**	**827**	**36,471**	**14,720**
Renewal	**Aquatic Services**	Hydroslide Renewal	3,790										3,790	4,040
		Moana Pool Renewals	1,532	4,645	3,975	4,774	212	103	166	199	205	338	16,149	9,821
		Mosgiel Pool Renewals	20	21	21	54	56	57	117	121	124	128	719	1,303
		Port Chalmers Pool Renewals	350	82	53	54	724	400	59	60	62	64	1,908	688
		St Clair Pool Renewals	520	52	53	650	56	57	59	60	62	64	1,633	561
	Total Aquatic Services		**6,212**	**4,800**	**4,102**	**5,532**	**1,048**	**617**	**401**	**440**	**453**	**594**	**24,199**	**16,413**
	Botanic Garden	Botanic Garden Renewals	552	250	172	382	58	60	62	84	74	245	1,939	
	Total Botanic Garden		**552**	**250**	**172**	**382**	**58**	**60**	**62**	**84**	**74**	**245**	**1,939**	
	Cemeteries and Crematorium	Structures Renewals	84	112	156	78	80	82	141	87	91	89	1,000	209
	Total Cemeteries and Crematorium		**84**	**112**	**156**	**78**	**80**	**82**	**141**	**87**	**91**	**89**	**1,000**	**209**
	Parks and Recreation	Greenspace Renewals	506	527	548	568	592	614	639	664	692	718	6,068	4,669
		Playground Renewals	1,359	1,360	1,132	1,163	681	708	745	782	848	956	9,734	6,695
		Recreation Facilities Renewals	2,486	3,042	2,906	3,853	2,841	2,656	2,754	2,915	2,983	3,401	29,837	24,751
	Total Parks and Recreation		**4,351**	**4,929**	**4,586**	**5,584**	**4,114**	**3,978**	**4,138**	**4,361**	**4,523**	**5,075**	**45,639**	**36,115**
	St Clair - St Kilda Coastal Plan	St Clair Beach Transition Plan	50	129			557	343	2,583				3,662	
		Kettle Park Transition Plan	315	221									536	
	Total St Clair - St Kilda Coastal Plan		**365**	**350**			**557**	**343**	**2,583**				**4,198**	
Total Renewal			**11,564**	**10,441**	**9,016**	**11,576**	**5,857**	**5,080**	**7,325**	**4,972**	**5,141**	**6,003**	**76,975**	**52,737**
Grand Total			**27,309**	**19,867**	**10,947**	**16,107**	**6,895**	**5,872**	**8,052**	**5,699**	**5,868**	**6,830**	**113,446**	**67,457**

Roading and Footpaths
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

			$'000											
	Activity Name	Project Name	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Transport	Central City Upgrade	1,000	7,775	14,745	7,370	3,900	6,000	4,310	3,900	6,000	5,000	60,000	60,000
		City to Waterfront Connection				750	7,125	9,625	2,500				20,000	20,000
		Dunedin Urban Cycleways	1,000	1,005	2,100	3,820		2,000	4,500	2,500	2,500	2,500	21,925	23,000
		LED Project												12,000
		Low Cost, Low Risk Improvements	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,000	20,000
		Mosgiel East Plan Change Areas	608										608	1,208
		Mosgiel West												2,800
		Peninsula Connection	9,728										9,728	44,000
		Tertiary Precinct Upgrade										1,000	1,000	20,000
		Major Centres and Other Centres Upgrade				1,900	600	1,900	600	1,900	600	1,900	9,400	8,500
	Total Transport		**14,336**	**10,780**	**18,845**	**15,840**	**13,625**	**21,525**	**13,910**	**10,300**	**11,100**	**12,400**	**142,661**	**211,508**
	Shaping Future Dunedin	Harbour Arterial Efficiency Improvements	1,250	3,204	3,202	3,952	3,250	1,506					16,364	
		Princes Street Bus Priority and Corridor Safety Plan	225	3,084	3,084								6,393	
		Central City Parking Management	375	2,875		4,025	3,625						10,900	
		Mosgiel and Burnside Park and Ride			2,500	2,750			2,500	2,500			10,250	
		Central City Bike Hubs - Parking and Facilities		200		750	750	750					2,450	
		Central City Cycle and Pedestrian Improvements	1,100	1,440	1,260	500	500						4,800	
	Total Shaping Future Dunedin		**2,950**	**10,803**	**10,046**	**11,977**	**8,125**	**2,256**	**2,500**	**2,500**			**51,157**	
Total New Capital			**17,286**	**21,583**	**28,891**	**27,817**	**21,750**	**23,781**	**16,410**	**12,800**	**11,100**	**12,400**	**193,818**	**211,508**
Renewal	**Transport**	Footpath Renewals	2,000	4,386	4,514	4,645	4,781	5,496	5,657	5,824	5,364	5,517	48,184	27,115
		Gravel Road Re-Metaling	1,250	1,290	1,326	1,365	1,405	1,445	1,488	1,531	1,576	1,621	14,297	12,518
		Major Drainage Control	3,714	3,833	3,944	4,606	4,741	4,876	5,613	5,778	5,948	6,117	49,170	20,942
		Pavement Rehabilitations	1,500	1,548	1,593	1,640	1,688	1,736	1,787	1,839	1,893	1,947	17,171	24,479
		Pavement Renewals	7,400	7,637	7,859	8,088	8,325	8,562	8,813	9,072	9,339	9,605	84,700	53,403
		Structure Component Replacement	1,930	2,250	2,316	2,110	2,172	2,233	2,298	2,367	2,436	2,506	22,618	17,245
		Traffic Services Renewal	1,820	775	797	820	844	868	893	919	947	973	9,656	5,425
	Total Transport		**19,614**	**21,719**	**22,349**	**23,274**	**23,956**	**25,216**	**26,549**	**27,330**	**27,503**	**28,286**	**245,796**	**161,127**
Total Renewal			**19,614**	**21,719**	**22,349**	**23,274**	**23,956**	**25,216**	**26,549**	**27,330**	**27,503**	**28,286**	**245,796**	**161,127**
Grand Total			**36,900**	**43,302**	**51,240**	**51,091**	**45,706**	**48,997**	**42,959**	**40,130**	**38,603**	**40,686**	**439,614**	**372,635**

Three Waters
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

			$'000										
	Activity Name	Project name	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
Growth	**Stormwater**	Growth	1,500	2,733	2,704	2,733	2,954	2,954	2,954	2,954	2,954	2,954	27,394	
	Total Stormwater		**1,500**	**2,733**	**2,704**	**2,733**	**2,954**	**2,954**	**2,954**	**2,954**	**2,954**	**2,954**	**27,394**	
	Wastewater	Growth	1,000	1,917	3,090	3,447	4,090	4,090	4,090	3,840	3,590	3,090	32,244	
	Total Wastewater		**1,000**	**1,917**	**3,090**	**3,447**	**4,090**	**4,090**	**4,090**	**3,840**	**3,590**	**3,090**	**32,244**	
	Water Supply	Growth	500	1,656	2,073	2,056	2,073	2,073	2,073	1,923	1,773	1,523	17,723	
	Total Water Supply		**500**	**1,656**	**2,073**	**2,056**	**2,073**	**2,073**	**2,073**	**1,923**	**1,773**	**1,523**	**17,723**	
Total Growth			**3,000**	**6,306**	**7,867**	**8,236**	**9,117**	**9,117**	**9,117**	**8,717**	**8,317**	**7,567**	**77,361**	
New Capital	**Stormwater**	New Resource Consents	250				500						750	
		South Dunedin Flood Alleviation	500	2,500	3,250	6,000	7,350	3,900	3,000	2,000	2,000	3,000	33,500	33,000
		Stormwater New Capital Other	1,000	1,000	1,000	500							3,500	
		Portobello Road Stormwater Improvements												1,000
	Total Stormwater		**1,750**	**3,500**	**4,250**	**6,500**	**7,850**	**3,900**	**3,000**	**2,000**	**2,000**	**3,000**	**37,750**	**34,000**
	Wastewater	Wastewater New Capital Other	650	50									700	
		Northern Wastewater Treatment Plants												4,900
		Burns Street Pumpstation												520
		Green Island Wastewater Treatment Plant												42,000
		Green Island Pressure Main												7,300
		Metro Wastewater Treatment Plant Resilience	1,550	2,046	3,407								7,003	
	Total Wastewater		**2,200**	**2,096**	**3,407**								**7,703**	**54,720**
	Water Supply	Port Chalmers Water Supply							1,000	4,500	4,586	4,318	14,404	2,580
		Water New Capital Other	517	40	40	40	40			250	250	250	1,427	
		Water Supply Resilience	2,986	750	750	1,940	2,000	2,925	5,770	5,770	1,386	2,886	27,163	4,440
		Gladstone Road Watermain Stage 2												733
	Total Water Supply		**3,503**	**790**	**790**	**1,980**	**2,040**	**2,925**	**6,770**	**10,520**	**6,222**	**7,454**	**42,994**	**7,753**
Total New Capital			**7,453**	**6,386**	**8,447**	**8,480**	**9,890**	**6,825**	**9,770**	**12,520**	**8,222**	**10,454**	**88,447**	**96,473**
Renewal	**Stormwater**	Central City Renewals	731	8,844	8,111	843	1,464	1,501					21,494	
		Mosgiel Stormwater Pumpstations and Network	1,000	2,575	2,643	2,954	4,150	2,858	5,283				21,463	2,960
		South Dunedin Flood Alleviation	500	2,101	655								3,256	2,040
		Stormwater Pumpstation Renewals	75	386	233								694	
		Stormwater System Planning	300	567	159								1,026	
		Tertiary Precinct Renewals										1,265	1,265	
		Other Stormwater Renewals	1,464	457	423	1,084	260	2,020	2,558	4,983	5,512	6,620	25,381	40,317
	Total Stormwater		**4,070**	**14,930**	**12,224**	**4,881**	**5,874**	**6,379**	**7,841**	**4,983**	**5,512**	**7,885**	**74,579**	**45,317**
	Wastewater	Biofilter Media Replacement										1,697	1,697	
		Central City Renewals	728	1,958	1,722	822	1,605	1,646					8,481	
		Other Wastewater Renewals	4,788	4,244	1,823	5,206	1,671	2,286	5,764	10,557	10,153	9,996	56,488	88,314
		Rural Wastewater Schemes	1,200	1,545	2,114	1,084	780	4,001					10,724	
		Tertiary Precinct Renewals										818	818	
		Wastewater Pumpstation Renewals	555	618	634	271							2,078	725
		Green Island Wastewater Treatment Plant												2,020
		Mosgiel Wasterwater Treatment Plant												3,038
		Musselburgh Pumpstation												3,000
		Metro Wastewater Treatment Plant Resilience	3,450	3,022	939	6,335	7,625	11,726	13,623	12,037	13,928	9,691	82,376	
	Total Wastewater		**10,721**	**11,387**	**7,232**	**13,718**	**11,681**	**19,659**	**19,387**	**22,594**	**24,081**	**22,202**	**162,662**	**97,097**
	Water Supply	Careys Bay Renewals	546	464	396								1,406	
		Central City Renewals	581	2,603	2,632	1,239	1,605	1,647					10,307	
		Dam Safety Action Plan	2,063						881	604	232	638	4,418	
		Other Water Renewals	9,677	773	793	6,826	3,800	4,572	8,250	14,170	13,633	21,154	83,648	55,488
		Tertiary Precinct Renewals										1,106	1,106	
		Water Supply Resilience	3,680	1,998	2,051	4,667	5,523	5,829	6,733	7,944	9,529	9,789	57,743	
		Water Treatment Plants Membrane												1,200
		Karitane Water Main Renewals												1,200
		Mount Grand Mid Life Upgrade												8,366
	Total Water Supply		**16,547**	**5,838**	**5,872**	**12,732**	**10,928**	**12,048**	**15,864**	**22,718**	**23,394**	**32,687**	**158,628**	**66,254**
Total Renewal			**31,338**	**32,155**	**25,328**	**31,331**	**28,483**	**38,086**	**43,092**	**50,295**	**52,987**	**62,774**	**395,869**	**208,668**
Grand Total			**41,791**	**44,847**	**41,642**	**48,047**	**47,490**	**54,028**	**61,979**	**71,532**	**69,526**	**80,795**	**561,677**	**305,141**

Waste Management
Pre-draft 10 Year Plan 2021-31 Capital Expenditure Programme

	Activity Name	Project Name	$'000 2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	10 Year Total	18-28 LTP Total
New Capital	Waste and Environmental Solutions	Community Recycling Hubs	90		90		90		90		90		450	
		City Recycling Facilites												360
		Green Island Landfill and Transfer Station												2,539
		Green Island Landfill Aftercare	455	455	320	295	295						1,820	2,088
		Green Island Landfill Climate Change Adaption								100	800		900	
		Green Island Landfill Educational Facility	50										50	
		Green Island Landfill Gas Collection System		3,040	210	850	850						4,950	760
		Green Island Landfill Community Walking Track						50	50	50			150	
		Green Island Landfill Leachate System	500	250	200								950	
		Green Island Landfill Solar Farm										5,100	5,100	
		Forrester Park Leachate System												90
		Middlemarch Transfer Station Entrance Booth	50										50	110
		Waikouaiti Transfer Station Landscaping												200
		Sawyers Bay Closed Landfill Climate Change Adaption								60			60	60
	Total Waste and Environmental Solutions		**1,145**	**3,745**	**820**	**1,145**	**1,235**	**50**	**140**	**210**	**890**	**5,100**	**14,480**	**6,207**
	Waste Futures	New Collection System (Waste, Recycling, Organics & Glass)	7,240										7,240	
		Organics Facility	6,100	1,000									7,100	
		Construction and Demolition Facility	451	1,805									2,256	
		2nd Rummage Store	500				500				500		1,500	
		Material Recovery Facility	1,257	3,000	2,028								6,285	
		Granulation Facility	474	1,896									2,370	
		Bulk Waste System			2,541								2,541	
		Smooth Hill Landfill				9,552	19,599	8,653	8,692	9,938			56,434	
	Total Waste Futures		**16,022**	**7,701**	**4,569**	**9,552**	**20,099**	**8,653**	**8,692**	**9,938**	**500**		**85,726**	
Total New Capital			**17,167**	**11,446**	**5,389**	**10,697**	**21,334**	**8,703**	**8,832**	**10,148**	**1,390**	**5,100**	**100,206**	**6,207**
Renewal	Waste and Environmental Solutions	Green Island Landfill and Transfer Station	150	155	159	163	167						794	2,291
		Public Place Recycling and Rubbish Bins	60	62	63	65	67	69	70	72	75	77	680	74
		Kerbside Bin Replacements	75	52	211	217	223	229	235	242	248	255	1,987	500
		Green Island Transfer Station						114	117	121	124	128	604	
		Green Island Landfill Renewals						57	59	60	62	64	302	
		Green Island Leachate System Pump and Pumpstation	15	15	16	16	17	17	18	18	497	19	648	
		Waikouaiti Transfer Station			21				23				44	
		Forester Park Landfill Culvert Pipe Renew/Line/Re-route									1,242	2,552	3,794	
		Middlemarch Closed Landfill				11				12			23	
		North Taieri Closed Landfill			11				12				23	
		Sawyers Bay Closed Landfill		10				11				13	34	
	Total Waste and Environmental Solutions		**300**	**294**	**481**	**472**	**474**	**497**	**534**	**525**	**2,248**	**3,108**	**8,933**	**2,865**
Total Renewal			**300**	**294**	**481**	**472**	**474**	**497**	**534**	**525**	**2,248**	**3,108**	**8,933**	**2,865**
Grand Total			**17,467**	**11,740**	**5,870**	**11,169**	**21,808**	**9,200**	**9,366**	**10,673**	**3,638**	**8,208**	**109,139**	**9,072**

REPORTS

10 YEAR PLAN 2021-31 OVERVIEW REPORT

Department: Executive Leadership Team and Finance

EXECUTIVE SUMMARY

1 The purpose of this report is to provide an overview of the draft budgets and what will be included in the draft 10 year plan entitled "The future of us". The draft 10 year plan 2021-2031 (the 10 year plan) sets the direction for the Dunedin City Council (DCC) for the next 10 years. It sets out the services and activities we will provide, the projects we will carry out and the level of service the community can expect. The plan will also include how much we expect things to cost, how we will pay for them and what that means for rates and debt.

2 The report highlights challenges the DCC faces in maintaining activities during a time of uncertainty – both external and internal, while proposing how these challenges will be met. It provides a high level summary of the key aspects of the draft 10 year plan and provides an overview of various reports on this agenda.

3 The budgets propose a rate rise of 9.8% in year one with an average rate increase in years 2-10 of 5.68%. This level of increase delivers a balanced budget. Even with this level of rate increase, savings are required, and the draft budget includes the requirement to save $4m which staff are working to achieve. The budgets do not provide for any additional resource for several key activities that need to be progressed, but propose that this work will be funded by reprioritisation of existing resources.

4 Draft capital expenditure budgets outline a significant capital programme that anticipates a total spend of $1.5 billion dollars over the 10 year period. This does mean an increase in debt levels. The bulk of the capex spend is on the renewal of existing infrastructure with some new projects also funded. Delivery will be a major challenge for this level of capital spend and these figures will be reviewed in May 2021 as part of the deliberation process.

5 The draft budgets are not final and will be subject to full consideration by the Council and consultation with the community over coming months. The consultation will aim to ensure a wide range of community views are canvassed in advance of the final decisions on the 10 year plan in May 2021.

RECOMMENDATIONS

That the Council:

a) **Adopts** the draft 10 Year Plan 2021-2031 forecast financial statements for the purposes of developing the 10 Year Plan 2021-2031 and engaging with the community.

b) **Notes** that any resolution made in this meeting related to 10 year plan reports may be subject to further discussions and decision by the meeting.

BACKGROUND

6 As part of the 10 year plan process, Council must develop a consultation document to provide an effective basis for public participation in the decision-making process relating to the content of the 10 year plan. The consultation document needs to:

- Provide a fair representation of the matters that are proposed to be included in the 10 year plan, explaining the overall objectives of the proposals;
- Explain how rates, debt and levels of service might be affected;
- Identify and explain significant and other important issues and choices facing Council, and the consequences of those choices;
- Include a summary of the financial strategy and the infrastructure strategy.

7 The draft budgets are not final but are proposed for consultation purposes. If Council choses to do everything included in the draft budgets the outcomes would be:

- An overall rate increase of 9.8% in 2021/22, and an average annual rate increase of 5.68% per year over the following nine years.
- The capital budget of $1.5 billion over the 10 year period, will mean that debt will reach $869 million by 2031.

8 Following the consultation period, decisions will be made at Council's deliberations meeting in May, and then the final plan will be adopted in June 2021, with implementation on 1 July 2021.

DISCUSSION

The impact of COVID-19

9 The DCC, has an important role to play in the city's economic and social recovery from COVID-19. The uncertainty created by COVID-19 however, presents challenges for developing long term budgets. Further lockdowns may influence the economic outlook, impact how we consult and impact our ability to deliver capital programmes if the supply chain is impacted by ongoing travel and border restrictions.

10 At the same time, various parts of the community are dealing with the impacts of COVID-19 while others are yet to feel the full effects. These effects are both social and economic and create challenges across the board.

11 The need for continued investment to help support the local economy while trying to balance issues of affordability, the need to allow for growth and the fallout from the pandemic make the preparation of the draft budgets very challenging.

Sector reform and legislative change

12 Alongside the economic challenges, the prospect of reform provides uncertainty to the planning and budget process. The government has signalled reform in the 3 Waters area and in the resource management arena. This includes freshwater reform, reform of the Resource Management Act 1991, and new national policy statements. There is uncertainty about how these reforms will affect individual councils and the sector generally. The changes will impact on work programmes, but these budgets have been prepared on a status quo basis as the current level of information is not sufficient to do anything else. It is however, likely that a full amendment to the 10 year plan will be required earlier than 2024 to address these and other changes including in the planning and compliance areas.

Levels of service

13 The draft budgets maintain current levels of service in all areas in year one of the 10 year plan.

14 Levels of service will increase in future years once the outcome of the kerbside consultation is known and when the South Dunedin Community Hub and Mosgiel Pool are completed.

Community Outcomes

15 The well-beings of our community have been considered through all aspects of the development of the 10 year plan. Community outcomes were reviewed, and minor changes approved at the 25 August 2020 Council meeting. We have examined how our activities and projects contribute to community outcomes, and these are highlighted throughout the 10 year plan.

Measuring and reporting on delivery

16 Council has committed to refresh the Strategic Framework. There will be a project plan presented in May 2021 that will outline the process for this review. While levels of service have been reviewed as part of the 10 year plan process to simplify language used, and incorporate levels of service for new initiatives including zero carbon measures, it is recommended that a full review of levels of service is undertaken as part of the strategic framework refresh. This will ensure levels of service align with strategic priorities.

17 Importantly, as part of this process, measures will be developed to ensure that there is regular and improved performance reporting to Council in 2021/22. Each activity will report quarterly on progress against levels of services targets provided for in the 10 year plan along with financial reporting against budgets.

18 This work, alongside a review of the Resident's Opinion Survey data, will be used to develop future budgets to ensure that the focus of the organisation is aligned to the aspirations of the Council and the community.

Operational matters

19 The organisation is also entering a new phase with a new CEO and changes to the senior management team that are still being finalised. The focus of the leadership team will be on setting the organisation up to deliver the projects and priorities from the 10 year plan. As part of this, a quality improvement programme (QIP) will be developed and implemented across the organisation to ensure that staff are focussed on delivering services as effectively as possible.

20 It is likely that efficiencies will be found by improved use of technology, process improvements and gains via the QIP. This will allow us to potentially free up existing capacity or make savings. As such most requests for additional staff have not currently been incorporated into the draft budgets.

21 In particular, the Climate 2030 Rapid Review has indicated that in order to achieve Council's Zero Carbon 2030 target, additional resource, or reprioritisation is required in a number of departments – notably transport and urban form areas. Specific departmental resources have not been allocated for this work and the QIP will be used to identify if there is capacity or suggest reprioritisation of existing staff.

The draft budgets

Draft operating budget 2021/22

22 The draft operating budget for 2021/22 provides for the day-to-day running of all the activities and services the DCC provides such as core water and roading infrastructure, waste management, parks, pools, libraries, galleries and museums. The draft budget includes operating expenditure of $321.865 million (refer to Attachment A).

23 The proposed rate increase of 9.8% delivers a balanced budget. However, even with this level of increase, savings are required. The budget includes a required saving of $4 million. Staff are currently looking for ways to achieve this. There will be a report back to the May 2021 deliberations on how these savings have been achieved.

24 The draft budget funds the delivery of key initiatives including for Zero Carbon and Sustainability ($831k) and South Dunedin Future ($500k). Funding is continued in the draft budget of $300k for place-based community grants.

25 Each of the DCC's groups of activities have developed a draft operating budget. The key changes in funding sources and expected costs of delivery are explained in the group operating budget reports.

26 The draft budget provides a net surplus of $118k. The group operating budgets show a net surplus of zero with a few exceptions. Four groups including Waste Management, Regulatory Services, Parks and Recreation and Governance and Support Services show an operating surplus reflecting revenue generating activities, capital revenue and vested assets. Transport shows an operating deficit reflecting a shortfall in renewal funding.

Revenue

27 The draft operating budget for 2021/22 shows overall rates revenue increasing by $15.987 million, which is 9.8% higher than 2020/21.

28 External revenue has increased by $3.563 million, 5.0%. External revenue budgets were reduced in the 2020/21 budget to reflect anticipated decreases due to COVID-19. The net effect was a

reduction of $6.488 million. In most areas, these reductions have been reinstated with exceptions in the Ara Toi and Economic Development groups. The main changes to external revenue are:

- Waste Management – an increase of $3.203 million, reflecting increased tonnage at the Green Island Landfill (including a reinstatement of COVID-19 reductions) and increases in levy and Emission Trading Scheme (ETS) costs being passed on to consumers.
- Property – an increase of $419k mainly reflecting the reinstatement of reductions relating to COVID-19 rent relief.
- Parks and Recreation group – an increase of $597k due mainly to partial reinstatement of revenue estimates following a reduction in the 2020/21 budget due to Covid-19
- Community and Planning group – an increase of $593k reflecting ICC's contribution towards the ICC Women's Cricket World Cup 2022 (ICC WCC 2022), Masters Games cost recoveries and Resource Consents revenue increasing.
- Governance and Support Services group – a reduction of $1.804 million primarily related to the Waipori Fund, reflecting current market conditions.

29 Fees and charges have increased by 3% in most cases. There are exceptions to this, for example, where the fee is set by legislation. These are discussed in the group budget reports.

30 The draft budget includes a reduction in external capital revenue of $12.464 million, -43.9%. This relates to reduced NZTA funding of the capital expenditure programme.

31 One of the challenges is NZTA renewal funding constraints. The draft budget assumes that NZTA will not subsidise the renewals budget at standard subsidy rates. In order to continue investing in the renewal of the network and ensure levels of service are maintained, the DCC will fund $4 - $6 million per annum more than normal subsidy rates provide. The shortfall will be funded by debt in the short term but over the period of the 10 year plan, this shortfall will be funded by rates.

Expenditure

32 The draft budget shows an increase in personnel costs of $1.457 million, 2.1%. This increase incorporates an increase in full time equivalent staff (10.5 FTE). The key changes include:

- Governance and Support Services group (6.0 FTE) – additional resource has been included to progress the Zero Carbon and Sustainability and South Dunedin Future projects
- Governance and Support Services group (2.0 FTE) – additional resource to internalise the project management office will be met by savings in the consulting budget and will be reflected in the updated budget in May
- Community and Planning group (3.6 FTE) –additional resources to deliver on increased workload associated with National Policy Statements
- Three Waters (2.0 FTE) – additional resource is included to address resilience issues including standby rosters and succession planning for an ageing workforce with specialist skills

- Property (1.0 FTE) – the addition of an energy graduate position 75% subsidised from the Energy Efficiency and Conservation Authority for two years

- Parks and Recreation group (-3.4 FTE) – a reduction due to the temporary closure of Mosgiel Pool for the 2021/22 season while the new facility is constructed.

33 Operations and maintenance costs have increased by $902k, 1.3%. The main changes are due to:

- Waste Management – an increase of $1.914 million relates to increase in costs associated with operating the Green Island Landfill and recycling collection cost increases.

- Property – an increase of $776k mainly relating to the continuation of the multi-year programme of exterior maintenance at the Railway Station

- Parks and Recreation group – an increase of $320k due to an increase in maintenance contract costs

- Community and Planning group – an increase of $301k funding for the ICC WCC 2022

- Governance and Support Services group – a reduction of $2.290 million includes the removal of budget for Dunedin Railways Ltd, a reduction in project management costs and savings needed across the organisation.

34 Occupancy and property-related costs such as rates, insurance and energy have increased by $1.593 million, 6.1%.

35 Consumables and general costs have increased by $844k, 3.5%. The main changes are due to:

- Waste Management – an increase of $670k mainly due to increased waste levy costs, reflecting increased volume at the Green Island Landfill

- Transport – an increase of $409k mainly relating to project planning for Shaping Future Dunedin Transport Programmes

- Community and Planning group – an increase of $552k funding for the ICC WCC 2022 and planning consultancy costs associated with National Policy Statements ($180k)

- Governance and Support Services group – a reduction of $600k reflecting required savings across the organisation. Increases are included within this group for software licence fees, South Dunedin Future and Zero Carbon.

36 Grants and subsidies expenditure has decreased by $1.176 million, -10.9% reflecting the removal of the $950k COVID-19 fund, included in the 2020/21 budget.

37 Depreciation has increased by $2.530 million, 3.5% reflecting the impact of the latest revaluations as well as the capital expenditure programme.

38 Interest expense has decreased by $2.060 million, -17.1% reflecting a reduced interest rate. Note that interest expense has been reallocated across all budgets to reflect asset value and the capital expenditure programme.

Draft operating budget 2021/22-2030/31

39 An Income Statement for the 10 year period is provided in Attachment B. Forecast financial statements for the 10 year period are provided in Attachment C.

40 The draft operating budget for the 2022/23 – 2030/31 years reflects proposed changes in levels of service, impacts from the capital expenditure programme and cyclical activities, for example elections and Masters Games. The budget also reflects the Financial Strategy requirement to ensure that everyday costs of running the city can be funded from the everyday revenue (excluding any non-recurring/non-cash items) consistently by the end of the 10 years. The budgets also reflect the significant forecasting assumptions including inflation.

Draft capital budget

41 The draft capital budget for the 10 year plan provides for replacing existing assets and infrastructure, meeting additional demand (including growth) and improving some levels of service. Across the Council's activities, we are proposing to spend $1.515 billion across the 10 years. The draft capital budget for the Council overall is provided in the Capital Expenditure Report 2021-2031.

42 Depreciation expenditure provides a fair representation of renewals expenditure over the long term. Over the 10 years, the total depreciation budget is $889 million. The proposed level of investment in renewals of $950 million represents the required level of spend needed to support current levels of service as well as the need for increased investment on an aging infrastructure network including buildings and operational plant.

Debt

43 Debt is forecast to be $869 million in year 10 of the draft budget, 208.7% of revenue. The gross debt limit for the 10 year plan is set as 250% of revenue.

Consultation

44 Community consultation on the "The future of us" will use many of the consultation methods tried previously along with a range of different approaches aimed at ensuring a wide cross-section of the community has access to the information and the opportunity to participate in the process. Clear measures for the success of the consultation are also included for the first time.

45 The provision of community housing is the subject of a separate report and presents possible options for consultation including who should be eligible to rent our community housing, how rents should be set and funded and whether or not the Council wishes to grow its current social housing portfolio.

46 Waste minimisation, kerbside and the new landfill are significant elements of both the operating and capital budgets. There will be specific consultation on a new kerbside collection regime and an allowance in the budget to build a range of diversion facilities aimed at meeting the goals of the Waste Minimisation Plan.

47 In December 2020, Council voted to include $21.5 million for the development of a mid-sized theatre in the city in the draft 10 year plan, which is to be consulted on over the next few months. The funding covers the potential cost of redeveloping the Athenaeum – in Dunedin's Octagon – into a mid-sized theatre, which was identified by Councillors as their preferred option

at the December meeting. An alternative option, also being considered at the request of Councillors, would see the Mayfair Theatre in South Dunedin redeveloped instead.

48 Six transport projects known as Shaping Future Dunedin Transport will also be included as part of the consultation, along with questions about where to locate additional public toilets.

NEXT STEPS

49 This report outlines current challenges associated with maintaining DCC activities and assets in a growth environment.

50 If Council adopts the draft budget, DCC will be able to maintain existing levels of service and deliver a balanced budget for 2021/22.

51 Should the Council wish to adopt the draft budget with amendments, there are areas where changes could be made, these include:

a) Requesting DCC stop current activities or reduce levels of service in specific areas.

b) Adding in any additional funding for unfunded items.

52 The next steps are that the Council will need to consider the rating method and the draft group budgets before confirmation of draft budgets for community engagements purposes.

Signatories

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Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

	Title	Page
⇩A	Draft Budget 2021-22	14
⇩B	10 Year Income Statement	16
⇩C	10 Year Forecast Financial Statements	18

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

The development of the 10 year plan enables democratic local decision making and action by, and on behalf of communities and meets the current and future needs of the Dunedin communities for good quality public services in a way that is most cost effective for households and businesses.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	☒	☐	☐
Economic Development Strategy	☒	☐	☐
Environment Strategy	☒	☐	☐
Arts and Culture Strategy	☒	☐	☐
3 Waters Strategy	☒	☐	☐
Spatial Plan	☒	☐	☐
Integrated Transport Strategy	☒	☐	☐
Parks and Recreation Strategy	☒	☐	☐
Other strategic projects/policies/plans	☒	☐	☐

The 10 year plan contributes to all of the objectives and priorities of the strategic framework as it describes the Council's activities, the community outcomes, and provides a long term focus for decision making and coordination of the Council's resources, as well as a basis for community accountability.

Māori Impact Statement

There has been pre-engagement with Mana whenua as part of the process and hui are planned with both Mana whenua and taurahere in the next phase of the consultation.

Sustainability

The 10 year plan presents papers considering various aspects of the Council's approach to sustainability. Major issues and implications for sustainability are discussed in the Infrastructure Strategy and financial resilience is discussed in the Financial Strategy. The Climate 2030 Rapid Review and DCC Emissions Reduction Opportunities report addresses a range of other issues. The consultation process also focuses on how consultation can be delivered more sustainably.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report provides an overview of the draft 10 year plan 2021-2031.

Financial considerations

The high level financial implications of the draft budgets are discussed in this report. Group budget reports and options reports provide full financial details as appropriate.

Significance

The 10 year plan is considered to be of high significance in terms of the Council's Significance and Engagement Policy.

Engagement – external

There will be extensive community engagement on the draft budgets and content of the 10 year plan in 2021.

SUMMARY OF CONSIDERATIONS
Engagement - internal Staff from across the Council have been involved in the development of the draft budgets and reports.
Risks: Legal / Health and Safety etc. Any specific risks in the development of the 10 year plan are considered in the relevant supporting documents. The significant forecasting assumptions highlight these in detail and the assumptions have driven the content of the 10 year plan.
Conflict of Interest There are no known conflicts of interest.
Community Boards Many projects and items identified in Community Board Plans have been incorporated in the draft budgets following engagement with Community Boards during the development of the plan. Boards will have further opportunities to participate during the consultation and submission phases of the process.

Tool One: The 2021 LTP Health Check

Authors' Note: This tool is designed to help the user assess organisational readiness to undertake the LTP. It is not designed as a tool for assessing the compliance of a consultation document, supporting information or long-term plan.

Introduction

The purpose of this health check is to aid your preparation for the 2021–31 LTP by providing an honest assessment of your readiness, identifying where there are concerns and what should be done.

We suggest going through *Health Check 2021* early in your long-term plan process, so you have an idea of what types of information you'll need to produce. Try to undertake this health check early in the 2020 calendar year, and again in July or August 2020 as a check on progress. To the right we have included an example of a timeline of some of the pieces of the long-term plan. Use this to help inform your own project management.

This document has been divided into two sets of checklists. The checklist deals with **readiness** and covers the following:

- project initiation
- project scope
- community engagement
- timeline.

The first set of checklists use a ranking system to assess your long-term plan readiness. The following table can be used as a guideline in choosing your ranking:

	Rank	Prognosis
1	Haven't thought about this yet.	*Call the undertaker.*
2	Started thinking but too early to say one way or the other.	*Could be fatal if left too long.*
3	Firming up thoughts / timetabling.	*There is some hope.*
4	Decisions made / fully prepared and timetabled / making progress.	*On the road to good health.*
5	Done.	*Time to enter a marathon!*

	Project initiation	Ranking (1-5)	What do you need to do?	Who?	When?
A	Have you... considered the lessons learnt during the 2018–28 LTP process?	5	Reviewed processes from last 10 year plan, reviewed mgmt. letter and OAG report on findings.	Corporate Planner	Completed
B	identified likely risks and weaknesses? And thought about how these could be managed?	5	Risk analysis has been documented and updated on a regular basis.	Corporate Planner / Project team	Ongoing assessments
C	developed a checklist of material you will need to cover within your LTP (including legal compliance aspects)?	5	Developed a checklist from provisions in the LGA. Ticking off as work is completed/approved. Note no SOLGM checklist available.	Corporate planner	By March -CD Full doc – April/May
D	reviewed monitoring information (from performance measures, etc)?	4	Workstream for LOS and performance commenced. To take LOS to 23 Feb Council meeting	LOS workstream	February
E	appointed an LTP project sponsor, manager and team (including resources towards engagement and communications)?	5	Project team and resourcing appointed.	CEO/ELT	Completed
F	discussed the mayor's priorities and expected involvement in the project **(for territorial and unitary authorities only)**?	5	Discuss involvement with the Mayor	CEO / Mayor	Completed
G	discussed the council's priorities and expectations of the process	4	Ongoing discussions with council; series of workshops re expectations for different aspects of the 10 year plan. One more workshop to hold on LOS.	Corporate Planner / Project team	February
H	discussed how the council wants to approach its strategic direction setting ?	5	Workshops held March – June 2020.	Strategic support workstream/ project team	Completed

	Project scope	Ranking (1-5)	What do you need to do?	Who?	When?
A	What work will you need to do to... conduct an environmental scan?	5	All work to be done has been identified. Complete rapid review re carbon emissions.	Project team and workstreams.	Completed
B	discuss the purpose of local government with the council and community and determine what aspects of wellbeing might be high priority?	5	Discussions held with Councillors. Pre engagement with community undertaken Sept / October 2020 on what is important	Project team	Completed
C	undertake a stocktake of strategic documents (including strategies, policies and plans) that underpin your long-term plan?	4	All plans etc. identified and updated, with exception of development contributions policy which is in progress.	Corporate Planner	March
D	review key forecasting assumptions (including growth models)?	5	Forecasting assumptions approved by Council 27 January 21.	Strategic Support workstream	Completed
E	discuss any changes to objectives and priorities with relevant CCOs?	4	Updating info from approved Statements of Intent	Corporate Planner	March
F	review activity choice and rationale for service delivery?	5	As part of activity updates	Corporate Planner	Ongoing activity
G	group activities (including mandatory groups)?	5	Reviewed activities	Level of service workstream / Corporate Planner	Completed
H	align activity management plans and asset plans with the long-term plan and ensure they are up to date (they should be reviewed regularly)?	4	Alignment of budgets, asset mgmt. plans and infrastructure strategy	3 Waters and Transport	Ongoing
I.	review your performance management framework	4	Reviewed. LOS, measures and targets to be approved. Community outcomes approved.	Project team	February
J.	review and develop funding and financial policies (And where applicable your development and financial contributions policy)?	4	All but development contributions completed	Corporate Planner / Finance /Strategic support	March

	Project scope	Ranking (1-5)	What do you need to do?	Who?	When?
K	review and develop your council's local board policy (if relevant)?	Choose an item.	Not applicable.	Click or tap here to enter text.	Click or tap here to enter text.
L	review your fees and charges?	5	Review of charges and alignment with Rev Policy	all	Completed
M	review your significance and engagement policy?	5	Review policy and list of strategic assets	Engagement workstream	Completed.
N	change accounting policies?	Choose an item.	No changes	Finance	No change
O	introduce new modelling or information systems?	Choose an item.	No change	Finance	No change

	Community Engagement	Ranking (1-5)	What do you need to do?	Who?	When?
A	Have you... discussed community engagement with your elected members?	5	Workshops and reports with engagement options	Engagement workstream / Council	Completed.
B	identified key projects, options or issues you want to engage on?	5	Identify specific consultation matters	Council / Project team	Completed
C	determined what your key messages to your community are?	5	Identify key information	Council / Project team	Completed
D	reviewed the information you presently hold on community views and preferences?	5	Review of pre-engagement info	Engagement workstream	Completed
E	created a plan to engage with the community?	4	Options to Council (27 Jan), full engagement plan to complete with timing	Engagement workstream	February / March
F	decided to seek early community feedback on anything?	5	Pre-engagement on kerbside collection and pre-engagement on what is important	Engagement workstream, Waste Mgmt Team	Completed
G	looked at how to manage community feedback (this may include a revision of your currently feedback system)?	4	Set up "Squiz" for topics on consultation, review process for submissions	Engagement, Governance workstreams, project team	By March

	Community Engagement	Ranking (1-5)	What do you need to do?	Who?	When?
H	looked at the current processes your council has for engaging Māori in decision-making?	5	Consider in engagement plan and processes	Engagement workstream	Completed

	Timeline	Ranking (1-5)	What do you need to do?	Who?	When?
A	Do you have a timeline: for all of the LTP inputs? How these match up with other priorities within the council work programme?	5	Timetable prepared for all aspects of 10 year plan	Corporate Planner	Completed
B	that aligns with council, committee, local and community board meeting schedules?	5	Check alignment	Corporate Planner / Governance workstream	Completed
C	that aligns with statutory holidays and other times when elected members and staff may not be available (e.g. school holidays)	5	Check alignment	Corporate Planner / Governance workstream	Completed
D	that aligns with the processes of other parties such as NZTA or any CCOs	5	Check alignment	Corporate Planner / Transport	Completed
E	for the audit process – including both the service provider's work and review by the Auditor-General's office? Do you have a process to ensure the Audit opinion is included in your LTP?	4	Audit timetable to confirm for final audit before 30 June adoption	Corporate Planner	February
F	for document production?	4	Agree revised timeline re printers and distributors	Comms Team	February
G	for communications (this could include social media and traditional media)?	4	Consider in engagement process	Engagement Team, Comms team	February

	Timeline	Ranking (1-5)	What do you need to do?	Who?	When?
H	for consultation and submission processing?	4	Include in timeline – confirm revised dates	Corporate Planner	February
I.	for staff and council signoffs?	5	Include in timeline	Corporate Planner	Completed
J.	that allows for adequate quality assurance to be undertaken and changes made?	5	Timeframe to provide for changes to CD	Corporate Planner	Completed – provision made
K	that considers how to brief elected members on each issue that may arise (including a conversation at senior management and CE level before discussed with elected members)?	5	Scheduled workshops and meetings.	Corporate planner	Completed
L	that considers the role of any early engagement?	5	Early engagement undertaken in 2020	Engagement Team / Council	Completed

Key dates – Completion of 10 year plan

Item/Task Name	Timeframe
Complete draft CD following Council meeting	Mon 1 Feb – Mon 15 Feb
Web supporting material	Mon 1 Feb – Fri 26 March
Audit of consultation document by Audit NZ	Tues 9 Feb – Tues 9 March
Level of service workshop	Wed 10 February
Review of consultation document (internal review)	Wed 10 Feb – Wed 17 Feb
Graphic design of draft CD	Mon 15 Feb – Fri 26 Feb
Audit and Risk subcommittee meeting	**Thurs 18 Feb**
Council meeting – Levels of Service, draft consultation document	**Tues 23 Feb**
Office of the Auditor General - hot review	Mon 1 March – Wed 3 March
Agenda for Council adoption meeting released	Wed 3 March
CD released as part of agenda (supplementary agenda)	Fri 5 March or Monday 8 March
Council adopts CD (and supporting docs)	**Tues 9 March**
Issue Audit Opinion on the consultation document	Tues 9 March
Final editorial changes	Wed 10 March – Thurs11 March
CD being printed	Fri 12 March – Fri 19 March
Distribution of CD	Mon 22 March – 30/31 March
Launch at Sth Dunedin Festival (engagement team)	Sat 27 March
Consultation period	Tues 30 March- Thurs 29 April
Audit and Risk subcommittee meeting	**Wed 7 April**

Item/Task Name	Timeframe
Agenda for hearings	Wed 5 May
Hearings	**Mon 10 May – Fri 14 May**
Agenda for deliberations	Wed 26 May
Deliberations and final 10 year plan decision-making	**Mon 31 May – Fri 4 June**
Audit of final 10 year plan	TBC
Agenda for Council meeting	Thurs 24 June
Audit and Risk subcommittee meeting	**Thurs 24 June**
Council meeting to adopt final 10 year plan	**30 June**
Final 10 year plan on web	July 2021

RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit and Risk Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 2 December 2020 - Public Excluded	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied. S7(2)(h) The withholding of the information is	.	

	necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. S7(2)(c)(ii) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to damage the public interest. S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information. S6(b) The making available of the information would		

	be likely to endanger the safety of a person.		
C2 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 9 December 2020 - Public Excluded	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.	.	
C3 Report to the Council on the audit of Dunedin City Council for the year ended 30 June 2020	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C4 Audit and Risk Subcommittee Action List Report	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C5 Update on Appointment of	S7(2)(a)	S48(1)(a)	

Independent Member and Chair of Audit and Risk Subcommittee	The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C6 Internal Audit Workplan Update	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied. S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

C7 Update on the DCC Internal Audit Actions Register	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C8 Update on the DCC External Audit Actions Register	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C9 DCC Corporate Risk Register Update	S7(2)(h) The withholding of the information is necessary to enable the local authority to	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure	

	carry out, without prejudice or disadvantage, commercial activities.	of information for which good reason for withholding exists under section 7.	
C10 DCC Policy Update Report	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C11 Purchase Card Report	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	This report is confidential because it refers and impacts Council staff positions where those staff have not had the opportunity to respond or comment on the report..
C12 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

C13 Health and Safety monthly report for November 2020.	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	The information relates to the actions of individual staff who could be identified. This would breach their privacy and potentially prejudice any processes which may need to be managed..
C14 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C15 Protected Disclosure Register	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C16 Investigation Register	S6(b)	S48(1)(a)	The matters detailed i this report are subject

	The making available of the information would be likely to endanger the safety of a person. S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6 and 7.	to investigation and information should remain confidential so not to prejudice the investigation and any possible outcomes of the investigation..

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.