

Notice of Meeting:

I hereby give notice that an ordinary meeting of the Dunedin City Council will be held on:

Date: Tuesday 13 April 2021
Time: 10.00 am
Venue: Council Chamber, Municipal Chambers, The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Council
PUBLIC AGENDA

MEMBERSHIP**Mayor**
Deputy Mayor

Mayor Aaron Hawkins
Cr Christine Garey

Members

Cr Sophie Barker	Cr David Benson-Pope
Cr Rachel Elder	Cr Doug Hall
Cr Carmen Houlahan	Cr Marie Laufiso
Cr Mike Lord	Cr Jim O'Malley
Cr Jules Radich	Cr Chris Staynes
Cr Lee Vandervis	Cr Steve Walker
Cr Andrew Whiley	

Senior Officer

Sandy Graham, Chief Executive Officer

Governance Support Officer

Lynne Adamson

Lynne Adamson
Governance Support Officer

Telephone: 03 477 4000
Lynne.Adamson@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 PUBLIC FORUM

1.1 Public Forum - Trains not Planes

Sally Brown and Mel Borrell wish to speak about the outstanding success of the 'Trains not Planes' weekly train service between Dunedin and Waitati over the summer months.

1.2 Public Forum - Port Chalmers Day Train Usage

Raewynne Pedofski wishes to address the meeting concerning the recent train usage for Port Chalmers Day

2 APOLOGIES

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

3 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 and any private or other external interest they might have.
2. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.
3. Staff members are reminded to update their register of interests as soon as practicable.

RECOMMENDATIONS

That the Council:

- a) **Notes/Amends** if necessary the Elected Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected Members' Interests.
- c) **Notes** the proposed management plan for the Executive Leadership Team's Interests.

Attachments

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Councillor Register of Interest - Current as at 24 March 2021				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.
	Trustee	St Paul's Cathedral Foundation	No conflict identified	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 Executive	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group	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.
	Member	Connecting Dunedin (Council appointment)	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	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Otago Theatre Trust (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	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.
	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.
	Chair	LGNZ Policy Advisory Group	No conflict identified	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.
Sophie Barker	Director	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ocho Newco Limited	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.
	Property Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chairperson	Dunedin Heritage Fund Trust (Council appointment)	Duty to Trust may conflict with duties of Council Office	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	Dunedin Midwinter Carnival	Potential grants recipient	With draw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Committee Member	Otago Anniversary Day Dinner	No conflict Identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin Gas Works Museum Trust (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
David Benson-Pope	Owner	Residential Property Ownership in Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee and Beneficiary	Blind Investment Trusts	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Yellow-eyed Penguin Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Heritage Fund Trust (Council appointment)	Duty to Trust may conflict with duties of Council Office	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Delegation holder	Second Generation District Plan (2GP) Authority to Resolve Appeals on behalf of Council (Council appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Regional Transport Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Commissioner (Community Representative)	District Licensing Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Rachel Elder	Owner	Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Greater South Dunedin Action Group	Decisions may be considered on the future of South Dunedin.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Host Parent	Otago Girls High School	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Advisor/Support Capacity	Kaffelologic	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Trails Networks Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Southern Urban Dunedin Community Response Group	Decisions about emergency response recovery may be conflicted	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep Dunedin Beautiful (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitu Otago Settlers Museum Board (Council appointment)	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
	Chairperson	Disability Issues Advisory Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Christine Garey	Trustee	Garey Family Trust - Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Creative Dunedin Partnership (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustees (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Theomin Gallery Management Committee (Olveston) (Council appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
		External family member is a Principal Security Consultant	Major supplier to DCC	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.
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/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.
	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.
	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.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	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.
	Director	Milburn Processing Limited	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
	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.
	Appellant	2GP	Appellant to the 2GP	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	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.
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Supplier	Southweight Truck and Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Carmen Houlahan	Owner	Residential Property - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Rental Property - North Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Part Owner	Adobe Group Ltd, Wanaka	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Property Investors Association	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Company Owner/Sole Director	Shelf Company - RU There	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitu Otago Settlers Museum Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	Possible grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Shareholder	Startup Business	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel Taieri Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Marie Laufiso	Property Owner	Residential Property	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	Community Building Trust - Trust Owner of Property 111 Moray Place	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Mental Health Trust	Potential grants applicant which would result in pecuniary interest. Duty to Trust may conflict with duties of Council Office	Do not participate in consideration of grants applications. If the meeting is in confidential, to leave the room.
	Trustee	Brockville Community Support Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Trustee	Corso Ōtepoti Dunedin Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Manufacturing Holdings Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	National Secretary	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch Treasurer	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch delegate to Arai Te Uru Marae Council	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party of Aotearoa New Zealand	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Age Concern (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Abrahamic Interfaith Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Refugee Steering Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Settlers Association (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Fair Trading Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Deputy Chair	Grants Subcommittee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Social Well Being Advisory Group (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.
	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	Mosgiel Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	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	Various publicly listed companies	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
	Chairperson	Otago Rural Support Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Youth Adventure Trust	No conflict identified	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 Cone Trust (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jim O'Malley	Owner	Biocentrix Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel Association Football Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Manufacturing Holdings	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ice Sports Dunedin Incorporated (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Waikouaiti Coast Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jules Radich	Shareholder	Izon Science Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Taurikura Drive Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Golden Block Developments Ltd	The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Terrace Properties Ltd	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
	Director/Shareholder	Southern Properties (2007) Ltd	<p>The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan</p> <p>The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan</p>	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Centre Holdings Ltd	<p>The Auditor General has issued a declaration under section 6(4) of LAMIA allowing Cr Radich to participate on the grounds that it is in the interests of the electors and inhabitants of the area that he be allowed to do so. The declaration applies to the Council meeting on 25 May 2020 and to discussion and deliberations on the Annual Plan 2020/21 up to and including the adoption of the Annual Plan</p>	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	IBMS Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Raft Holdings Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Otago Business Coaching Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Effectivise Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Athol Street Investments Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Allandale Trustee Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Aberdeen St No2 Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Road Safety Action Plan	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment - alternate)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Saddle Hill Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Chris Staynes	Chairman	Cargill Enterprises	Contractor and service provider to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Director	Wine Freedom	Supplier to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room.
	Patron	Otago Model Engineering Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Balmacewen Lions Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Southland Manufacturers Association Trust	Possible co-funder of ED project. Duties to the Trust may conflict with duties of Council	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Deputy Chair	Cancer Society of Otago/Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Past President	Patearoa Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	President	Balmacewen Lions	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	CJ and CA Staynes Family Trust - Property Owner - Dunedin and Patearoa	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	George Street Wines Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Saddle Hill Investment Trust Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Association of Amateur Radio and Transmitters	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	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Trustee	Theomin Gallery Trust (Council appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Chairman	Grow Dunedin Partnership (Council appointment)	Duties may conflict with duties of Council Office. Recipient of Council funding	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin Shanghai Association (Sister City Society) (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Social Well Being Advisory Group (Council appointment)	No conflict identified	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.
Lee Vandervis	Director	Lee Vandervis, Antonie Alm-Lequeux and Cook Allan Gibson Trustee Company Ltd - Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Bunchy Properties Ltd - Residential Property Ownership - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Vandervision Audio and Lighting - Hire, Sales and Service Business	May contract and provide service to DCC	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
Steve Walker	Chairperson	Dunedin Wildlife Hospital Trust	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Chairperson	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.
	Member	Orokonui Ecosanctuary	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Member	Port Chalmers Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep New Zealand Beautiful	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Member	Society of Beer Advocates	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
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Port Chalmers Historial Society	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Owner	Residential Property - Dunedin	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.
	Member	NZ Sea Lion Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Edinburgh Sister City Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Connecting Dunedin (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Te Ao Turoa Partnership (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Keep Dunedin Beautiful (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council appointment - alternate)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	West Harbour Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Andrew Whiley	Owner/Operator	Whiley Golf Inc and New Zealand Golf Travel Ltd	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Director/Shareholder 22 May 2017	Estate of Grace Limited	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential leave the room. Seek advice prior to the meeting.
	Trustee	Japek (Family Trust) - Property Ownership - Dunedin	Duties to Trust may conflict with duties of Council Office.	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Otago Golf Club	No conflict identified	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Dunedin South Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	New Zealand Professional Golfers Assn	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairman	Volunteering Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Otaru Sister City Society (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Grow Dunedin Partnership (Council appointment - alternate)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	NZ Masters Games Trust Board (Council appointment)	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Deputy Chair	Dunedin Community House Executive Committee	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in confidential, leave the room. Seek advice prior to the meeting.
	Member	Puketai Residential Centre Liaison Committee (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Community Board (Council appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Executive Leadership Team - Register of Interest - current as at 1 April 2021					
Name	Date of Entry	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.
	19/09/2018	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.
	25/07/2019	Member	Otago Golf Club	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Simon Pickford		Owner	Residential property, Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	16/08/2017	Member	SOLGM Regulatory Reference Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	21/02/2020	Wife	Owns residential properties, Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	18/09/2020	Member	Kotui Board	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
John Christie		Wife is a member	Taieri Community Facilities Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Shareholder	Various NZX and ASX listed companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Owner	Residential Properties Mosgiel	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	15/09/2017	Trustee	Diversity Works NZ	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	9/07/2018	Member	Society of Local Government Managers	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	19/02/2020	Daughter is a member	Youth Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Simon Drew		Trustee	Sister Cities New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Chartered Member	Engineering New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	17/04/2019	Judge	ACENZ (Association of Consulting Engineers NZ) Innovate Awards Judge	ACENZ have own conflict of interest policies.	Would not be allowed to judge a DCC project.
	17/04/2019	Member	Society of Local Government Managers	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
			South Coast Builders engaged to carry out work on property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Executive Leadership Team - Register of Interest - current as at 1 April 2021					
Name	Date of Entry	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Graham McKerracher	18/11/2019	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Public Relations Institute NZ (PRINZ)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Mosgiel Association Football Club	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Dunedin Ice Hockey Association	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Moana Pool gym/swim	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Robert West		Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Trustee	Caselberg Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Trustee	Te Poari a Pukekura Co-Management Trust Board	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Gavin Logie	17/07/2020	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.
			Wife works in a senior financial position in the Finance Department, University of Otago	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jeanette Wikaira	14/01/2021	Trustee	Dunedin North Intermediate School	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Otago Institute of Arts and Science	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Trustee	Hone Tuwhare Charitable Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

CONFIRMATION OF MINUTES


ORDINARY COUNCIL MEETING - 30 MARCH 2021

RECOMMENDATIONS

That the Council:

Confirms the public part of the minutes of the Ordinary Council meeting held on 30 March 2021 as a correct record.

Attachments

	Title	Page
 A	Minutes of Ordinary Council meeting held on 30 March 2021 (<i>Under Separate Cover 1</i>)	

MINUTES OF COMMUNITY BOARDS

OTAGO PENINSULA COMMUNITY BOARD - 18 FEBRUARY 2021

RECOMMENDATIONS

That the Council:

- a) **Notes** the minutes of the Otago Peninsula Community Board meeting held on 18 February 2021

Attachments

	Title	Page
 A	Minutes of Otago Peninsula Community Board held on 18 February 2021 (<i>Under Separate Cover 1</i>)	

WAIKOUAITI COAST COMMUNITY BOARD - 17 FEBRUARY 2021

RECOMMENDATIONS

That the Council:

- a) **Notes** the minutes of the Waikouaiti Coast Community Board meeting held on 17 February 2021

Attachments

	Title	Page
 A	Minutes of Waikouaiti Coast Community Board held on 17 February 2021 (<i>Under Separate Cover 1</i>)	

REPORTS

ACTIONS FROM RESOLUTIONS OF COUNCIL MEETINGS

Department: Civic

EXECUTIVE SUMMARY

- 1 The purpose of this report is to show progress on implementing resolutions made at Council meetings.
- 2 As this report is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Council:

- a) **Notes** the Open and Completed Actions from resolutions of Council meetings shown in Attachments A and B.

DISCUSSION

- 3 This report also provides an update on resolutions that have been actioned and completed since the last Council meeting.

NEXT STEPS

- 4 Updates will be provided at future Council meetings.

Signatories

Author:	Lynne Adamson - Governance Support Officer
Authoriser:	Clare Sullivan - Team Leader Civic

Attachments

	Title	Page
A	Council Open Actions	23
B	Council Completed Actions	25

OPEN ACTIONS -PUBLIC COUNCIL RESOLUTIONS 2019-2022 MARCH 2021						
Meeting Date	Resolution	Report	Resolution or Action to be Taken	Group	Due Date	Status
10/12/2019	(CNL/2019/057)	Approval to Grant Electricity Easement to Aurora Energy - part Mosgiel Memorial Park	Grants , as administering body of the Mosgiel Memorial Park, pursuant to Section 48 of the Reserves Act 1977, an easement in gross to Aurora Energy Limited for the installation of underground cables and ancillary equipment over part of the Mosgiel Memorial Park (Record of Title 296322)	Parks and Recreation	Unspecified Due to the unknown time required for the legislative process.	March 2021 - The electricity easement is on hold awaiting the outcome of the 3 Waters review of its pumping facility requirements.
10/12/2019	(CNL/2019/058)	Approval to Grant two Drainage Easements over Part Fraser's Creek Local Purpose (Esplanade) Reserve	Grants easements to drain water and sewerage over part of the Fraser's Creek Local Purpose (Esplanade) Reserve adjacent to 152A Kaikorai Valley Road, Dunedin, being Lot 5 DP 521710, Record of Title 830080, subject to the conditions outlined in this report. Approves waiving the annual rental for use of the reserve.	Parks and Recreation	Unspecified Due to the unknown time required for the legislative process.	March 2021- s.223 & 224c certificates granted by DCC. Surveyor is now lodging LT plan 542730 showing easements with LINZ.
10/12/2019	(CNL/2019/070)	Notice of Motion - Energy Efficiency Initiatives	Seeks support from other funding and public agencies to further advance energy efficiency efficiencies. Ask staff to identify options to broaden existing council mechanisms that deliver on our Cosy Homes ambitions.	Community Planning	October 2020 March 2021	January 2021 - Heat Kits are now available in the public libraries. March 2021 -A review of the DCC's existing Warm Dunedin scheme has been completed. The findings now need to be considered by relevant departments.
10/12/2019	(CNL/2019/075)	Sims Building Update	Notes the update report and notes that a further report with options for the future of the Sims building would be presented to Council as part of the Annual Plan process.	Property		February 2021 - Ongoing discussions are being undertaken. Once finalised, a report on options will be presented to Council.
25/5/2020	(CNL/2020/048)	Approval to Grant Drainage Easement over part of Ocean Grove Local Purpose (Coastal Protection) Reserve	Grants an easement to drain water over part of the Ocean Grove Local Purpose (Coastal Protection) Reserve adjacent to 357 Tomahawk Road, Ocean Grove, Dunedin, subject to the conditions outlined in the report. Approves waiving the annual rental for use of the Ocean Grove Local Purpose (Coastal Protection) Reserve. Acting under delegation from the Minister of Conservation dated 12 June 2013, and pursuant to section 48 of the Reserves Act 1977, consents to the grant of an easement to drain water over part of the Ocean Grove Local Purpose (Coastal Protection) Reserve, adjacent to 357 Tomahawk Road, Ocean Grove, Dunedin, subject to the conditions outlined in this report.	Parks and Recreation	June 2020 Unspecified Due to the unknown time required for the legislative process.	On-going As at 16 July 2020 earthworks within the reserve had been largely completed. A reinstatement and revegetation plan was signed off by staff with the developer in June. The line of easement is yet to be surveyed October 2020 - The works have been finished on-site including the revegetation plantings. The as-built survey has been done and now need to complete as-built plans. The cadastral survey is underway and a plan will be submitted to Parks and Reserves by the end of October. March 2021 - Authority and instruction for drainage easement was signed on 17/2/21. Awaiting formal registration of easement.

OPEN ACTIONS -PUBLIC COUNCIL RESOLUTIONS 2019-2022 MARCH 2021						
Meeting Date	Resolution	Report	Resolution or Action to be Taken	Group	Due Date	Status
27/05/2020	(AP/2020/014)	Annual Plan 2020-21 Funding Requests	Puaka Matariki Festival Request staff prepare a report on elevating the profile of the Puaka Matariki on the Council event calendar.	Kaiwhakamāherehere	Apr-21	February 2021- A new Advisory Group is being established with the intention of developing a new approach for the 2022 Puaka Matariki which will coincide with the new national holiday. In the short term an appropriate festival will be considered. March 2021 The 2021 Puaka Matariki festival dates are set for Friday 2 July to Friday 16 July. A new Advisory Group has been formed with the first meeting scheduled for April. The Puaka Matariki community funding round is public with applications closing 19 April 2021. A 2021 programme of events is being developed and will be completed once funded community events are scheduled. We plan to have the final programme and advertising completed by June 1 2021.
27/05/2020	(AP/2020/012)	Local Government Funding Agency - Summary of feedback and next steps	Approves that the Dunedin City Council join the LGFA as a Guaranteeing Local Authority.	Finance		The LGFA have been advised that the DCC approved joining. DCC is working through the legal aspects. March 2021 - A meeting has been scheduled with LGFA mid April.
30/06/2020	(CNL/2020/002)	Central City Advisory Group (CCAG) membership	Requests that a separate Project Delivery Control Group be established, prior to construction starting, to input into the measures proposed to minimise the impact of construction on businesses; monitor their effectiveness; and address any issues that may arise.	City Development Transport Enterprise Dunedin		March 2021 - Once the detailed Business Case has been completed and a construction programme has been developed which is anticipated to be after August 2021, the Project Delivery Control Group will be established prior to any construction. A report will be provided to Council in July 2021.
30/06/2020	(CNL/2020/003)	Central City Advisory Group (CCAG) membership	Requests staff to investigate the facilitation of block groups (of owners, retailers and residents) in key precincts including the Octagon	Enterprise Dunedin		Owners/retailers/residents will be contacted in conjunction with the construction programme once established after August 2021.
27/10/2020	(CNL/2020/081)	Review of Legal High Retail Location Policy	Approves the review and retention of the Legal High Retail Location Policy 2015. Approves the statement of proposal for consultation purposes.	Customer & Regulatory Services	Apr-21	March 2021 - the hearing to consider submissions took place on 25 March with recommendations being reported back to the 13 April Council meeting.
23/02/2021	CNL/2021/047	Notice of Motion - Dunedin City Council Housing	Write to the Minister of Housing (Megan Woods) and the Minister of Social Development and Employment (Carmel Sepuloni) requesting a review of the income related rent subsidy to encourage more social and affordable housing and investigate the inclusion of local authorities as eligible providers.	Property		March 2021 - the letter has been drafted and will be sent early April.
09/03/2021	CNL/2021/048	Draft Zero Carbon 2030 Alliance Memorandum of Understanding	Notes that the Zero Carbon 2030 Alliance replaces the Dunedin Energy Leaders accord. Approves the draft Zero Carbon 2030 Alliance Memorandum of Understanding for submission to the governing bodies of potential founding partners. Delegates authority to the Chief Executive Officer to incorporate any amendments to the Memorandum of Understanding sought by founding partners, and to sign the final version on the Council's behalf. Notes that following signing of the Memorandum of Understanding, the final version would be brought back to Council for noting; and Notes that following signing of the Memorandum of Understanding, a draft Terms of Reference for the Zero Carbon 2030 Collaboration Group would be developed and brought back to Council for adopting.	Corporate Policy		March 2021 - The DCC Kaiwhakamāherehere is leading discussions with the Rūnaka in relation to the Zero Carbon Alliance. The ORC has been seeking further technical clarifications ahead of submitting the draft MoU to their Council for consideration.

COMPLETED ACTIONS -PUBLIC COUNCIL RESOLUTIONS 2019-2022 MARCH 2021						
Meeting Date	Resolution	Report	Resolution or Action to be Taken	Group	Completion Date	Status
23/02/2021	CNL/2021/042	Proposed Traffic and Parking Restriction Changes	Considers the recommendations of the Regulatory Subcommittee on the proposed changes to parking and traffic restrictions. Approves the recommended change to the one-way traffic restriction on Ward Street, from Halsey Street to Wickliffe Street.	Transport	Feb-21	The changes as approved by Council have been actioned.
	CNL/2021/043		Approves the recommended changes to the parking controls that are shown in the December 2020 update of the Dunedin City Council's traffic and parking controls database.	Transport		The Traffic and Parking Controls database has been updated with the approved changes.
23/02/2021	CNL/2021/046	Dunedin City Council's Letter of Expectation for Dunedin City Holdings Limited and Group	Approves the draft Letter of Expectation to the Board of Dunedin City Holdings Limited on behalf of the Council as shareholder. Authorises the Mayor to sign the Letter of Expectation on behalf of the Council as shareholder.	Finance	Feb-21	The letter has been actioned and sent.
23/02/2021		Submission: Water Services Bill	Notes that the Otago-Southland Three Waters Office was developing a joint submission on the Water Services Bill, on behalf of the Dunedin City Council and other Councils. Approves the draft joint submission to Parliament's Health Committee on the Water Services Bill. Authorises the Mayor and Chief Executive to make any final changes to the joint submission	3 Waters	Mar-21	The joint submission to Parliament's Health Committee on the Water Services Bill was subitted on Tuesday 2 March 2021.
	CNL/2021/041		Authorise the Mayor or his delegate to speak to the joint Otago Southland submission.		Mar-21	
9/3/2021	CNL/2021/054	LGNZ Conference 2021	Approves the attendance of Mayor Aaron Hawkins, Crs Christine Garey and Chris Staynes as the Dunedin City Council's Zone 6 representatives to the LGNZ Conference in July 2021.	Corporate	Mar-21	The Mayor and Crs Garey and Staynes have been registered to attend the conference.
9/3/2021	CNL/2021/049	DCC Submission on the Climate Change Commission's Draft First Package of Advice to Government	Approves the Dunedin City Council submission to the Climate Change Commission on the '2021 Draft Advice for Consultation', with any amendments. Authorises the Mayor to sign the Letter of Expectation on behalf of the Council as shareholder.	Corporate Policy	Mar-21	The submission on Climate Action for Aotearoa was submitted on 9 March 2021.
9/3/2021		DCC Submission on the Smokefree Environments and Regulated Products Act 1990 Proposals for Regulations	Approves the Dunedin City Council submission to the Ministry of Health on the Smokefree Environments & Regulated Products Act 1990 - Proposals for regulations.	Corporate Policy	Mar-21	The submission was submitted on 9 March 2021.

COMPLETED ACTIONS -PUBLIC COUNCIL RESOLUTIONS 2019-2022 MARCH 2021						
Meeting Date	Resolution	Report	Resolution or Action to be Taken	Group	Completion Date	Status
17/3/2021	CNL/2021/055	Temporary Road Closure - Vogel Street	<p>Decides that pursuant to Section 319, Section 342 and Schedule 10 of the Local Government Act 1974, to close the portions of Vogel Street as detailed below:</p> <p>Friday 19 March from 3.45pm to 2.30am the following day, from 22 Vogel St to Jetty St.</p> <p>Saturday 20 March, from 3.45pm to 2.30am the following day, from 22 Vogel St to 115 Vogel St.</p> <p>Sunday 21 March from 3.45pm to 2.30am the following day, from 22 Vogel St to 115 Vogel St.</p> <p>Tuesday 23 March from 4pm to 2.45am the following day from 22 Vogel St to Jetty St.</p> <p>Wednesday 24 March from 7.30pm to 6.15am the following day from Queens Garden to Jetty St.</p>	Enterprise Dunedin Transport	Mar-21	The road closures were put in place for the dates and times as approved.

THE FUTURE OF DUNEDIN RAILWAYS LIMITED

Department: Executive Leadership Team

EXECUTIVE SUMMARY

- 1 A report from Dunedin City Holdings Limited is attached which outlines the longer term options for Dunedin Railways Limited and its assets.
- 2 Four options have been provided for consideration, all requiring funding from Council from the financial year commencing 1 July 2021.

RECOMMENDATIONS

That the Council:

- a) **Considers** the options provided by Dunedin City Holdings Limited regarding the future of Dunedin Railways Limited and its assets.

BACKGROUND

- 3 The Council elected to put Dunedin Railways Limited into hibernation at a meeting held in April 2020.

Moved (Mayor Aaron Hawkins/Cr Christine Garey):

That the Council:

- a) **Instructs** Dunedin City Holdings Ltd (DCHL) to mothball Dunedin Railways Limited (DRL); and
 - i) *Where possible, redeploy employees made redundant across the DCHL Group and elsewhere; acknowledging that*
 - ii) *Has no view on what a permanent outcome might look like; and*
 - iii) *Will provide up to \$1.05m for the mothballing costs from July 2020 - December 2021, noting that any investment in future options would need to be subject to a separate business case and approval process.*
- b) **Requests** a report from DCHL, as soon as is practicable detailing:
 - i) *Options for DRL's operating and governance structure in the interim.*
 - ii) *An asset management schedule to protect current assets.*

- c) **Requests**, in time for Long Term Plan deliberations; an update report outlining the longer term options for DRL and its assets.

Division

The Council voted by division:

For: Crs Sophie Barker, David Benson-Pope, Rachel Elder, Christine Garey, Doug Hall, Carmen Houlahan, Marie Laufiso, Mike Lord, Jim O'Malley, Jules Radich, Chris Staynes, Steve Walker, Andrew Whiley and Mayor Aaron Hawkins (14).

Against: Cr Lee Vandervis (1).

Abstained: Nil

*The division was declared **CARRIED** by 14 votes to 1*

Motion carried (CNL/2020/001)

DISCUSSION

- 4 See attached report from Dunedin City Holdings Limited.
- 5 The Council should note that no direct funding has been included in the 10 year plan 2021 – 2031 for any ongoing financial support for Dunedin Railways Limited.

OPTIONS

- 6 The options for consideration are included in the report provided by DCHL.

NEXT STEPS

- 7 Council staff will provide an update report on the selected option for the 10 year plan 2021-2031 deliberations scheduled for June.

Signatories

Author:	Gavin Logie - Acting General Manager Finance
Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

	Title	Page
A	DCHL report on Future Options for Dunedin Railways Limited	31
B	Appendices 1-5 to Dunedin Railways Ltd report	67
C	Appendix 6 to Dunedin Railways Ltd report(<i>Confidential</i>)	

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

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

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The operation of Dunedin Railways Limited and its assets contributes to the city's tourist offering.

Māori Impact Statement

There are no known impacts for tangata whenua.

Sustainability

The operations of Dunedin Railways Limited are a key feature in Dunedin's tourist offering.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

The cost of any future funding requirements will need to be included in the 10 year plan 2021-2031.

Financial considerations

Financial support for Dunedin Railways Limited has not been included in the draft 10 year plan 2021-2031 currently out for consultation.

Significance

The decision is considered low in terms of the Council's Significance and Engagement Policy.

Engagement – external

The options report has been prepared by Dunedin City Holdings Limited with input from a selected reference group, Dunedin Venues Management Limited and a number of specialist consultants.

Engagement - internal

There has been no internal engagement within Council on this options report.

Risks: Legal / Health and Safety etc.

The risks associated with the various options are detailed in the attached report.

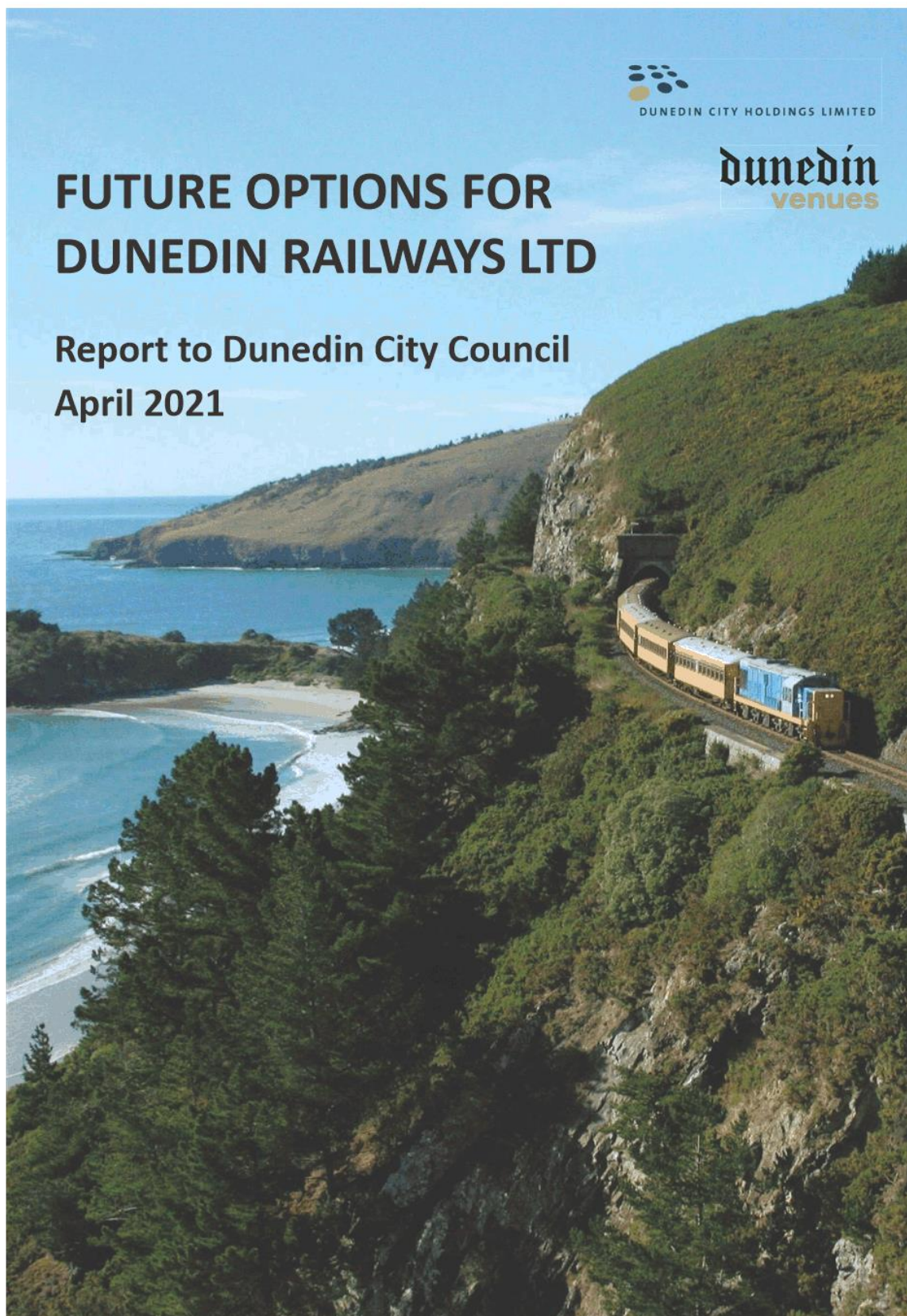
Conflict of Interest

There are no known conflicts of interest.

SUMMARY OF CONSIDERATIONS

Community Boards

Any decision on the future of Dunedin Railways Limited will be of interest to the affected Community Boards.



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Appendices are provided in a separate companion document.

EXECUTIVE SUMMARY

Dunedin Railways Ltd (DRL) has operated tourist and charter train services utilising the Taieri Gorge railway line and the New Zealand rail network for many years.

The Taieri Gorge is a key fixture in Dunedin's tourist offering. The excursion train was established through community and volunteer efforts and, with significant support from the city along the way, has developed into a renowned service popular with domestic and international tourists. The local community is justifiably proud of this attraction.

However, by the start of the 2020 financial year, the company was forecasting ongoing significant losses and had signalled that additional equity would be required to ensure the ongoing viability of the business.

DRL was focussed on developing a sustainable business model that addressed the company's challenges. In March 2020 it quickly became clear that in context of those existing challenges, DRL was not able to weather the forecast impacts of Covid-19 on the tourism sector. The company was facing insolvency and required immediate action.

In April 2020 Dunedin City Council (DCC) agreed that DRL be put into hibernation. This was an alternative to complete closure of the business and would allow the company's assets to be retained while future options were explored.

DRL has been in hibernation mode since 1 July 2020. A team of seven have kept key rolling stock and the Taieri Gorge line maintained while options for the company's future were identified and evaluated.

Dunedin Venues Management Ltd (DVML) has led the process to identify and evaluate options for future sustainable tourism offerings based on DRL's assets. A Reference Group of industry leaders has provided useful insights and feedback. External advice has been sought in relation to specialist areas. A popular summer season of train services, under-written by Council, also provided invaluable insights and data to the process.

The ability to consider different geographic sections of the Taieri Gorge line separately and the ability to use the line for different purposes results in a theoretically large number of options available to Council.

We have therefore taken a pragmatic approach to short-listing. We have focussed on providing information to support Council's primary decision-making about DRL's future, which boils down to:

- Does Council wish to have continued train operations in the city?
- If so, should trains continue to operate on none, some or all of the Taieri Gorge line?

This paper sets out four short-listed options for Council consideration, presented in ascending order of the risk and cost to Council involved with each:

1. Base Case: Close Dunedin Railways Ltd and sell assets
2. Sale or lease transaction with an external party to operate a train service
3. Retain a train operation in city ownership, using KiwiRail's national rail network only
4. Retain a train operation in city ownership, using both the national rail network and the Taieri Gorge line.

Alternative uses of the Taieri Gorge line, such as cycle trails, are not presented as options in their own right but are possible under any of the four short-listed options. Three potential alternative uses are explored in this paper. These can be taken further should Council wish to do so, once primary decisions about DRL's assets have been made.

All options will require financial support from Council, in either the short and/or long term, as summarised on the following page. Funding will be required in the coming financial year (commencing 1 July 2021).

Some costs under some options are difficult to quantify in advance. Once Council has made initial decisions, we expect to revert to Council with more refined plans and, in some instances, budgets.

Expeditious decisions will enable the company to ensure resources and funding are applied as efficiently and prudently as possible.

We are not aware of any central Government funding that would be available through a publicly accessible pool to support either the operations of DRL or the maintenance of the Taieri Gorge line in future.

We look forward to supporting Council's consideration of Dunedin Railways' future.

Summary of short-listed options for Dunedin Railways Ltd for Council consideration

Option	Description	Short term costs	Long term costs
Option 1 (Base Case): Close Dunedin Railways and sell assets	<ul style="list-style-type: none"> DRL would be wound up. Rolling stock and other non-rail assets divested. Remaining 7.0 FTE to cease (timing TBA). Seek to exit lease of Taieri Gorge corridor early (unless pursuing alternative use of the line), with Crown consent. Some ongoing basic maintenance may be required depending on decisions about line use and lease negotiations (see p22). 	Up to \$145,000 Subject to asset sale proceeds	Nil Subject to lease negotiations
Option 2: Sale / lease transaction with an external party	<p><i>Details are commercially sensitive and included in confidential attachment.</i></p> <ul style="list-style-type: none"> Proposal received from an external party proposing to utilise DRL assets to operate tourism rail service from Dunedin. Could take form of JV or outright purchase Party understands that they would be required to operate a tourist train service from Dunedin, and that rolling stock would need to stay in the city, as conditions of any arrangement 	Commercially sensitive <i>See confidential attachment</i>	Nil <i>if using national rail network only subject to lease negotiations</i> \$6.5m+ over ten years <i>if using Taieri Gorge line</i>
Option 3: Retain train operations on national rail network only	<ul style="list-style-type: none"> A business model designed to break even in an open borders environment While tourist numbers remain low, the current hibernation mode plus some services for the reduced market (like Trains Not Planes) would continue. Operations would be scaled up according to demand. Trains would run on KiwiRail's national rail network only (e.g. Seaside). The Taieri Gorge line would no longer be used or maintained for rail services. 	\$1.579m p.a. while international tourists m low Possibility of some offset from train operations revenue	Nil <i>subject to lease negotiations</i> \$2.4m at risk over ten years in case of rolling stock replacement
Option 4: Retain train operations on national rail network (coastal route) and Taieri Gorge line	<ul style="list-style-type: none"> A business model designed to break even in an open borders environment, other than renewals and maintenance of the Taieri Gorge line, which would require additional funding from Council While tourist numbers remain low, the current hibernation mode plus some services for the domestic market (like Trains Not Planes) would continue. Operations would be scaled up according to demand. Taieri Gorge line costs range between \$5.5m-\$14.8m depending how much of the line was used (e.g. whether travelling to Hindon, Pukerangi or Middlemarch) 	\$1.579m p.a. while international tourists m low Possibility of some offset from train operations revenue	\$6.5m+ over ten years Further \$2.8m at risk over ten years in case of rolling stock replacement

Alternative uses of the line (cycle trails, rail carts and a community rail operation) are explored as potential additions to any of the short-listed options.

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BACKGROUND

Dunedin Railways Ltd (DRL) (originally Taieri Gorge Railway Ltd) was incorporated in 1995 with the purpose of continuing excursion trains on the Taieri Gorge Railway line. The company was jointly owned by Dunedin City Holdings Ltd (DCHL) (72%) and the Otago Excursion Train Trust (OETT) (28%).

In recent years, DRL has operated tourist rail services to various points on the Taieri Gorge line, as well as shorter 'Seasider' services travelling north along the coast on KiwiRail's national rail network. DRL also operated 'Shore Excursion' services exclusively for cruise ship passengers and some charter and touring services.

DRL has typically reported a break-even or modest profit or loss since its incorporation¹. However, by the start of the 2020 financial year, the company was forecasting ongoing significant losses and had signalled that additional equity would be required to ensure the ongoing viability of the business.

A number of major issues with the company's business model had been identified, including:

- DRL was a seasonal business driven by summer tourist numbers, with the majority of activity occurring between November and March.
- DRL's operating model had high annual fixed costs for the size of the business.
- DRL functioned with a relatively thin balance sheet.
- A lack of available funds over the years meant maintenance of track, tunnels and bridges had been deferred. Health and safety implications were managed in the short term by reducing speed of the trains on the tracks and targeting priority maintenance with available funds. This meant:
 - Taieri Gorge trips were lengthened, which restricted timetabling and made services less attractive to passengers; and
 - the business faced a pipeline of deferred maintenance costs in the forward ten-year period.
- DRL was vulnerable to severe weather events. This was highlighted in July 2017, when a significant flood caused \$175k loss of revenue and cost \$459k to repair².

DRL is unusual in that it operates on 60km of its "own" track³. Other New Zealand tourist and heritage rail operators tend to run trains on the national rail network or have only a small section of private line (almost all <10km). We believe DRL is New Zealand's fourth largest railway operator behind KiwiRail and the urban passenger rail operations of Auckland and Wellington.

The costs of operating and maintaining this length of track were not sustainable under DRL's pre-Covid-19 business model. This was a significant factor in the challenges facing the company in mid-2019.

Having identified these issues, the DRL board were focussed on preparing a business turn-around plan and a sustainable business model for discussion with shareholders when Covid-19 started to impact on New Zealand.

In the context of its existing challenges, DRL was unable to weather the forecast impacts of Covid-19 on the tourism sector. Even with support such as the wage subsidy, the seasonality of the business and its reliance on international travellers meant the business was facing insolvency and required immediate action.

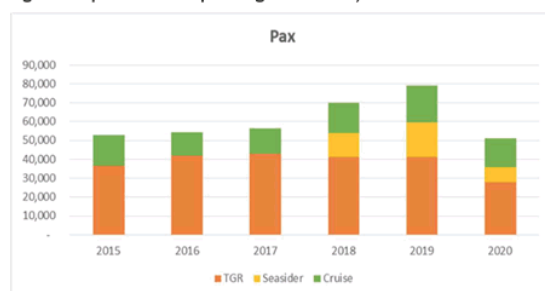
¹ The average net profit since incorporation was \$12,000. The largest profit \$207,000 (in 2006) and the largest loss \$260,000 (in 2018).

² See Dunedin Railways Ltd 2018 Annual Report

³ See Overview of Assets section for detail of ownership structure

The significance of cruise ships to DRL's business has been the subject of some debate. The chart below shows the size of DRL's cruise product relative to other products⁴:

Fig 1: DRL products and passenger numbers, 2015-2020



Cruise ship passengers were catered to with a specific Shore Excursion ("ShorEx") product which collected passengers from Port Otago directly for a journey on the Taieri Gorge line. This product provided DRL with a profitable stream of earnings that would have been difficult to generate from a domestic or even general international market. These earnings helped offset the fixed costs of running the Taieri Gorge line and provided positive cashflow to help fund the business. However, the loss of cruise ships was to become a critical point of vulnerability when borders closed due to Covid-19, in the context of the other challenges described above.

In April 2020, DCC agreed that DRL be put into hibernation as an alternative to complete closure of the business. Hibernating the company allowed its assets to be retained while potential sustainable options for the future were identified and evaluated. DCC agreed to provide \$1,050,000 to cover the costs of the company's hibernation operations for 18 months.

As part of this change, the Otago Excursion Train Trust (OETT) decided to sell its 28% shareholding in DRL to DCHL. DCHL has been the sole shareholder of the company since April 2020.

DRL has been in hibernation mode from 1 July 2020. The directors of DCHL assumed roles as directors of DRL, and a management contract was agreed with DVML to supervise hibernation operations, reporting to the DRL board.

With further support from Council in the form of an underwrite, the hibernation resource was temporarily expanded and applied to running passenger services over the 2020/2021 summer in a promotion titled *A Summer of Trains Not Planes*. This promotion was positively received by the community and has provided invaluable data and insight for the options evaluation work.

⁴ Source: DRL pre-hibernation. This chart breaks total passenger numbers down by product. Some cruise ship passengers would also travel on the Taieri Gorge and Seaside services (and will therefore be represented in the orange and yellow shading) by booking independently with Dunedin Railways.

APPROACH AND SCOPE OF OPTIONS EVALUATION

OBJECTIVE AND SCOPE

Our task has been to identify, analyse and evaluate options for future sustainable tourism offerings using DRL's assets, and report these to Council for consideration.

Consideration of various options' affordability and fit with wider Council strategy and goals (including the potential economic benefit to the city) is left to Council.

OPTIONS EVALUATION TEAM

DCHL tasked another of its subsidiaries, Dunedin Venues Management Ltd (DVML), with leading the process to identify, analyse and evaluate the options for future use of DRL's assets. The DVML team understand the Dunedin visitor market and are also supervising DRL's hibernation operations. DVML also engaged an external contractor, Andrew Douglas of Opportune Consulting, to assist in the review process.

A Reference Group was established to act as a sounding board for DVML. Members were:

- Keith Cooper, Chair of Dunedin City Holdings Ltd
- Cr Jim O'Malley, Dunedin City Councillor
- Jeanine Benson, DCC Group Manager Transport
- Graeme Smart, former DRL director and rail expert
- Ralph Davies, Board Member of DunedinHOST, Manager of Headfirst Travel
- Cr Kate Wilson, Otago Regional Councillor, Chair of Otago Central Rail Trail Trust, former Trustee of Taieri Gorge Railway

The Reference Group met three times between August and October 2020 and provided valuable feedback and insight at key stages in the process.

APPROACH

The approach to the project has been to:

1. Develop a long list of options for the future use of DRL's assets, with input from the Reference Group and a public Expressions of Interest process.
2. Develop a short list of options for the future use of DRL's assets, based on fit within scope, analysis of viability and feedback from the Reference Group.
3. Perform more detailed analysis of short-listed options. This has included seeking external specialist advice on the future investment requirements of Taieri Gorge line assets and legal advice on DRL's obligations in relation to the lease of the Taieri Gorge track bed.

Observations from the *Trains Not Planes* promotion have helped with analysis of short-listed options. The promotion provided data on products, pricing and staffing models, and has provided a platform for the development of business models presented in this paper.

OVERVIEW OF DRL'S ASSETS

This section sets out the assets within scope of our options evaluation.

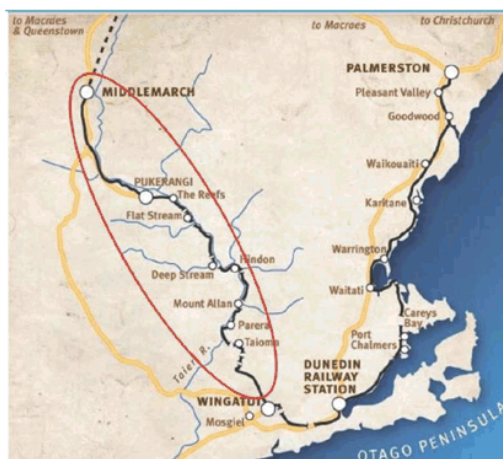
DRL's assets fall into three categories: Taieri Gorge Railway line assets, Rolling stock and Other.

TAIERI GORGE RAILWAY LINE ASSETS

DRL's Taieri Gorge Railway line assets officially start 4.0044km along the track inland from Wingatui (the point known as the 4km peg) and stretch approximately 60km to the end of the railway line in Middelmarsh.

The Taieri Gorge Railway line assets comprise owned track infrastructure and the lease of the rail corridor.

As a high-level summary, DRL owns the railway track, sleepers and other railway infrastructure (fastenings, ballast, poles, pylons, signalling equipment, etc). The track gauge is 1.067m. This is standard for New Zealand but narrow compared with most railways worldwide.



The Crown owns the rail corridor – that is, the land underneath the track, as well as the line's bridges and tunnels. DRL leases the corridor from the Crown (via a sub-lease with KiwiRail) at peppercorn rent.⁵ The current term runs until 2030 with a further 40-year right of renewal. Under this lease agreement DRL has responsibility for maintenance of the corridor, bridges and tunnels.⁶

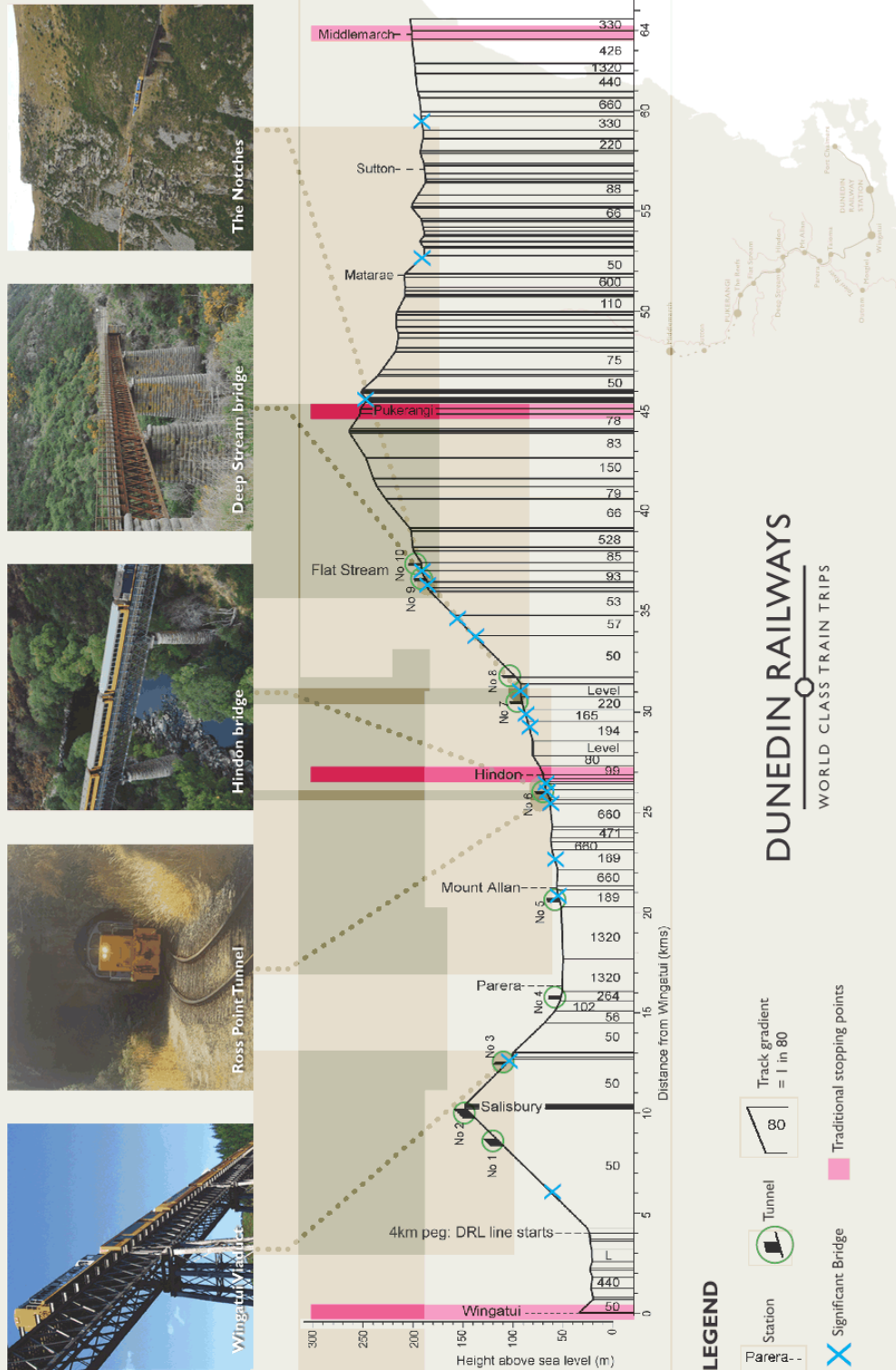
OVERVIEW OF THE LINE

The diagram on the following page shows various elements of the track from its starting point at Wingatui (on the left), going through the Taieri Gorge to Middelmarsh (on the right). The diagram shows traditional stopping points (pink), significant bridges (blue), tunnels (green) and shows the gradient of the track. The images give a sense of where some of the key "postcard" moments are located on the journey.

⁵ In 1992, DCC entered into contracts to sub-lease the rail corridor from KiwiRail (then New Zealand Rail Ltd), and to sub-sub-lease the rail corridor to the OETT. In 1995 DRL (then called Taieri Gorge Railways Ltd) was established with the intention that DCC's sub-lease would be transferred to DRL and OETT's sub-sub-lease extinguished. We are currently seeking to engage with KiwiRail to confirm the details of the correct signed documentation effecting this transfer. This paper has been drafted on the assumption that documentation was prepared and executed on the same terms as the sub-lease. We believe this assumption is reasonable based on Council resolutions at the time and other documents reviewed. As outlined in the options section, lease arrangements would need to be discussed with KiwiRail in the event that Council selected an option involving any activity that required KiwiRail's Head Lessor consent or agreement. At any rate, DCC (as assignor) would have obligations under the sub-lease if DRL's obligations were not fulfilled.

⁶ DRL's maintenance responsibilities and other obligations under the lease are detailed later in this paper, particularly under Option 1.

Taieri Gorge Railway - Gradient Diagram



The line features a total of 35 bridges. The Wingatui Viaduct is the longest (197m) and tallest (47m) bridge on the line. It has been the largest wrought iron structure in New Zealand since it was built in 1887. Further notable bridges on the line are Christmas Creek bridge, Hindon rail/road bridge, Deep Stream bridge and Flat Stream bridge.

The line also features 10 tunnels with a total combined length of 1491m, the longest being the Salisbury tunnel.

The most spectacular sections of the line are usually cited as:

- The 4km peg to Hindon, featuring the Salisbury horseshoe curve, Salisbury tunnel, Wingatui viaduct and Christmas Creek viaduct
- Hindon to Pukerangi, featuring the Deep Stream and Flat Stream viaducts and “The Notches” and “The Reefs”.

CONDITION OF THE TAIERI GORGE LINE ASSETS

The Taieri Gorge line assets (track, tunnels and bridges) have been operating under a continual maintenance programme. However, there is deferred maintenance that requires remediation, and a significant programme of renewals and maintenance is required to ensure the viability of all assets in the long term.

As part of the options evaluation process, independent engineers undertook a thorough assessment of the condition of key assets. They provided advice as to the maintenance and renewals programme required, the priority order of work, and an estimated cost for repair or replacement. Key points are set out below. A more detailed summary of the advice received and the engineers’ reports themselves are included at Appendix 1.

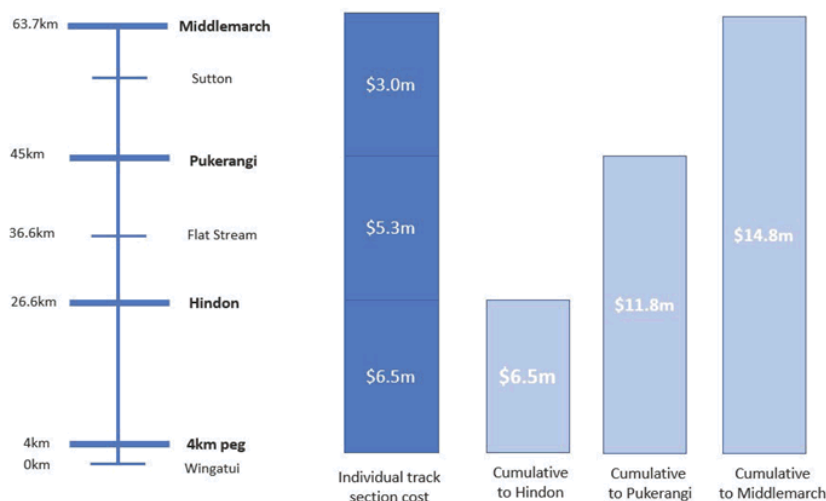
Key areas for attention in the next ten-year period include:

- An extensive sleeper replacement programme, particularly between Middlemarch and Pukerangi
- Re-coating bridges / viaducts for long-term viability. Recoating, including scaffolding, is a major project
- Replacing specified bridge railbeams and sills/corbels
- Bridge 2 requires full replacement due to deteriorated piles
- Re-alignment of an area of track affected by the 2017 weather event
- Retaining wall repairs
- Ongoing track maintenance.

No major repairs to tunnels are expected to be required in the next ten years, but ongoing maintenance of drainage will be important.

The graphic below shows the estimated total cost of repairs and replacements for the three key track sections over the next 10-year period. These costs include both renewals and ongoing maintenance.

Fig 2: Estimated Cost of 10-Year Asset Renewals & Maintenance Programme, by track section⁷



These estimates are subject to several key assumptions and caveats:

- Costs represent financial value, with no allowance for inflation or net present value.
- Costs do not include allowance for repairs related to storms or weather events, which the Taieri Gorge line has experienced from time to time. Those costs would be additional.
- The estimated costs assume that the profile of activity and type of rolling stock used on the line are similar to DRL operations pre-Covid-19. This is explored further later in the paper.
- The estimates assume an objective of using the line for rail for longer than ten years.

Appendix 1, including the engineers' reports themselves, list assumptions and caveats in further detail.

ROLLING STOCK

DRL's rolling stock includes DJ Class locomotives and carriages as well as service and generator cars. The table below lists DRL's rolling stock and notes which items were kept in certification during hibernation and the *Trains Not Planes* promotion.

⁷ We have sectioned the track according to traditional stopping points for simplicity, but costs for parts of sections can be provided. The costs between Hindon and Flat Stream, for example, are approximately \$3.4m. This stretch of track includes features such as the Hindon Bridge and The Notches.

Table 1: DRL rolling stock

Type of rolling stock		No. owned by DRL	No. certified for use
Locomotives	DJ locomotives	6	4
	NZR 56-foot carriages	6	6
Carriages	NZR 56-foot buffet carriages	2	1
	Steel carriages	1	1
	Steel carriage - wheel chair access	1	0
	Steel buffet carriages	1	0
	50-foot carriages	2	0
	Wooden heritage carriages	6	0
	AO Carriages	4	0
	Generator wagon	1	1
Generator Cars	Pod Generator Car	1	1
	Generator car (leased)	1	0

DRL previously leased the Silver Fern railcar from KiwiRail. This was used for Seaside services and rail touring but was returned to KiwiRail in 2019 at their request. KiwiRail have since decommissioned and disposed of the Silver Fern railcar as it does not meet current required standards. DRL do not own any railcars.

CONDITION

DRL's hibernation team continue to maintain the rolling stock identified for operational use.

The maintenance of rolling stock focuses primarily on reconditioning existing parts and replacing parts where necessary. Rolling stock is subject to KiwiRail mechanical and maintenance codes which outline minimum standards to operate on the national rail network and are also subject to review by Waka Kotahi NZ Transport Agency.

While borders are closed, a minimum threshold maintenance plan has been used to keep the trains in certified condition. This costs approximately \$200,000 per annum across the rolling stock used in the *Trains Not Planes* promotion.

DRL has identified that under an open-border scenario, and regardless of route(s) used, it would propose keeping operational 10 carriages and 4 locomotives. Some of the surplus carriages and all of the locomotives would be kept for their spare parts; some other carriages could be divested⁸. The cost of maintaining a rolling stock fleet of this size is approximately \$500,000 per annum. A 10-year maintenance plan has been developed for the rolling stock.

Expected life of the rolling stock

The expected life of the rolling stock can be continually extended through a programme of continual maintenance. However carriages or locomotives could need to be replaced under certain scenarios, such as

⁸ Several organisations have signaled their interest to purchase or obtain surplus DRL carriages to be used for various purposes.

KiwiRail increasing the mechanical standard for operating rolling stock (e.g., a higher standard of impact protection) or if significant damage or breakage occurs to the rolling stock.

Although the likelihood is low in the next ten years, it is relevant in the context of possible Taieri Gorge line investment. The Taieri Gorge line's narrow tunnels mean the options for suitable rolling stock are limited. The existing DRL DJ locomotives are one of only a few locomotives that fit through the tunnels. Similarly, modern carriages manufactured or purchased by KiwiRail are too wide for the tunnels.

We have addressed these rolling stock dependencies in more detail under relevant options.

With regard to the rolling stock not currently in service:

- The wooden carriages are not certified for use as they do not meet current safety standards to operate on the national rail network (especially as they do not contain sufficient side or end-impact protection). They could be used on privately-owned heritage railway at a speed of up to approximately 25km/hr.
- Even though six operational DJ locomotives may not be required in future, DRL would keep all of them to use for spare parts.
- Three generator cars are required to ensure multiple trips can operate at the same time (one generator car for each train, plus a backup). DRL owns two generator cars and leases the carriage of the third generator car from KiwiRail.

OTHER ASSETS

DRL also owns various stations, sheds and huts along the Taieri Gorge line. This includes the station buildings at Hindon, Pukerangi, Sutton and Middelmarsh.

It is important to acknowledge the community approach that has been taken to these buildings – the community, for example, has held working bees to maintain certain buildings. While they may sit on DRL's balance sheet, there is a sense of community ownership of some of these assets.

Other assets held by DRL include workshop equipment for maintaining rolling stock, track maintenance equipment, hi-rail vehicles (including an excavator), office furniture and computers.

MANAGEMENT OF THE ASSETS IN HIBERNATION

Since 1 July 2020, a team of seven⁹ DRL employees has been tasked with maintaining the Taieri Gorge line and key rolling stock, under the supervision of DVML.

DCC approved budget of \$1.05 million to cover hibernation costs for the 18-month period July 2020 to December 2021.

The summary below shows the actual Year To Date (YTD) hibernation costs compared against the original budget estimate, with more detail provided in Appendix 2. These figures are exclusive of revenue or expenses relating to the *Trains Not Planes* summer promotion (which are set out on page 19 of this report and in Appendix 4).

⁹ This team started as six; a seventh team member was employed in October 2020 for extra track maintenance support.

Table 2: Hibernation budget vs actuals to date

	Original Budget to 31 Dec 2021 18 Months	Actual Year-to-date 31 Mar 2021 9 Months	Current Forecast to 30 Jun 2021 12 Months
Cash was provided from			
DCC grant	1,050,000	749,700	1,000,000
Other revenue	-	77,770	79,096
	1,050,000	827,470	1,079,096
Cash was disbursed to			
Asset related costs and maintenance	84,866	145,586	194,492
Occupancy costs	119,678	113,795	156,388
Salaries and other staff related costs	770,337	416,131	569,983
Administration and office related costs	46,133	55,326	64,002
Insurance	76,050	36,529	48,043
DVML management fee	-	90,000	120,000
Options evaluation costs	-	88,729	83,730
	1,097,064	946,096	1,236,638
Net cash inflows / (outflows)	(47,064)	(118,626)	(157,542)
Cash balance as at 1 July 2020	229,000	229,000	229,000
Closing cash balance	181,936	110,374	71,458

The original budget was set to break even over 18 months, with the budgeted net cash loss of \$47,000 to be covered by DRL's existing cash on hand.

The funding allocated for hibernation has had to cover additional unbudgeted costs:

- One-off costs relating to options evaluation (independent engineering advice, legal advice, consultancy costs)
- Additional asset and staff related costs associated with maintaining the Taieri Gorge Line¹⁰
- Costs of hibernation that were not anticipated when the original budget was developed:
 - A management fee to DVML to supervise hibernation operations, as DRL did not retain its own back office administration or marketing resource following its restructure
 - Some administrative costs such as tax and accounting advice and audit fees.

These costs have been partly offset by higher revenue¹¹ and unbudgeted cash on hand of \$229,000 as at 30 June 2020.

As the table indicates, however, the net result of this is the hibernation funding allocation is only likely to cover the period until 30 June 2021.

An initial budget has been developed for each short-listed option in this paper. These are presented on the basis that the required funding from Council would commence 1 July 2021. The budgets presented in the Options section have been developed based on the actual costs incurred over hibernation (and during the *Trains Not Planes* promotion). These budgets are broken down by the same line items to show how they compare with the FY2021 actuals set out above.

¹⁰ In April 2020 Council approved funding of \$1.05 million to support hibernation operations. The paper to Council noted that \$1.05 million did not allow for continued rail activity on the Taieri Gorge line; however, Council also requested basic maintenance of the Taieri Gorge line continue and this has occurred. The additional cost associated with this was estimated in the Council paper at \$300,000 over the 18-month period.

¹¹ DRL received an extension of the Government wage subsidy, leased an asset to KiwiRail and sold excess scrap metal, resulting in forecast unbudgeted revenue of \$79,096.

THE LONG LIST

DVML first developed a long list of options for the assets based on:

- Options already known to the previous board through their work towards a business turnaround plan
- Options identified during the Covid-19 period
- Feedback received during DRL's 2020 restructure process
- Ideas submitted by the community following announcement of hibernation
- Expressions of interests received through a publicly advertised process in August 2020
- Input from the Reference Group.

Long list options broadly fell into five categories (with some categories including several specific options or ideas):

1. Options that would see DRL retained in city ownership and continuing to operate trains under a more sustainable business model, potentially with ongoing ratepayer support
2. Options that would see DRL's assets retained in city ownership but trains operated via lease, joint venture or other collaboration with a third party
3. Options that would involve using Taieri Gorge line assets for a different purpose – for example, different vehicles or conversion to cycle track (noting these options could stand alone, or be combined with either of the first two categories)
4. Selling DRL as a company to an external party who may or may not continue train operations in the city long-term
5. Close the business and liquidate assets.

We acknowledge the many messages of general support for DRL received from the community during this period.

PROCESS OF MOVING FROM LONG LIST TO SHORT LIST

Short-listing options involved:

- Reviewing submissions received from the public Expressions of Interest process and
- Analysis of options from the Long List to ascertain their fit within scope and viability.

All options from the Long List, including all public expressions of interest, were considered by DVML. The Reference Group was used as a sounding board for creating the Short List.

Expressions of Interest received fell into two categories:

- putting forward ideas for how DRL assets could be used; or
- proposing how they would use DRL assets to operate their own activity (through lease or purchase of the assets).

The majority of those that expressed ideas for how to use DRL assets have been represented in the Short List, as these ideas tended to represent the widely known options.

Those that expressed interest in purchasing or leasing DRL assets with a view to operating their own activity were firstly assessed for their viability based on the contents of their proposal. Further discussions were then held with those that were possibly viable to obtain further details. The key criteria for assessing third parties was obtaining confidence about the viability of their proposal either through their prior experience or through the robustness of their proposal.

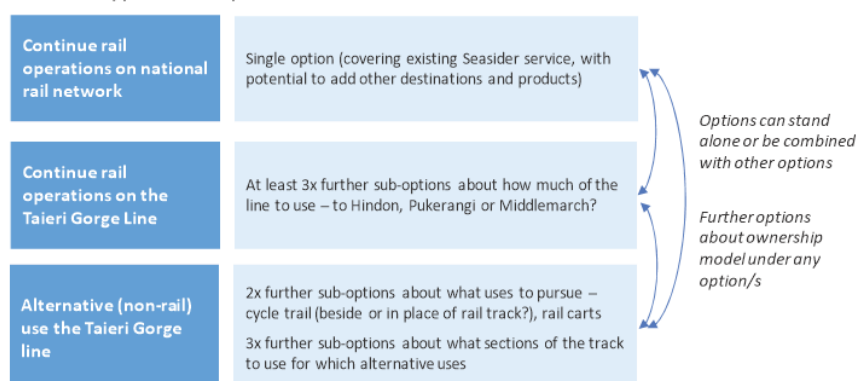
At the conclusion of the process one third party was identified for short-listing to operate or purchase the assets of DRL. Several parties were identified that have synergies with other options presented (for example, where they could operate an activity on certain sections of the Taieri Gorge line).

A summary of the Expressions of Interest process is available at Appendix 3.

CONSIDERATION OF THE TAIERI GORGE LINE IN SHORT-LISTING

The Taieri Gorge line creates a significant overlay across all options. The ability to consider different geographic sections of the Taieri Gorge line separately, and the ability to use the line for different purposes results in a theoretically large number of combinations of options available to Council. This is illustrated below:

Potential approaches to options forward for DRL assets



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We have therefore taken a pragmatic approach to short-listing. We have focussed on providing information to support Council's primary decision-making about DRL's future, which boils down to:

- Does Council wish to have continued train operations in the city?
- If so, should trains continue to operate on none, some or all of the Taieri Gorge line?

It is important to note at this point that no external party has expressed interest in taking over the lease of the Taieri Gorge rail corridor (except a community heritage group in relation to a small section of track between Middlemarch and Sutton/ Pukerangi).

THE ROLE OF *TRAINS NOT PLANES* IN OPTIONS DEVELOPMENT

In November 2020 Council agreed to underwrite the operation of tourist trains over the 2020/2021 summer season. This was marketed as a promotion titled *A Summer of Trains Not Planes* and commenced on 20 December 2020.

The data and insights resulting from this promotion have been valuable to the options development process. Products, pricing, and operating model data has informed the proposed budgets of various options. The promotion has also provided a useful point of reference for passenger numbers in a closed-border environment.

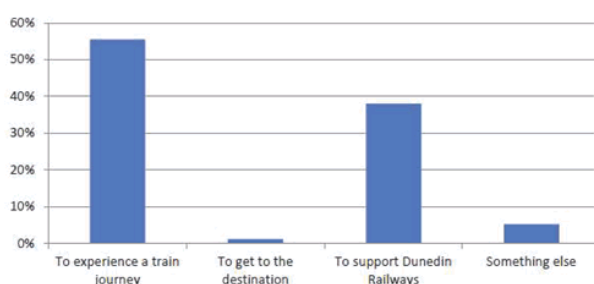


A SUMMER OF **TRAINS NOT PLANES**

DRL operated a total of 27 services over 15 weeks¹². Approximately 3,000 passengers travelled on *Inlander* services to Hindon and 2,800 passengers on *Seaside* services to Waitati. Every train that ran during the promotional period sold out; however, at no stage throughout the promotion did demand outstrip supply and additional capacity was not considered necessary.

Around two thirds of passengers were residents of Dunedin and the remainder visitors to Dunedin. Most visitors to Dunedin travelling on the train came from wider Otago, neighbouring regions (Southland, Canterbury) or Wellington or Auckland. The chart below shows survey feedback about respondents' motivation for choosing Dunedin Railways as an experience:

Fig 3: Survey feedback on motivation for choosing DRL as an experience



¹² Two services had to be cancelled due to Covid-19 Alert Level 2 restrictions.

Insights and learnings from the promotion have been incorporated into the design of the options that involve continued train operations. These are summarised below and covered in more detail in Appendix 4.

- *Trains Not Planes* was well received by the community. A very high overall satisfaction rating was achieved, and 94% of those surveyed indicated they would recommend the experience to family or friends.
- Destination collaboration and shared marketing enhances the event experience, as shown by the engagement with the Waitati community. There is opportunity to extend destinations included in further programmes.
- ‘Themed’ trains were successful and there is opportunity to run additional services of this type.
- If a promotion were to run again in the coming summer, there would likely be appetite to begin trains late November 2021 until the end of March 2022.
- Survey feedback suggests that services could potentially bear a higher ticket price, or that different pricing packages for different levels of service might be feasible.

However, as expected, a service of this type was not able to break even in the current domestic market. The table below shows the draft summarised cashflow for the promotion:

Table 3: DRAFT Summarised cashflow for *Trains Not Planes* promotion, 20 December 2020 to 28 March 2021

	Actual 1 Dec - 31 Mar 2021
Cash was provided from	
Sales revenue	189,197
	189,197
Cash was disbursed to	
Cost of sales	9,621
Asset expenses	60,263
Staff costs	80,544
Office expenses	46,158
	196,586
Cash inflows / (outflows)	(7,389)
DCC underwrite accessed	50,000
Net cash inflows / (outflows)	42,611

It’s important to note these figures are still draft. Final financials are still being prepared but it is expected some of the underwrite accessed so far will be repaid. We anticipate the final cost to Council of the promotion will be \$25,000-\$30,000.

It is important to remember that the table above shows the *additional* costs of the promotion – that is, the costs in addition to the existing hibernation operations, which were fully utilised in the promotion and were funded by Council at approximately \$167,000 over the period.

More detail on the promotion is provided at Appendix 4.

THE SHORT LIST

We have short-listed four primary options for Council consideration.

DCHL's role has been to investigate the options available to Council, and the costs of those options, in order to enable Council to make a decision about the level of investment they wish to make in DRL going forward.

This paper therefore does not present a preferred option. Rather, we have presented options in ascending order of the risk and cost to Council involved with each.

Short-listed options are listed below and summarised on the following pages.

1. Base Case: Close Dunedin Railways Ltd and sell assets
2. Sale or lease transaction with an external party to operate a train service
3. Retain a train operation in city ownership, using KiwiRail's national rail network only
4. Retain a train operation in city ownership, using both the national rail network and the Taieri Gorge line.

Alternative uses of the Taieri Gorge line, such as cycle trails, do not appear in this initial short list, because they are a possibility under any option. Potential alternative uses are explored in the next section of the paper and can be taken further should Council wish to do so, once primary decisions about DRL's assets have been made.

OPTION 1(BASE CASE): CLOSE DUNEDIN RAILWAYS AND SELL ASSETS

Description	Short term costs	Long term costs
<ul style="list-style-type: none"> DRL would be wound up. Rolling stock and other non-rail assets divested. Remaining 7.0 FTE to cease (timing TBA). Seek to exit lease of Taieri Gorge corridor early (unless pursuing alternative use of the line), with Crown consent. Some ongoing basic maintenance may be required depending on decisions about line use and lease negotiations. 	Up to \$146,000 <i>Subject to asset sale proceeds</i>	Nil <i>Subject to lease negotiations</i>

Option 1 is presented as a base case or “do nothing” option. Under this option, DRL would be wound up. Rolling stock and other non-track assets would be divested. The remaining 7.0 FTE hibernation team positions would cease (timing dependent on length of time taken to wind up).

SHORT TERM COSTS

We have allowed a budget of \$371,000 to cover the costs associated with the process of winding DRL up. This is based on a six-month allocation of existing hibernation actuals (as presented on page 15), less asset-related costs and maintenance, occupancy costs and options evaluation costs, and with a reduced management fee. There are timing dependencies on many of these costs, so should be considered an estimate only.

Wind-up costs would be at least partially offset by asset sale proceeds, chiefly from rolling stock assets. It is difficult to estimate likely sale proceeds. The type of rolling stock DRL owns rarely comes up for sale, let alone in the quantity of DRL’s fleet. We have used the current book value of DRL’s property, plant and equipment of \$225,000 as a proxy for potential asset sale proceeds but emphasise the potential for wide variance in this.

This gives a net potential short term cost of \$146,013 as shown below. This could be further offset depending on DRL’s cash on hand at the time this option is brought into effect.

Table 4: Wind-up cost estimate

	Budget Jul – Dec 2021
Cash provided from:	
Asset sales revenue	225,000
	225,000
Cash disbursed to:	
Asset related costs and maintenance	-
Occupancy costs	-
Salaries and other staff related costs	284,991
Administration and office related costs	32,001
Insurance	24,021
DVML management fee	30,000
	371,013
Net cash inflows / (outflows)	(146,013)

LONG TERM COSTS

DRL/DCHL would engage with the Crown regarding the sub-lease of the Taieri Gorge rail corridor.

The sub-lease does not require DRL to continue to operate a railway or maintain the track. DRL is also free to sell the track (with the Crown retaining option to purchase at "fair market price"). However, Crown consent would be required in order to:

- Use the land for any purpose other than railway operations;
- Terminate the sub-lease early (current term ends 31 December 2030); or
- Transfer or assign the sub-lease to another party.

The 'Nil' long term costs in the option summary are subject to being able to terminate or assign the sub-lease (including, for example, under the potential scenario of Council pursuing an alternative use of the line).

In the event that DRL were to cease operations, and the sub-lease was not terminated, assigned or amended in any other way – that is, if DRL retained its full sub-lease obligations – then it would be required to:

- ensure the tunnels, bridges and formations on the line do not become illegal or hazardous;
- keep the land, ditches, drains and watercourses in the same state of repair or condition as at 1 May 1992 (although DRL is not responsible for remedying reasonable wear and tear, or damage from natural causes such as earthquake or storm which cannot reasonably be prevented);
- keep the land free and clean from noxious plants and animals and fire hazards;
- prevent fires from spreading to adjoining properties; and
- comply with statutes and regulations regarding the use or occupation of the land.¹³

DRL would remain a PCBU of the rail corridor and would need to ensure health and safety of anyone on the land so far as is reasonably practicable.

The most practical solution in this scenario would likely be for DCC to fulfil DRL's obligations, either in-house or by outsourcing. We have not sought to quantify these costs but highlight them as a potential outcome of decision-making about line use and subsequent lease discussions.

¹³ Summarised from the sub-lease, clauses 4.1 to 4.3. Also note that DCC (as assignor) would have obligations under the sub-lease if DRL's obligations were not fulfilled.

OPTION 2: SALE OR LEASE TRANSACTION WITH AN EXTERNAL PARTY

Description	Short term costs	Long term costs
<p><i>Details are commercially sensitive and included in confidential attachment.</i></p> <ul style="list-style-type: none"> Proposal received from an external party proposing to utilise DRL assets to operate tourism rail service from Dunedin. Could take form of JV or outright purchase Party understands that they would be required to operate a tourist train service from Dunedin, and that rolling stock would need to stay in the city, as conditions of any arrangement 	<p>Commercially sensitive See confidential attachment</p>	<p>Nil on coastal routes only subject to lease negotiations</p> <p>\$6.5m+ over ten years if using Taieri Gorge line</p>

One formal proposal was received from an external party proposing to utilise DRL assets by operating a tourism rail service from Dunedin.

This party is open to discussions on possible arrangements, which could be structured as a Joint Venture (JV) or as an outright purchase of DRL's assets. If Council were to select this option, there would be further discussion and considerations of options and structures.

The external party understands that as a condition of any arrangement, they would be required to operate a tourism train service from Dunedin and that DRL's rolling stock could not be purchased and then moved to other locations outside of Dunedin.

The full proposal has been included as a **confidential** attachment due to commercial sensitivity.

As per Option 1, if Council chose to proceed with Option 2, and arrangements did not involve train operations on part or all of the Taieri Gorge line, then other uses of unutilised sections of track could be pursued (as explored later in this paper, and subject to sub-lease arrangements).

As per Option 1, the 'Nil' long term costs in the option summary are subject to being able to terminate or assign the sub-lease.

OPTION 3: RETAIN TRAIN OPERATIONS ON NATIONAL RAIL NETWORK ONLY

Description	Short term costs	Long term costs
<ul style="list-style-type: none"> A business model designed to break even in an open-borders environment While tourist numbers remain low, the current hibernation mode plus some services for the reduced market (like <i>Trains Not Planes</i>) would continue. Operations would be scaled up according to demand. Trains would run on KiwiRail's national rail network only (e.g. Seaside). The Taieri Gorge line would no longer be used or maintained for rail services. 	<p>\$1.579m p.a. while international tourism low</p> <p>Possibility of some offset from train operations revenue</p>	<p>Nil <i>subject to lease negotiations</i></p> <p>\$2.4m at risk over ten years in case of rolling stock replacement</p>

Under this option, DRL would continue to operate tourist train services on KiwiRail's national rail network.

This option has been designed to break even in an open-borders environment. This would mean no longer using the Taieri Gorge line for tourist rail – the renewals and maintenance costs over the next ten years simply cannot be funded by tourist rail revenue.

Under this option, DRL would look to exit the lease of the Taieri Gorge line and wind up associated assets, or DCC could explore non-rail uses for the line (explored later in this paper) – all subject to sub-lease obligations and/or Crown consent outlined under Option 1.

As per Option 1, the 'nil' long-term costs assume the sub-lease is terminated or assigned with no ongoing obligations for DRL. Budget for this would need to be revisited with Council if this were not the case.

OPERATING MODEL

Under this option, a core DRL team would continue the current hibernation operations and would also run limited train services, similar to *Trains Not Planes*, until borders re-opened. Operations would then be scaled up as demand required.

DRL would incur an annual operating budget of between \$1.305m to \$2.318m, depending on the stage of tourist market recovery. The model essentially runs on a continuum of tourist activity from "borders closed" to "borders open with a strong tourist market". The services, FTE count and costs according to three scenarios are set out on the following page.

The annual operating budget is higher than the FY2021 hibernation costs (as shown on page 15) because under this option, DRL would be operating regular passenger train services.¹⁴

¹⁴ The Option 3 operating budget is comparable to the FY2021 forecast hibernation costs (less options evaluation costs) of \$1.153m, plus *Trains Not Planes* costs of \$0.197m (noting *Trains Not Planes* only operated for three months). This gives a total of \$1.349m.

Option 3: Services, FTE count and costs according to three scenarios on continuum of tourist activity

Option 3 Scenarios	Borders closed	Borders open but visitor numbers low	Borders open and strong tourist market
Services	Summer: 2-3 trips / week Winter: 1 trip / month + charters / theme events	Summer: 4 trips / week Winter: 2-4 trips / month + charters / theme events	Summer: 8-10 trips / week Winter: 2-3 trips / week + charters / theme events
FTE	7.75	9.5	18.5
Total annual operating costs	\$1,305,000	\$1,579,000	\$2,318,000
Forecast annual revenue	≤\$250,000	Increase over time from ≥250,000 to \$1,579,000	\$2,318,000
Funding required from Council	up to \$1,305,000	up to \$1,579,000 Decrease over time to \$0	\$0

Uncertainty remains about the timing of international visitation returning to pre-COVID numbers in Dunedin. We understand the Trans-Tasman market is likely to return to similar pre-COVID numbers over the next 6-12 months, which is supported by the Government's recent announcement of a trans-Tasman bubble opening from 19 April 2021.

This paper therefore assumes that if Council select this option, it would commence operations sized to the middle column on the table above (with a \$1,579,000 annual budget) from 1 July 2021. Given Dunedin is likely to experience some (albeit low) international tourist activity in the 2021-2022 summer, starting at the \$1.579m level would be advisable to help mitigate skilled staff recruitment challenges.

In the longer term, is anticipated that it will be at least 2023/24 before all of New Zealand's former international visitor markets (other than Australian) return to pre-COVID numbers, and DRL would look at scaling up to the far-right column on the table above.

The operating budget for this option (and Option 4) breaks down as follows:

Table 5: Option 3 and 4 Operating Budget¹⁵

	Option 3 or 4 Short-Term Forecast from 1 Jan 2022 Borders open / numbers low	Option 3 or 4 Short-Term Forecast from 1 Jan 2022 Borders open / strong market
Expenses:		
Asset related costs and maintenance	329,356	499,256
Occupancy costs	171,622	171,622
Salaries and other staff related costs	642,100	1,211,600
Administration and office related costs	72,344	72,344
Marketing	110,000	110,000
Insurance	53,600	53,600
DVML management fee	200,000	200,000
Total cost	1,579,022	2,318,422

¹⁵ DVML have provided this estimate of staff resource required to supervise operations under Option 3 or 4; this is subject to further discussion.

While international tourism activity remains low, Council would need to commit to financial support of up to \$1.579m per annum. It may be possible to offset some of this with domestic or trans-Tasman market revenue, but this is not expected to exceed \$250,000 p.a., based on the *Trains Not Planes* experience.

The model assumes DVML continues to provide marketing, ticketing and management support services (included in the operating budget).

Under this option, rolling stock maintenance is kept at low levels in early years (starting at \$200,000 p.a.), gradually rising to the optimum annual cost of \$500,000 p.a..

This is a much slimmer version of DRL than its operations pre-Covid-19. As a point of reference, DRL operated in FY2019 with a staff of approximately 74. Total expenses were \$9.3 million and revenue \$8.7 million¹⁶.

TICKET SALES AND PRICING

The following table illustrates how many ticket sales would be required at various ticket price points in order for this model to break even.

The only product that DRL currently operate on KiwiRail's national rail network is the Seaside, which travels to Waitati. Other destinations or products could be developed (e.g. Moeraki, Oamaru, Balclutha). We have therefore modelled a range of ticket prices, showing the volume required to break even at each.

It's important to note the sensitivity of the break-even point to the mix of adult and child tickets. For example, in the *Trains Not Planes* promotion, the Seaside service tickets were \$38 (adult) and \$18 (child). Inlander tickets were \$55 (adult) and \$25 (child). 22% of all tickets sold were child tickets. The overall average price for the promotion was approximately \$31.38¹⁷. Future tourist seasons, with more international tourists, may well have a higher weighting towards adult passengers (and a higher average ticket price).

This analysis is provided as indicative only. It is envisaged that a future re-started DRL would make final decisions about products and prices, depending on tourism numbers and market appetite at the time.

Table 6: volume of ticket sales required to break even at various ticket prices

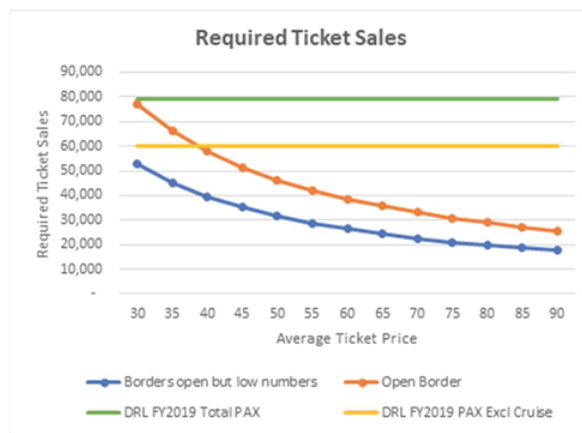
Average ticket price	Sales volume required to break even	
	Borders open but low visitor numbers. Budget \$1.579m p.a.	Borders open and strong tourist market. Budget \$2.318m p.a.
\$30	52,633	77,266
\$40	39,475	57,950
\$60	26,316	38,633
\$80	19,737	28,975
\$100	15,790	23,180

¹⁶ From tourist train operations. There was a further \$0.6 million of revenue that year associated with contract work on rolling stock. See DRL 2019 Annual Report.

¹⁷ Total revenue \$183,000 / total tickets sold 5,831.

This is also shown on the graph below.

Fig 4: Required ticket sales to break even at various price points



As a point of reference, approximately 2,800 Seaside tickets were sold during the 15-week *Trains Not Planes* promotion at \$38/\$18. As noted, the service was strongly supported by locals and it is difficult to know how many would repeat the journey year on year.

DRL sold 18,170 Seaside tickets in FY2019 at \$60 per ticket (with lower promotional pricing on selected days).

Although this model forecasts some tourists coming from cruise ships under the open-borders scenario, it does not assume any specific products aimed at the cruise market that earn a higher margin relative to others, because of the uncertainty around the timing, volume and nature of the future cruise market. A future DRL could look into the potential business case for cruise-specific products as appropriate.

ROLLING STOCK CONSIDERATIONS

As noted in the Overview of Assets section, the expected life of DRL's rolling stock can be continually extended through a programme of continual maintenance, but replacement of carriages or locomotives could be required under certain scenarios.

There is possibility that this could not be funded from within the break-even model and would require additional Council support. We have therefore listed a potential further "at risk" cost of \$2.375m under this option. This would allow for replacement of one locomotive (at an estimated \$0.675m) and four carriages (at an estimated \$0.425m each).¹⁸

Although an "at risk" cost for rolling stock is listed under both Option 3 and Option 4, the rolling stock is in some ways a more critical asset under Option 4, because of the investment Council would be making in the Taieri Gorge line. Realising the (non-financial) benefits of that investment would be reliant on having rolling

¹⁸ Rolling stock replacement costs are lower under this option than Option 4, because the size limitations of the Taieri Gorge line tunnels do not apply under this option, giving greater choice in rolling stock. However, choice and cost of stock would still be dependent on what was available in the market at the time and costs are estimates only.

stock that could operate on the line. The reliance on rolling stock to realise benefits does not exist to the same extent under Option 3.

RISKS AND DEPENDENCIES

The key risks and dependencies of Option 3 are outlined in the following table.

Risk & dependency area	Risk & dependency description
Budgeted expenditure	The budget has been developed using the experience gained from the <i>Trains Not Planes</i> promotion, however there is a risk of additional costs occurring in as-yet unknown areas as this business is operating at a significantly different (smaller) scale than pre-hibernation.
Resourcing	This business model with a smaller workforce relies on each staff member performing multiple duties (not one specific role each which was the case pre-hibernation). DRL is aware it needs to retain staff that are able to perform a mixed role. Certain key roles, such as licensed train drivers, are also in short supply.
COVID and tourism	Any resurgence of COVID within New Zealand will have a direct impact on the patronage of the train service. In addition, there is continued uncertainty about when further travel bubbles may open with countries other than Australia, which will have a direct impact on revenue.
Rolling stock	Maintaining a fleet of accredited rolling stock is essential. A maintenance programme is in place and needs to continue. As noted under the Overview of Assets, replacement of carriages or locomotives could be required under certain scenarios, such as KiwiRail increasing mechanical standards or if significant unanticipated damage or breakage occurs. There is possibility that this could not be funded from within the break-even model and would require additional Council support. Included as an "at risk" cost under the option.
National rail network access	DRL is dependent on KiwiRail agreeing to provide access to the national rail network for the days and times required. There have been some difficulties historically in obtaining access to sections of the network, especially at Port Chalmers due to overlap with freight trains. Mitigation includes scheduling trip times well in advance (months in advance) and maintaining relationships with KiwiRail.
Workshop	DRL workshop in Cumberland Street, Dunedin, is currently operating on a month-by-month lease as the owner, KiwiRail, have not agreed to longer terms due to their desire to use the premise for other activity, however no timeline or certainty on this has been provided by them. If Dunedin Railway were required to move from this premise, cost would be involved in establishing a new workshop elsewhere.

OPTION 4: RETAIN TRAIN OPERATIONS ON NATIONAL RAIL NETWORK AND TAIERI GORGE LINE

Description	Short term costs	Long term costs
<ul style="list-style-type: none"> A business model designed to break even in an open borders environment, other than renewals and maintenance of the Taieri Gorge line, which would require additional funding from Council While tourist numbers remain low, the current hibernation mode plus some services for the reduced market (like Trains Not Planes) would continue. Operations would be scaled up according to demand. Taieri Gorge line costs range between \$6.5m-\$14.8m depending how much of the line was used (e.g. whether travelling to Hindon, Pukerangi or Middlemarch) 	<p>\$1.579m p.a. while international tourism low</p> <p>Possibility of some offset from train operations revenue</p>	<p>\$6.5m+ over ten years</p> <p>Further \$2.8m at risk over ten years in case of rolling stock failure</p>

Under this model, DRL would continue train operations on both KiwiRail's national rail network and the Taieri Gorge line. The costs of renewals and ongoing maintenance of the Taieri Gorge line would require annual financial support from Council, even in an open-borders environment.

The level of ongoing financial support required is summarised as \$6.5m+. \$6.5m is the cost to renew and maintain the line as far as Hindon; costs increase further if train operations were to continue further inland to Flat Stream, Pukerangi or Middlemarch.

Aside from the expense involved in operating and maintaining the Taieri Gorge line, this option would operate under the same model and assumptions as Option 3. That is, the core team would be the same size and the model is expected to break even at the same intersections of ticket price and volume sold. This option can be considered the same as Option 3, but with Council funding maintenance of the Taieri Gorge line on an ongoing basis.

COSTS OF TAIERI GORGE LINE ASSET RENEWAL AND MAINTENANCE – NEXT TEN YEARS

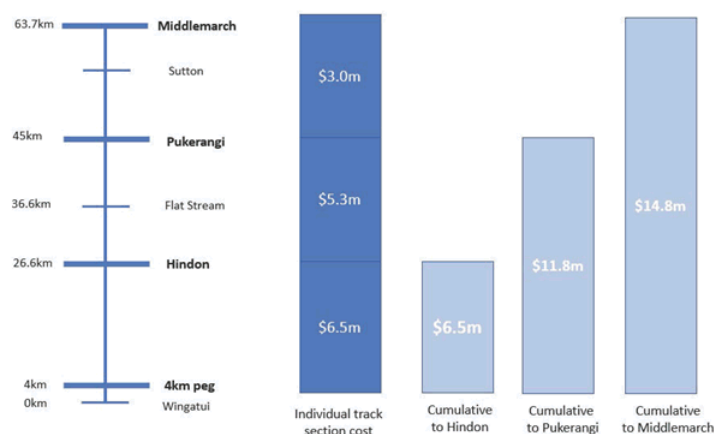
The ten-year Taieri Gorge line asset renewal and maintenance costs, as set out in the asset overview section, are repeated below for ease of reference.

Appendix 1 provides more detail on these costs, including what they cover, how they are spread over ten years, and what assumptions they are subject to, as well as the independent engineers' reports that underpin them.

We do not expect that the additional investment to renew and maintain the line to Pukerangi, Sutton or Middlemarch (for example) would materially influence the revenue the model would earn, either by volume or price – that is, we do not believe there would be significant financial return on the incremental investment of \$5.3m or \$3.0m to maintain the line beyond Hindon (for example).

If rail operations were only to continue on part of the Taieri Gorge, alternative uses could be investigated for remaining sections of the line (see next section).

Fig 5: Cost of 10-Year Asset Renewals & Maintenance Programme, by track section¹⁹



TAIERI GORGE MAINTENANCE BEYOND THE 10-YEAR PERIOD

We also requested advice on the longer-term requirements of Taieri Gorge line assets.

The independent bridge engineer estimates that between year 10 and year 30+, the cost of repairs and renewals for the bridge structures will be approximately \$10.385m at present day costs.

Tunnels are not expected to create significant additional maintenance costs in the 10-30-year period, beyond that described above.

The long-term track repair and replacement programme is likely to mirror the 10-year programme of work, which equates to approximately \$1m per annum, at present day costs, across the 64km of the line.²⁰

This gives a combined and averaged Renewals and Maintenance Programme cost (bridge, track and associated infrastructure) of approximately \$1.5 million per year (in today's dollars) between Year 10 and Year 30 of operations under this option.

ROLLING STOCK CONSIDERATIONS UNDER THIS OPTION

As with Option 3, although the expected life of DRL's rolling stock can be continually extended, replacement of carriages or locomotives could be required under certain scenarios. This could require additional Council support.

¹⁹ As noted earlier in the document, these estimates are provided at current value, with no allowance for cost inflation of net present value. The costs also do not include allowance for storm or weather event-related repair costs. Costs assume the profile of activity and type of rolling stock used on the line are similar to DRL operations pre-Covid-19. Estimates also assume an objective of using the line for rail for longer than ten years. See Appendix 1 and engineers' reports for further assumptions and caveats. As also noted above, costs for sub-sections can be provided if required. The cost between Hindon and Flat Stream, for example, is estimated at \$3.4m.

²⁰ Maintenance costs are reported in the Appendix 1 Renewals and Maintenance Programme as \$9.281m between Year 1 to 10, as such an average cost of \$982,100 per annum.

We wish to highlight the rolling stock as a critical asset in the event that Council chose to make the long-term investment in the Taieri Gorge line proposed in this option.

Although Option 3 also includes an “at risk” element for rolling stock replacement, this is more complex under Option 4 because of:

- the size limitation of the Taieri Gorge line tunnels, which limits rolling stock choices, and
- the investment Council would be making in the Taieri Gorge line and the reliance on rolling stock to realise the (non-financial) benefits of that investment.

We have proposed an “at risk” cost of \$2,800,000 over ten years to be factored into the costs of this option. This is based on assumptions to purchase and recondition four carriages and one locomotive. These are at a higher cost than under Option 3, because of the more limited choices in stock.

RISKS AND DEPENDENCIES

The key risks and dependencies of Option 4 are outlined in the following table:

Risk & dependency area	Risk & dependency description
Significant weather events	Historically, the Taieri Gorge is known to have been impacted by significant adverse weather events which result in costly repairs. Over time the company would aim to strengthen its balance sheet to fund these, but there would be a risk that further Council support may be called on in the event of significant damage to the line.
Taieri Gorge infrastructure costs	The cost of Taieri Gorge infrastructure maintenance and renewals has been determined using independent engineers to provide greater certainty, however there is risk that costs may change over time due to increased (or decreased) degradation of infrastructure. These costs are also subject to any future changes in market demand, such as possible increased construction sector costs in future years.
The risks and dependencies identified under Option 3 also apply to Option 4. The area that those risks or dependencies addressed is: Budgeted expenditure; Resourcing; COVID and tourism; Rolling stock; National rail network access.	

POSSIBLE STRUCTURES UNDER OPTION 3 OR 4

If Council chose to proceed with Option 3 or Option 4, further advice would be provided about options for entity structure. A Council Controlled Organisation (CCO) model owned either by DCHL or directly by Council, with a small independent board would most likely be most appropriate, but other structures could be considered depending on Council's objectives for the company and funding mechanism.

Governance costs have not been included in the budgets above.

POSSIBLE ALTERNATIVE USES OF UNUSED SECTIONS OF THE TAIERI GORGE LINE

As indicated earlier in the paper, there are options available to utilise any sections of the Taieri Gorge that are not used for rail services. These are not presented as short-listed options in their own right because they are a possibility under any short-listed option.

Alternative uses of the line can be considered:

- As stand-alone options;
- In combination with any of 2, 3 or 4 (see comments below about investment requirements of the Taieri Gorge line); or
- In combination with each other.

Potential alternative uses are explored below and can be taken further should Council wish to do so, once primary decisions about DRL's assets have been made.

In exploring these options it is acknowledged that the Taieri Gorge offers both a significant scenic tourism attraction and is also a unique connection corridor between Dunedin and the Middlesmarch community, and with the Otago Central Rail Trail.

This section looks at the possibilities of conversion to cycle trail (or adding cycle trail alongside), using alternative rail vehicles such as Rail Carts on the Taieri Gorge Line, and enabling a proposed community rail project on part of the line.

CYCLE TRAIL

A cycle trail is a possible option on all or some of the sections of the Taieri Gorge.

There is one section where both a cycle trail and train can operate in parallel, between Middlesmarch and Pukerangi (where it is open farmland with a wide rail corridor). In all other sections the rail track would need to be removed to convert it to a cycle trail.

A cycle trail from Middlesmarch would link to or essentially extend the popular Otago Central Rail Trail, which attracts approximately 80,000 cyclists each year, of which approximately 15,000 cycle the full trail length.

The design and construction of cycle trails is overseen by the Ministry of Business, Innovation and Employment (MIBE) in conjunction with the New Zealand Transport Agency (NZTA) through the Nga Haerenga New Zealand Cycle Trail fund. This cycle trail fund allows applicants to apply for up to 50% of funding for the design and construction costs, with the remaining required to be funded through local Councils, charitable organisations and private groups.

Access to funding is governed through a formal process, of which undertaking a feasibility study is the initial formal step. The feasibility study is a comprehensive assessment of the proposed trail and looks at aspects such as the gradient and difficulty of the proposed trail (which influences the target riders), the scenery to attract riders to the trail, the connections of the proposed trail to other cycle networks or the ease of access for people to start the trail, and the supporting facilities for riders on the trail (such as cafes and accommodation for multi-night trails). We offer the following commentary on those aspects:

The Taieri Gorge is known for its attractive scenery and it has a link to the Otago Central Rail Trail through Middlesmarch.

If a full length of the Taieri Gorge was used for a cycle trail, at 60km from the 4km peg to Middlesmarch, accommodation and food outlets would be required along the trail as the average tourist cyclist completes

approximately 30km in a day (an advanced cyclist would complete 60km in a day). These types of services were established in the Otago Central Rail Trail by private operators at similarly distant locations such as Ophir and Lauder.

A cycle connection from the 4km peg towards Dunedin could be established, linking to existing ideas for the use of Chains Hill tunnel and the Caversham tunnel as cycle connections between Mosgiel and Dunedin.

The most significant undertaking, in addition to removing the rail sleepers, will be to ensure appropriate safety barriers are constructed along the bridges and steep cliff sides throughout the Taieri Gorge.

The cost of maintaining the Taieri Gorge infrastructure would be radically different under a cycle trail model when compared to a train operation model, as no train track maintenance costs would be required. The re-coating of bridges for long-term viability and the time-dependent deterioration of timber components would still need to be addressed, although the timing of when the work is required would be different for certain components (work can be spread over a longer period of time).

Construction costs for converting all or some of the Taieri Gorge to bike trails is difficult to assess without performing a formal feasibility study, however information is available on the cost of other cycle trail developments in New Zealand. For comparison (and noting the wide variability in projects), the new Lake Dunstan cycle trail between Clyde and Cromwell (54km) is budgeted to cost \$6.5m. The Old Ghost Road trail on the Westcoast also cost approximately \$6.5m to design and construct (85km trail).

For the section where a cycle trail could run parallel to the train track, there is a point at Matarae, (which is prior to Pukerangi when cycling from Middlemarch), where the train track departs from being parallel to the road. The train track continues along an easy incline whereas the road climbs a steep hill. At this point a decision will be needed if a cycle track continues up the hill (a difficult cycle) or moves onto the rail line (for which the line will need to be removed). If cycling by road, cyclists would meet up with the track again at Pukerangi.

A formal feasibility study will be required to be conducted, using the MIBE guidelines, to fully assess the variables of a cycle trail on all of some of the Taieri Gorge.

The Otago Central Rail Trail Trust has expressed interest in making an application for funding for feasibility work on cycle trail conversion.

RAIL CARTS

Rail Carts can be compared to a modified golf cart which can operate on a railway track. A rail cart could be used along all or a section of the track.

The vehicles can be modified to have rolldown sides and windscreen roofs; they can be petrol or converted to electric (tunnel consideration of petrol fumes); track maintenance required is considerably less.

Options are available where multiple tourist carts would operate with a lead tour guide. Safety barriers would be required at certain scenic viewpoints along the line.



The cost of converting a golf cart to a rail cart (holding six people) is approximately \$50,000 per cart (including the purchase of the golf cart). A rail cart tour would utilise approximately five carts, which would hold 30 people including the tour guide(s), at a total cost of \$250,000.

Key elements of a rail cart operation to note are:

- Safety barriers are required for construction on, at a minimum, any areas where tourists would get out of the cart beside a steep cliff or on a bridge. It would need to be assessed if safety barriers are required on all steep cliffs and all bridges that the cart travels through.
- The passenger numbers of approximately 30 limit the amount of revenue that can be achieved (a rail cart operation is not deemed to be a large business model).
- If a rail cart was operational between a section of track such as Flat Stream and Pukerangi (or Matarae) it would need to ensure sufficient connections for its passengers to get to their next destination (and initially arrive from their first location). A connection with a train service would need to ensure timely scheduling otherwise tourists could be left waiting.

We have not sought to quantify track maintenance or renewal costs for Rail Carts (compared with the costs outlined under Option 4 for DRL's existing rolling stock).

MIDDLEMARCH COMMUNITY GROUPS

The Strath Taieri Heritage Park and Project Steam group are two community groups based in Middlemarch that have expressed interest in DRL's assets, specifically for use in and around Middlemarch.

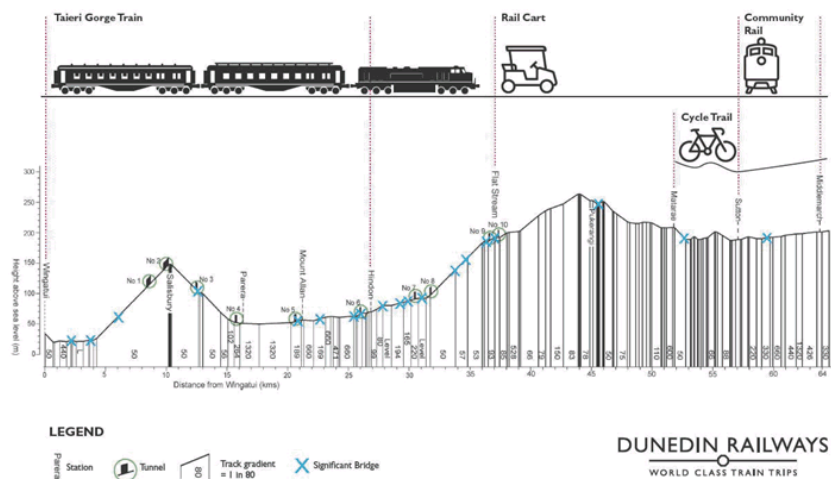
The Strath Taieri Heritage Park group work alongside several Middlemarch organisations including Project Steam. Project Steam have requested to lease the section of track between Middlemarch and Sutton to use for heritage tourism rail trips (and then expand to Pukerangi in future years), which they would operate from Middlemarch (under their own costs). They have also requested to lease the Middlemarch Station and other DRL infrastructure located at Middlemarch to use for the heritage activities.

The Council will need to first decide on one of the options contained in this paper. That outcome will then impact the availability of track and assets to be leased (this would also be subject to lease agreements and consents). There has also been considerable interest from other third parties in purchasing the heritage rolling stock (especially heritage carriages), therefore a process will need to be formalised if the decision is made to release this stock from DRL. More information on this is presented under Appendix 6.

COMBINING OPTIONS

The graphic below provides an example of a possible combination, where a train trip operates to Hindon or Flat Stream, a rail cart operates between Flat Stream and Matarae, and a cycle trail operates between Matarae and Middlemarch, in parallel with a community run historic train operation.

Fig 6: Potential combination of uses of Taieri Gorge Line



CONCLUSION

This paper proposes a number of possible ways forward for DRL as a city asset.

We have sought to focus Council's decision-making on the key primary questions of:

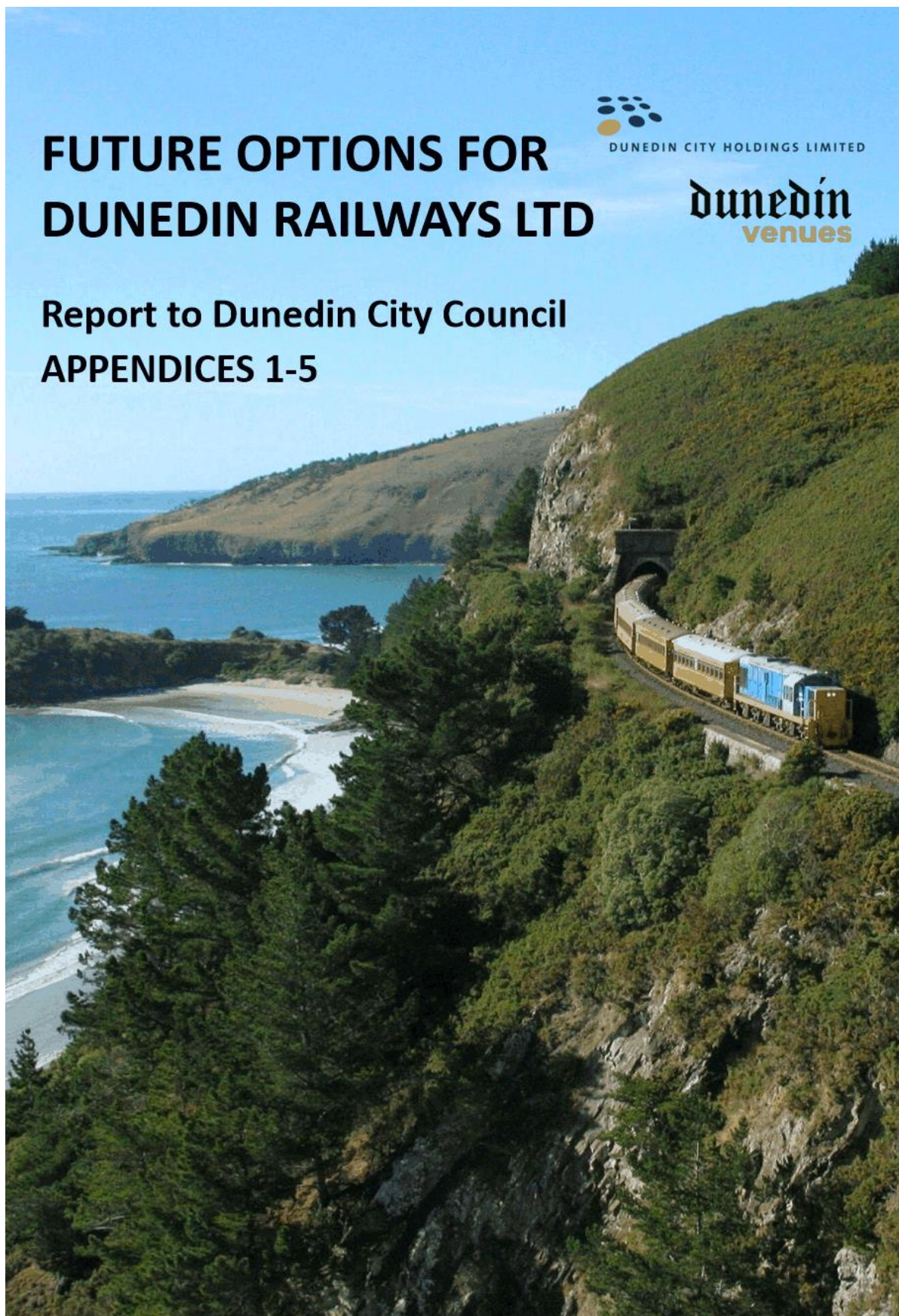
- Does Council wish to have continued train operations in the city?
- If so, should trains continue to operate on none, some or all of the Taieri Gorge line?

The four short-listed options take a cost- and risk- based approach to those questions, with potential flexible "add-ons" offering opportunity for Council to explore other ventures that help them achieve their goals for the city.


All options will require financial support from Council, in either the short and/or long term, as summarised on page 5. Funding will be required in the coming financial year (commencing 1 July 2021).

Some costs under some options are difficult to quantify in advance, and once Council has made initial decisions, we expect to revert to Council with more refined plans and, in some instances, budgets.

Expedient decisions will enable the company to ensure resources and funding are applied as efficiently and prudently as possible. We look forward to supporting Council's consideration of Dunedin Railways' future.



FUTURE OPTIONS FOR DUNEDIN RAILWAYS LTD


DUNEDIN CITY HOLDINGS LIMITED

dunedin
venues

**Report to Dunedin City Council
APPENDICES 1-5**

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APPENDIX 1: TAIERI GORGE LINE INVESTMENT REQUIREMENTS

As part of the options evaluation process, independent engineers were engaged to undertake a thorough assessment of the condition of key assets, and to provide advice as to the maintenance and renewals programme required, the priority order of work, and an estimated cost for repair or replacement.

The table below sets out a summary of the general condition of line assets identified by the independent engineers, organised by infrastructure type.

Asset category	Condition of asset
Bridge structures	<p>The major cost with bridge structures is corrosion protection. If the bridges on the Taieri Gorge Line are not programmed to be recoated, current surface corrosion will worsen which eventually will impact the structural integrity of the bridge. To mitigate the risk of corrosion occurring, bridge structures must be recoated.</p> <p>The current coatings on some bridges throughout the Taieri Gorge have significantly deteriorated with others not far behind. The last major recoating on these structures occurred in the 1960's.</p> <p>It is noted that the structures have lasted well over time due to the relatively benign corrosion environment along the branch (with the upper Middlemarch end being the most benign environment).</p> <p>The structures do need recoating work to commence to preserve the assets in the long term. The structures are complicated to scaffold and coat.</p> <p>A recoating programme for the structures has been recommended. The timing of the Wingatui Viaduct project can be adjusted, but others need to occur as written to preserve the long-term viability of the assets.</p>
Track sleepers	<p>All timber sleepers used on the track have a limited life, and all railways have to adopt a regular renewals program to maintain the structural integrity of the track. There are approximately 100,000 sleepers throughout the 64km of the Taieri Gorge line.</p> <p>Sleeper replacement was increased after 2016, but only to a level sufficient to keep up with the rate of sleepers failing. There are still substantial sleeper replacement required and this spot replacement program will need to continue. The Pukerangi to Middlemarch section has the most significantly degraded track sleepers requiring replacement.</p>
Railbeams	<p>The railbeams run longitudinally to the bridge structure and many are at a stage where decay is progressing, and a replacement programme is necessary to ensure they remain safe.</p>
Tunnels	<p>No significant tunnel renewals or repairs has been identified by the engineers, although it is noted a number of tunnels have lateral cracking and as such, a continuous monitoring system has been in place since 2017, and there has not been any sign of significant movement during this timeframe.</p> <p>Some tunnels have poor drainage which contaminates the ballast and effects the track conditions within the tunnel.</p>
Weed spraying and scrub cutting	<p>Weed spraying and scrub cutting is required over the entire line to ensure the growth does not encroach on the track. The lower section of track (Wingatui to Hindon) will require more maintenance than the Middlemarch end due to the nature of vegetation in place.</p>
Vehicle fleet	<p>The hirail trucks are considerably aged, incur increasing maintenance cost and require replacement.</p>

The outline below summarises the work required by section of the track:

			Key infrastructure	Summary comment on condition and requirements	Cost over 10 years
64km		Middlemarch			
		Sutton	<ul style="list-style-type: none"> No tunnels 2 significant bridges 	<ul style="list-style-type: none"> Running speed restricted to 25 kph due to the lower quality of many hardwood sleepers which, due to their age, require programmed maintenance Extensive sleeper replacement programme throughout the section is required to improve track quality and increase speed to 40kph 	\$3.0m
		Matarae			
45km		Pukerangi			
		Flat Stream	<ul style="list-style-type: none"> 4 tunnels: from 54m to 103m length 8 significant bridges Flat Stream viaduct 125m length 	<ul style="list-style-type: none"> 5x bridges require recoating over 10-year period 4x bridges require replacement railbeams and sills/corbels over 10-year period Retaining wall repairs required at multiple sites Sleeper replacement programme of 1,000 sleepers per year recommended for this section 	\$5.3m
36.6km					
26.5km		Hindon			
		Wingatui	<ul style="list-style-type: none"> 6 tunnels: from 66m to 437m length (Salisbury) 7 significant bridges Wingatui Viaduct – 197m length 	<ul style="list-style-type: none"> Wingatui Viaduct (Bridge 5) requires recoating in medium term (~10 years) for long-term viability - a major project. Recommended to replace Bridge 4 and 5 railbeams as high priority Bridge 2 (Mill Creek) (15m) requires replacement within 5 years Re-alignment of a 70m section of the track which has slumped due to heavy rainfall in 2017. Sleeper replacement programme of 1,000 sleepers per year recommended for this section No major repairs identified for tunnels, but ongoing maintenance of drainage required 	\$6.5m
0km		Dunedin			

The table below shows the ten-year costs split between Renewals and Maintenance work, for each geographical section of the Taieri Gorge line.

A detailed 10-year Asset Renewal and Maintenance Programme has been developed for the line. Inputs include:

- DCL Consulting report of structure renewals required across bridges, tunnels and track.
- Armstrong Track Consultants report of maintenance required on the track.
- The current Dunedin Railways Asset & Infrastructure Manager was involved in the development of the 10-year Renewals and Maintenance programme
- Peer-review of the combined summary information in this report also occurred through use of an experienced rail specialist with in-depth knowledge of the Taieri Gorge track history.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total
3.5km to Hindon											
Structure Renewals	\$ 266,700	\$ 67,500	\$ 187,500	\$ 229,500	\$ 434,500	\$ 328,500	\$ 21,500	\$ 7,500	\$ 20,000	\$ 407,500	\$ 1,970,700
Maintenance	\$ 421,356	\$ 416,356	\$ 477,356	\$ 479,215	\$ 479,216	\$ 449,217	\$ 449,218	\$ 449,219	\$ 449,220	\$ 449,221	\$ 4,519,595
Total 3.5km to Hindon	\$ 688,056	\$ 483,856	\$ 664,856	\$ 708,715	\$ 913,716	\$ 777,717	\$ 470,718	\$ 456,719	\$ 469,220	\$ 856,721	\$ 6,490,295
Hindon to Pukerangi											
Structure Renewals	\$ 73,000	\$ 122,000	\$ 431,000	\$ 248,000	\$ 491,000	\$ 479,000	\$ 509,000	\$ 212,000	\$ 261,000	\$ 62,000	\$ 2,888,000
Maintenance	\$ 207,080	\$ 207,080	\$ 207,080	\$ 245,531	\$ 245,532	\$ 245,533	\$ 268,534	\$ 268,535	\$ 268,536	\$ 268,537	\$ 2,431,981
Total Hindon to Pukerangi	\$ 280,080	\$ 329,080	\$ 638,080	\$ 493,531	\$ 736,532	\$ 724,533	\$ 777,534	\$ 480,535	\$ 529,536	\$ 330,537	\$ 5,319,981
Pukerangi to Middlemarch											
Structure Renewals	\$ 19,950	\$ 4,750	\$ 4,750	\$ 19,750	\$ 4,750	\$ 4,750	\$ 29,750	\$ 14,750	\$ 14,750	\$ 4,750	\$ 122,700
Maintenance	\$ 398,680	\$ 244,580	\$ 244,580	\$ 283,181	\$ 283,181	\$ 283,181	\$ 283,181	\$ 283,181	\$ 283,181	\$ 283,181	\$ 2,870,110
Total Pukerangi to Middlemarch	\$ 418,630	\$ 249,330	\$ 249,330	\$ 302,931	\$ 287,931	\$ 287,931	\$ 312,931	\$ 297,931	\$ 297,931	\$ 287,931	\$ 2,992,810
Total line: 3.5km to Middlemarch											
Structure Renewals	\$ 359,650	\$ 194,250	\$ 623,250	\$ 497,250	\$ 930,250	\$ 812,250	\$ 560,250	\$ 234,250	\$ 295,750	\$ 474,250	\$ 4,981,400
Maintenance	\$ 1,027,117	\$ 868,017	\$ 929,017	\$ 1,007,928	\$ 1,007,930	\$ 977,932	\$ 1,000,934	\$ 1,000,936	\$ 1,000,938	\$ 1,000,940	\$ 9,821,687
Total line 3.5km to Middlemarch	\$ 1,386,767	\$ 1,062,267	\$ 1,552,267	\$ 1,505,178	\$ 1,938,180	\$ 1,790,182	\$ 1,561,184	\$ 1,235,186	\$ 1,296,688	\$ 1,475,190	\$ 14,803,087

Notes:

- Maintenance:
 - Includes the FTE for the track maintenance team; additional FTE is included as the maintenance extends to Pukerangi and then Middlemarch.
 - Maintenance activity and costs are from Armstrong Track Consultants, in combination with the Dunedin Railways Asset & Infrastructure Manager, and an additional peer-review from a rail specialist.
- Structure Renewals:
 - Majority relates to bridge structures, however includes other associated infrastructure; from DCL Consulting.

Taieri Gorge Maintenance Beyond the 10-Year Period
Structure Renewals

The table below shows the Structure Renewals identified by DCL Consulting in their report. It has been republished here for clarity to show the total cost of each geographical section of track and the overall total of \$10,385,000.

Note: the costs in this table apply to structure renewals only. The additional cost for the long-term track maintenance programme is likely to mirror the 10-year programme of work, which equates to approximately \$1m per annum, at present day costs, across the 64km of the line.

	10 - 20 years	20 - 30 years	30+ years	Total
RECOAT				
3.5km - HND	\$1,000,000	\$1,480,000	\$0	\$2,480,000
HND - PUK	\$960,000	\$350,000	\$1,740,000	\$3,050,000
PUK - MM	\$0	\$400,000	\$950,000	\$1,350,000
TOTAL 3.5km - MM	\$1,960,000	\$2,230,000	\$2,690,000	\$6,880,000
SILL/CORBEL				
3.5km - HND	\$50,000	\$50,000	\$40,000	\$140,000
HND - PUK	\$40,000	\$175,000	\$515,000	\$730,000
PUK - MM	\$0	\$65,000	\$125,000	\$190,000
TOTAL 3.5km - MM	\$90,000	\$290,000	\$680,000	\$1,060,000
RAILBEAMS				
3.5km - HND	\$305,000	\$400,000	\$625,000	\$1,330,000
HND - PUK	\$30,000	\$285,000	\$550,000	\$865,000
PUK - MM	\$20,000	\$0	\$50,000	\$70,000
TOTAL 3.5km - MM	\$355,000	\$685,000	\$1,225,000	\$2,265,000
MISC				
3.5km - HND	\$20,000	\$20,000	\$20,000	\$60,000
HND - PUK	\$20,000	\$20,000	\$20,000	\$60,000
PUK - MM	\$20,000	\$20,000	\$20,000	\$60,000
TOTAL 3.5km - MM	\$60,000	\$60,000	\$60,000	\$180,000
Totals				
3.5km - HND	\$1,375,000	\$1,950,000	\$685,000	\$4,010,000
HND - PUK	\$1,050,000	\$830,000	\$2,825,000	\$4,705,000
PUK - MM	\$40,000	\$485,000	\$1,145,000	\$1,670,000
TOTAL 3.5km - MM	\$2,465,000	\$3,265,000	\$4,655,000	\$10,385,000

DCL Consulting

DUNEDIN RAILWAYS
TAIERI GORGE BRANCH
10 YEAR FINANCIAL PROJECTION:
RENEWALS PROGRAMME

October 2020

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

DUNEDIN RAILWAYS FINANCIAL PROJECTIONS.

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EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

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EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

I Introduction.

I.1 Brief.

DCL Consulting was briefed by Dunedin Venues Management Limited to prepare a financial projection for Dunedin Railways. The focal point of this first interim report is the first 10 years. Year 1 is 2021.

It must be understood that the accuracy of any financial projection diminishes as time advances.

I.2 Scope.

The report assesses capital expenditure, or project work, necessary to secure the long term viability of the railway as a tourist operation. Operational expenditure is not included. This means that operational expenditure items such as the following are not included:

- I.2.1 Vehicle running and maintenance.
- I.2.2 Plant operating expenses: running and maintenance.
- I.2.3 Small tools: purchase, repair and maintenance.
- I.2.4 Maintenance staff.
- I.2.5 Costs associated with external contractors.
- I.2.6 Operational staff costs involved in train operation or maintenance in the off season.
- I.2.7 Overheads.
- I.2.8 Management costs.
- I.2.9 Leases.

Plant purchases relating to the following are included:

- I.2.10 Replacement of HiRail vehicles.
- I.2.11 Excavator.

The scope of coverage of this plan should be carefully reviewed by all concerned to ensure that cost centres are neither omitted nor duplicated. It is important to note that track maintenance costs are excluded from this report but are included in the separate report dealing with Operational expenditure.

At this stage, the financial plan makes no allowance for cost inflation nor net present value. To a degree these factors cancel out, particularly in the current low interest rate environment.

The track maintenance and Golf cart operation commentary was provided by Harvey Armstrong, a very experienced permanent way professional.

Importantly, this financial projection must be regarded as a living document. Priorities will evolve as a consequence of ongoing inspection work, even in the first 10 year period.

Similarly, it must be accepted that the track passes through country that is prone to slope instability. Major events are not catered for within these projections. In this context, alarm is unwarranted. The track has survived well for 120 years.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

1.3 Track sections.

Three track sections were assessed:

- 1.3.1 3.5km to Hindon.
- 1.3.2 Hindon to Pukerangi.
- 1.3.3 Hindon to Flat Stream. (Approx 36.6km).
- 1.3.4 Pukerangi to Middlesmarch.

The section to Flat Stream extends beyond Flat Stream itself to a point at about 36.6km. Maintenance of Bridge 17, Flat Stream, is therefore included in this sector.

1.4 Presentation.

The financial projection is presented in two forms. Firstly, on a Microsoft Project Gantt Chart. This gives a good understanding of the timing of anticipated expenditure. Secondly, the annual expenditure is summarised in this report for each section of track.

The timing selected for maintenance work has been chosen on the basis of necessity. No adjustment of any kind has been made to improve the look of the cash flow profile in any period or for any section of track. It is to be understood that within any period, and in particular the first 10 years, some adjustment of timings to achieve a more uniform cash flow profile per annum is possible and desirable. The timings of work have, however, been carefully chosen to reflect necessity and adjustments should be limited to one year. This latest comment regarding adjustment of timings does not include the recoating of bridge 5 which is a major project and is spread over multiple financial years.

No structural work is necessary before heavy rail can be re-started.

1.5 Site Visits.

The structures were visited on 1st & 9th October to assess priorities for maintenance.

1.6 Cost Centres.

The following cost centres were selected to report on:

- 1.6.1 Structure recoating projects.
- 1.6.2 New Bridges.
- 1.6.3 Railbeam replacement.
- 1.6.4 Replacement of sills and corbels.
- 1.6.5 Other significant items.
- 1.6.6 Waterblasting structures.
- 1.6.7 Engineering Inspections.
- 1.6.8 Tunnel maintenance work.
- 1.6.9 Track maintenance: specific projects.
- 1.6.10 Track maintenance: Stone mason for retaining wall repairs.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

1.6.11 Track maintenance: Storm remediation.

1.6.12 Track maintenance: Tamping.

1.6.13 Track maintenance: Annual audit.

1.6.14 Track maintenance: Plant purchases.

Not all cost centres are necessarily reported on for each of the 3 sections.

Notes are included in the next section to explain the rationale for each cost centre.

2 Cost Centre Notes.

2.1 Structure recoating projects.

Recoating of the structures has not been unduly delayed. The corrosion environment along the branch is relatively benign and whilst coatings are significantly deteriorated, there is little loss of section due to corrosion. As we progress along the branch toward Middlemarch, the corrosion environment becomes more benign.

The structures do need recoating works to commence to preserve these important and valuable assets in the long term.

The structures, in particular the truss bridges, are excellent examples of 19th C steel construction and are worthy of preservation for that factor. These structures are complicated to scaffold and coat. The steel trestles are five in number and will add considerably to the cost of re-coating.

Because recoating work is expensive and an essential investment in the future of the branch, the reality is that timing can be carefully adjusted without detriment and this mechanism can be used to keep the cash flow on track.

Bridge 5 is a major structure and is iconic of the branch. It has eight truss spans being 2 x 66' spans followed by 3 x 106' spans followed by 3 x 66' spans. Recoating is a major project estimated at a cost of \$1.2m. This has been split over three financial periods with the first tranche of \$400k in the 9th year.

2.2 New Bridges.

Bridge 2 has deteriorating timber piles and is programmed for replacement. It is a two span bridge. The pier piles are becoming severely split. It is a modest structure and replacement in year 5 at a cost of \$350k has been allowed for.

2.3 Railbeam Replacement.

The railbeams are those timber members running longitudinally to the structure and immediately beneath the track. They span between steel transoms on the truss structures. These are at a stage where decay is progressing, and a programme of replacement is necessary. Candidates for replacement can be prioritised during inspection.

2.4 Replacement of sills and corbels.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

These are timber components that rest on top of abutments and piers and carry the bridge superstructure. Similar to railbeams, they have simply reached a point where planned replacement is necessary. Exactly as railbeams,

2.5 Other significant items.

Items such as handrail repairs, specific items of bridge maintenance and watercourse work has been included here.

2.6 Waterblasting structures.

This operation can greatly improve durability and reduce the urgency of recoating work on steel components and replacement work on timber components. This is because accumulated debris holds moisture against structural components.

Consent under the RMA should be carefully checked before embarking on this component of the maintenance work.

2.7 Engineering Inspections.

Due allowance has been made for programmed Engineering Inspections. This is the highest level of inspection and is carried out at 6 year intervals.

2.8 Tunnel maintenance work.

A separate item was considered appropriate for tunnel work. This includes drainage maintenance - an essential activity, masonry stabilisation and monitoring of movement.

2.9 Track maintenance: specific projects.

Included here are tasks such as rebuilding the formation at 13.7km where water has promoted slippage of the formation along with resleepering at the Hindon and Parera loops.

2.10 Track maintenance: Stone mason for retaining wall repairs.

Several areas require retaining wall or ballast wall repairs.

2.11 Track maintenance: Storm remediation.

This cost component is based on historical expenditure.

2.12 Track maintenance: Tamping.

Normal loss of elevation and line associated with rail operations is remedied by targeted tamping and this is allowed for here.

2.13 Track maintenance: Annual audit.

This is an NZTA requirement.

2.14 Track maintenance: Plant purchases.

The strategy adopted requires explanation.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

Light Rail vehicles are difficult verging on impossible to procure so three HiRail Trucks have been allowed for. In addition, a replacement 8t excavator has been allowed for. This also will have on-rail capability.

This replacement programme will cater for the operation of the whole branch.

As consideration is being given to re-opening incrementally the strategy adopted in financial planning is:

- 2.14.1 The excavator is necessary if only 3.5km – Hindon re-opens and is fully funded for that sector in the 10 year plan.
- 2.14.2 As all three HiRail trucks would not require replacement if incremental opening were adopted, these were partially funded in the 3.5km – Hindon and Hindon – Pukerangi sectors with only a small component funded in the Pukerangi – Middlemarch sector.

3 Cash Flow Summary First 10 Years.

3.1 Method.

The cash flow for the first 10 years in each sector is set out below. The sectors are identified as:

- 3.1.1 3.5km – Hindon: 3.5km – HND.
- 3.1.2 Hindon – Pukerangi: HND - PUK.
- 3.1.3 Hindon - Flat Stream: HND - FS
- 3.1.4 Pukerangi – Middlemarch: PUK – MM.

With the exception of Bridge 5, Taioma Viaduct, the major structures are in the HND – PUK sector. This is why the financial plan for this sector is heavier reflecting structure recoating.

By contrast, the PUK – MM sector is in a benign environment and the bridges, with the exception of Bridges 21 & 22, are short spans. The financial plan is consequently light.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

YEAR	SECTOR			
	3.5km - HND	HND - PUK	HND - FS	PUK - MM
1	\$266,700	\$73,000	\$13,000	\$7,950
2	\$67,500	\$122,000	\$120,000	\$4,750
3	\$187,500	\$431,000	\$222,000	\$8,750
4	\$229,500	\$248,000	\$246,000	\$23,750
5	\$434,500	\$491,000	\$226,000	\$8,750
6	\$328,500	\$479,000	\$210,000	\$4,750
7	\$21,500	\$509,000	\$240,000	\$29,750
8	\$7,500	\$212,000	\$170,000	\$14,750
9	\$20,000	\$261,000	\$166,000	\$14,750
10	\$407,500	\$62,000	\$60,000	\$4,750
Total	\$1,970,700	\$2,888,000	\$1,673,000	\$122,700

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

4 Golf Cart Operations.

To encourage more patronage of this line, particularly from NZ travellers, it may be worthwhile to consider an additional attraction on the Hindon- Pukerangi sector. One North Island railway has an innovative and successful operation involving the use of HiRail golf carts for rail tours.

Whilst these units have no appreciable wear on the track, this does not avoid the necessity to maintain structures. Re-coating work and the time dependant deterioration of timber components would still need to be addressed.

5 Additional Observations following Site Visits.

5.1 3.5km to Hindon.

This sector does become more scenic as the journey progresses to Hindon. It has appeal in that it is a relatively short journey, perhaps 3½ hours return.

5.2 Hindon to Pukerangi.

As the sector to Hindon is scenic, this section is spectacular, the most spectacular part being that area around The Notches.

One opportunity to consider would be operating with a locomotive at each end of the train and running as far as tunnel 10, just beyond The Notches.

5.3 Pukerangi to Middlemarch.

After the journey through the spectacular country between Hindon and Pukerangi, this sector is possibly anti climatic.

6 Fundraising.

6.1 Re-Coating Work.

Funding re-coating work is challenging. It is expensive. The high cost items are the truss bridges. These are iconic 19th C structures that justify expenditure according to their heritage status.

Seeking alternative funding via the following, (and other), sources is recommended:

- 6.1.1 Charitable donations.
- 6.1.2 The Lottery Trust.
- 6.1.3 Otago Community Trust.
- 6.1.4 Possibly the Bendigo Trust.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

7 Long Term Plan.

7.1 Introduction.

This section assesses the longer term costs associated with operating the railway over the same 4 sectors as previously assessed for the first 10 years. The costs are estimated for the following time periods:

- 7.1.1 10 – 20 years.
- 7.1.2 20 – 30 years.
- 7.1.3 30 + years.

7.2 Cost Centres.

The following cost centres were selected for reporting:

- 7.2.1 Recoating.
- 7.2.2 Sill and Corbel replacement.
- 7.2.3 Railbeam replacement.
- 7.2.4 Miscellaneous renewals.

The strategy adopted is that all timber components will be replaced within the plan timeframe. Similarly, all steel structures will be recoated.

Miscellaneous renewals caters for small structure or structure component renewals not specifically identified at this stage. Cost Centre abbreviations follow:

- 7.2.5 Recoating, RCT.
- 7.2.6 Sill and Corbel Replacement, SCR.
- 7.2.7 Railbeam replacement, RBR.
- 7.2.8 Miscellaneous renewals, MISC.

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

DCL Consulting

8 Long Term Cash Flow Summary.

The table below summarises the estimate of cost associated with structure renewal over the time period.

RECOAT BY SECTOR	TIMESCALE			
	10 - 20	20 - 30	30+	TOTAL
3.5km - HND	\$1,000,000	\$1,480,000	\$0	\$2,480,000
HND - FS	\$560,000	\$350,000	\$1,740,000	\$2,650,000
HND - PUK	\$960,000	\$350,000	\$1,740,000	\$3,050,000
PUK - MM	\$0	\$400,000	\$950,000	\$1,350,000
SILL/CORBEL BY SECTOR	10 - 20	20 - 30	30+	TOTAL
3.5km - HND	\$50,000	\$50,000	\$40,000	\$140,000
HND - FS	\$40,000	\$100,000	\$360,000	\$500,000
HND - PUK	\$40,000	\$175,000	\$515,000	\$730,000
PUK - MM	\$0	\$65,000	\$125,000	\$190,000
RAILBEAMS BY SECTOR	10 - 20	20 - 30	30+	TOTAL
3.5km - HND	\$305,000	\$400,000	\$625,000	\$1,330,000
HND - FS	\$0	\$285,000	\$475,000	\$760,000
HND - PUK	\$30,000	\$285,000	\$550,000	\$865,000
PUK - MM	\$20,000	\$0	\$50,000	\$70,000
MISC BY SECTOR	10 - 20	20 - 30	30+	TOTAL
3.5km - HND	\$20,000	\$20,000	\$20,000	\$60,000
HND - FS	\$20,000	\$20,000	\$20,000	\$60,000
HND - PUK	\$20,000	\$20,000	\$20,000	\$60,000
PUK - MM	\$20,000	\$20,000	\$20,000	\$60,000

EXPERIENCE : VALUE : SERVICE : PROFESSIONALISM : INTEGRITY

APPENDIX 2: HIBERNATION BUDGET VS ACTUAL

	Original Budget to 31 Dec 2021 18 Months	Actual Year-to-date 31 Mar 2021 9 Months	Current Forecast to 30 Jun 2021 12 Months
Cash was provided from			
DCC grant	1,050,000	749,700	1,000,000
Other revenue	-	77,478	78,739
Interest	-	292	357
Total cash inflows	1,050,000	827,470	1,079,096
Cash was disbursed to			
Asset related costs and maintenance			
Asset maintenance	37,800	63,168	90,233
Building maintenance	2,066	3,134	2,976
Cleaning and consumables	-	9,596	12,584
Contractors	36,000	33,424	40,038
Equipment	-	3,183	3,183
Fuel	9,000	17,762	24,155
Lease	-	1,000	1,000
Loco/vehicle expenses	-	10,070	14,365
Motor vehicle expenses	-	5,109	6,818
Safety audit	-	1,140	1,140
	84,866	145,586	194,492
Occupancy costs			
Power and gas	7,552	26,636	35,787
Rates	13,536	10,706	15,606
Rent	98,590	76,453	104,995
	119,678	113,795	156,388
Salaries and other staff related costs			
Sales and wages	770,337	412,232	565,284
Staff health and safety	-	3,482	4,282
Staff training	-	417	417
Staff welfare	-	-	-
	770,337	416,131	569,983
Administration and office related costs			
Audit	-	18,051	24,051
Bad debts	-	22,639	22,639
Bank fees and EFTPOS rental	-	3,898	5,158
Equipment rental	-	2,582	3,613
Low value equipment	-	1,303	1,503
Marketing	-	3,546	3,546
Office expenses	-	3,498	2,786
Photocopier	2,348	3,822	4,610
Software licences and support	28,565	23,910	25,713
Subscriptions and memberships	6,220	9,627	11,120
Telecommunications	9,000	7,728	10,113
	46,133	55,326	64,002
Insurance			
Insurance	76,050	36,529	48,043
	76,050	36,529	48,043
DVML management fee			
DVML management fee	-	90,000	120,000
	-	90,000	120,000
Options evaluation costs			
Consultants	-	76,897	75,230
Legal fees	-	8,498	5,166
Travel	-	3,334	3,334
	-	88,729	83,730
Total cash outflows	1,097,064	946,096	1,236,638
Net cash inflows / (outflows)	(47,064)	(118,626)	(157,542)
Cash balance as at 1 July 2020	229,000	229,000	229,000
Closing cash balance	181,936	110,374	71,458

APPENDIX 3: SUMMARY OF EXPRESSIONS OF INTEREST PROCESS

A public Expression of Interest was issued on 30 July 2020 and ran until 13 August 2020 requesting submission from individuals or parties who had identified a viable use of Dunedin Railways assets, especially considering the existing challenges, which included a reliance on international tourists (and an uncertainty of their return time due to COVID) and the significant cost of maintaining the Taieri Gorge line.

The process requested submissions to include the following information:

- A detailed description of the proposed service.
- The benefit to Dunedin City.
- The viability of the model in the short term and medium-to-long term, considering the uncertainty of when international tourists return to the City.
- The operating model, including what rolling stock, equipment and staff will be required.
- The upfront investment required to commence the service and the likely on-going costs requiring consideration.
- Any risks or challenges that need to be considered.

There were 33 responses received from the Expressions of Interest process and the table below shows the number received within particular categories.

Category of Response	Number of responses received in this category
Purchasing Stock - Enquiring to purchase rolling stock/ carriages.	9
Expressing Support - Expressing support for a continued tourism heritage rail service.	9
Expressing Ideas - Expressing ideas for use of DRL assets (i.e. train services), but not with the intention to run the service themselves.	4
Expressing Proposals - Providing a proposal for use of DRL assets, with their intention to operate or own the service.	6
Expressing Synergies - Providing proposals that have synergies alongside DRL assets upon certain options e.g. Rail Trail cycle extension.	5
Total	33

Contact was made with the six submitters who expressed an interest for the use of Dunedin Railway's assets with the intention to operate or own the service. The contact and subsequent discussion with these parties was to determine their viability for using DRL's assets by assessing their previous experience, their financial viability to purchase or lease the assets, and the robustness of their proposal.

At the conclusion of the process one third party was identified for short-listing to operate or purchase the assets of DRL, and several parties were identified that have synergies with other options presented (where they could operate an activity on certain sections of the Taieri Gorge line).

The Reference Group was provided with a summary of the external party proposals received and agreed in identifying the one external party for short-listing.

The other significant portion of external submissions received was from members of the public requesting to buy rolling stock (notably wooden carriages for heritage purposes), however Dunedin Railways has declined to sell any rolling stock until a decision has been made on its future viability.

All 33 submitters were contacted to acknowledge receipt of their submission and to inform them it has formed part of the Dunedin Railways options evaluation process.

Expressions of Interest were received from individuals and parties, whom could be revisited once Council has made decisions regarding Dunedin Railway's future. The Expressions of Interest were for:

- Interest in purchasing "spare" rolling stock assets for stationary use in heritage, museum or hospitality contexts.
- Interest in progressing a cycle trail on all or part of the line.



A SUMMER OF
TRAINS NOT PLANES

TRAINS NOT PLANES – Tourist Train Service December 2020 – March 2021

1. BACKGROUND

Dunedin Railways Limited (DRL) was placed into hibernation mode on 1st July 2020. The focus since that time has been identifying and evaluating options for future sustainable tourism offerings based on DRL's assets.

An opportunity was identified to operate tourist train services over a 15-week period from 20th December 2020 – 28th March 2021, titled 'Trains not Planes'. The project fully utilised DRL's hibernation team, which was supplemented with a small number of additional team members brought in for the promotional program only. The project also provided the opportunity to run the rolling stock owned by DRL.

Following the launch event 'Santa Express' train on 20th December 2020, the 'Trains not Planes' services operated 2 trips every Sunday:

- The Inlander – Dunedin to Hindon and back (Departing 9.30am)
- The Seaside – Dunedin to Waitati and back (Departing 2.00pm)

2. PURPOSE

The 'Trains not Planes' promotion was established to provide the following:

- Test the appetite to travel on promoted train journeys with domestic tourists, Dunedin families, event goers and train enthusiasts.
- Enabled testing of the operational model – could destination tourist train journeys run on a 'skinny' model.
- Utilise DRL assets over the holiday period.
- Use the promotion as an opportunity to gather further information on potential future services.

It was agreed, that based on the 'Skinny Operational model' two trains would run each Sunday from 27th of December up to 28th of March 2021. The 'Santa Express' which ran on 20th December 2021 launched the promotion.

Pricing was:

- The Inlander to Hindon, Adult \$55, Child \$25, and Family \$130
- The Seaside to Waititi, Adult \$38, Child \$18, and Family \$95

The passenger capacity of each train had been set at 200 per trip. This would equate to 400 paying customers per Sunday. Due to early demand, the train capacity was increased to 220 (per train) which equated to 440 paying passengers.

This in turn equated to 27 train journeys¹ with a capacity of 5,800 tickets to be sold.

All tickets were purchased online via 'mosh tix', a nimble and cheaper ticketing platform operated by Ticketmaster. This model significantly reduced costs associated with box office and cash handling on the day.

3. OPERATIONAL CONSIDERATIONS

Operating Model

There are many synergies between DRL and DVML operations:

- DVML provided the administration functions to DRL. The project priority was very similar to DVML business priorities - a train trip is an event, with the train being the venue.
- The engineering experience of DVML's Asset & Compliance Manager assisted the DRL team to manage all operational and health and safety outcomes, this in turn allowed quick decision making.
- There were no health and safety incidents relating to passengers or staff during the entire 'Trains not Planes' campaign.

¹ Two planned services were not able to operate due to Covid-19 Alert Level changes.

Staffing

Staffing on the trains was stretched when the capacity moved from 200 to 220 passengers. To accommodate this, DVML's Asset & Compliance Manager trained as a guard, which meant there was a requirement to be on every train.

Workshop staff were doubling as Guards and Station Manager roles on both trains that took them away from their core duties. This was acceptable for the promotional program (15 weeks) however, if the program is longer, a review of staff numbers would need consideration.

4. FINANCIAL RESULTS

The revenue results are to be finalised, however the preliminary results indicate revenue will be approximately \$183k compared to the original revenue budget of \$167k.

Including the underwrite payment of \$50k received from the Dunedin City Council, the 'Trains not Planes' YTD profit as at 28th February was \$15k. Assuming there will be another small profit in March, it is expected approximately \$20 - \$25k of the underwrite received from the DCC will be able to be repaid. This will mean the overall cost to the City for the promotion will be circa \$25 - \$30k.

Tickets sold totalled 5,831, this is slightly higher than the 5,800 available due to being able to resell tickets for 'no shows' on the day. These were made up as follows:

- The Inlander to Hindon 3,005 (one extra trip 'Santa Express')
- The Seaside to Waitati 2,826

Actual passenger numbers were 5,719 (slightly less than tickets sold due to 'no shows').

5. LEARNINGS

There are several key learnings from the promotion.

Understanding DRL's Business Priority

It is important to understand that DRL are in the business of providing unique experiences that will appeal to domestic tourists, event goers and families. This was evident when the 'Trains not Planes' campaign focused on destination activation and seamless ticketing rather than just a train journey.

Of passengers surveyed, a very high overall satisfaction rating was achieved:

- 60% extremely satisfied
- 34% satisfied.

More importantly, 94% of those surveyed indicated they would recommend the Dunedin Railway experience to family or friends.

The engagement with the Waitati Community highlighted that with destination collaboration and shared marketing, the event experience is enhanced. The train journey is only a part of the overall journey experience that needs focus.

DVML Management believe there is a real opportunity to extend the destinations included in future programs.

Frequency and Demand

Every train that ran during the promotional period of 15 weeks sold out (5,800 ticket sales).

However, at no stage throughout the promotion did demand outstrip supply and additional capacity was not considered necessary.

The majority of the passengers (80% of those surveyed) only made one journey during the promotion, with the remaining 20% enjoying multiple trips.

What became clear is 'themed trains' (i.e. Santa Express), proved to be successful with the opportunity to run additional services.

If the promotion was to run again in 2021/22, it is anticipated there would be an appetite to begin the promotion from late November 2021 to end of March 2022.

Event Experience

Through the survey, when assessing what the event experience meant to ticket purchasers, the following satisfaction levels rated at either satisfied or extremely satisfied in the following components:

- Value for money – 94%
- Quality of on train experience – 94%
- Information provided prior to boarding – 93%
- Ticket purchasing process – 93%
- Service on the train – 93%
- Time on the train – 92%

When surveyed, motivation for purchasing tickets for the promotion rated in two distinct categories:

- To experience a train journey
- To support Dunedin Railways

6. RECOMMENDATIONS FOR FUTURE

Scheduling

Assuming New Zealand is still awaiting the return of International tourists in numbers, it is recommended an extended program be introduced over a longer period next Summer (November 2021 to March 2022).

With careful planning, the introduction of additional trains running on a Saturday of each week during that period should also be considered. This would be on the basis that additional routing/destinations are included in the promotion.

75% of passengers surveyed suggested that they would purchase a ticket on Saturday services.

With the success of 'The Santa Express' – there is an opportunity to increase the 'special event charters' in the next period.

New Train Schedules

It would be a recommendation to trial a program of new destinations. The following response was provided by passengers:

	Very likely	Likely	Neutral	Unlikely	Very unlikely
An additional train route to Moeraki	59%	32%	5%	3%	1%
An additional train route to Oamaru	62%	28%	5%	4%	1%
An additional train route to Timaru	49%	26%	13%	9%	3%
An additional train route to Christchurch	53%	23%	13%	9%	3%
An additional train route to Invercargill	48%	28%	12%	10%	2%

Major Events (event ticket and train journey)

With the return of major events at the Stadium, there will be an opportunity to bundle event tickets with train journeys:

- All Blacks Test Match – from Christchurch
- Guns n Roses – ‘Night Train’ from Christchurch
- Future Concerts and Sporting events

Destination Engagement/Marketing

Improved engagement with train destination tourism/councils will be required to ensure the success of the train experience.

Destination marketing that supports train journey marketing will be critical, particularly if services are extended to Moeraki, Timaru and Christchurch.

On Train Experience

Improving the commentary on the train will be required. There is a lack of Māori culture and heritage included within the commentary and the parts that are included are often mis-spoken or mis-pronounced to the point where it has the potential to cause offence to some passengers.

Pricing

Those surveyed rated value for money at a high 94%. This provides an opportunity to stretch pricing categories across the board for the promotion. The survey provided some price expectations for new destinations in the questionnaire.

APPENDIX 5: MIDDLEMARCH COMMUNITY GROUPS**Strath Taieri Heritage Group and Project Steam**

The Strath Taieri Heritage Group is a Charitable Trust, composed of groups, trusts, operators and societies based around heritage activities. It is co-ordinated by a Heritage Park hub that facilitates marketing, compliance and operations support for operators providing heritage excursions and activities based around the four foundation areas: historic places, the farming story, natural resources, and the railway story. The founding team is Jacquie Lucas, Robin Thomas and Richard Emerson.

Project Steam is part of the Heritage Group and would operate the railway activities from Middlemarch. This includes heritage passenger trips to Sutton (and later to Pukerangi).

Their request:

- To lease the railway line from Dunedin Railways between Middlemarch and Sutton to operate heritage passenger trips, then extend it to Pukerangi at a later time.
- To lease the Middlemarch Goods Shed to use for restoration of rolling stock.
- To lease the Middlemarch Railway Station for the initial base of Heritage Park Hub (ticketing office, display site and infrastructure base).
- To lease the Middlemarch Station Masters House to develop as an interactive story telling facility and a start to the historic precinct.
- A request for options on the following assets:
 - Several of the oldest wooden carriages for preservation in Middlemarch
 - Motor trolleys (currently stored in the Middlemarch trolley shed)
 - A Dj locomotive
 - The rails and the turnouts at Sutton for rebuilding the crossing loop.
 - Sutton Station

REGULATORY SUBCOMMITTEE RECOMMENDATION ON LEGAL HIGH RETAIL LOCATION POLICY REVIEW

Department: Customer and Regulatory Services and Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report presents the recommendation of the Regulatory Subcommittee (the Subcommittee) on the review of the Legal High Retail Location Policy (the Policy). This follows consideration of six submissions received by the Subcommittee on the proposed Policy. Although one person indicated they wished to be heard, they did not attend the hearing.
- 2 The Subcommittee recommends retaining the Legal High Retail Location Policy but with one amendment, to include Great King Street from Moray Place to St Andrew Street in the sensitive buffer zone. This is due to the increase of vulnerable people in the area, and is where the bus hub is now located. The recommendation is in response to a submission from the Police.
- 3 See Attachment A for the proposed Policy.

RECOMMENDATIONS

That the Council:

- a) **Notes** that the Regulatory Subcommittee has considered all submissions received on the Legal High Retail Location Policy review.
- b) **Approves** the proposed amended Legal High Retail Location Policy.

BACKGROUND

- 4 The Council adopted a Policy in 2015 to help minimise the risk of harm posed by the presence of legal highs in the city. It was made under the Psychoactive Substances Act (the Act) which allows local authorities to have a policy specifying where, in their districts, legal highs can be sold. It does not permit a council to ban legal highs outright or to have a policy which is so restrictive as to effectively ban their sale.
- 5 The purpose of the Policy is:
 - a) To minimise the harm caused to the community resulting from the use of psychoactive substances by limiting the locations where the 'legal high' may be sold.

- b) To minimise the exposure and potential harm of legal highs to vulnerable members of the community
 - c) To ensure the community has influence over the location of the premises licensed to sell the products, in so far as legally possible.
- 6 If the Council decides not to have a Policy, there would be no control on where legal highs could be sold in the city should any legal high products be approved. Although psychoactive substances were available for sale before the Act was in place, there have been no approved products available for sale in New Zealand since the Policy was adopted.
- 7 In October 2020, the Council approved the review and retention of the Legal High Retail Location Policy and approved a statement of proposal for consultation.
- 8 The special consultative procedure was used for the Policy review, as required by the Act. Formal consultation took place from 11 November – 11 December 2020. Consultation included information on the Dunedin City Council (DCC) website, in the Otago Daily Times noticeboard, as well as targeted emails to stakeholders such as the Police, Southern District Health Board, Māori and Pacifica groups and to the Dunedin People's Panel.

DISCUSSION

Results of consultation

- 9 The Subcommittee received six submissions made on the Policy review. Of these, three were from organisations (Police, Restorative Justice Otago and Spooks Vintage Art) and three were from individuals.

General support

- 10 The submission form asked: *Overall, do you agree with the Legal High Retail Location Policy?* Most (83%) agreed with the Policy with one submitter (17%) disagreeing.

Retail locations

- 11 The submission form asked: *Do you agree with the current policy that restricts legal high retailers to the Dunedin central city area provided they are more than 100 m away from 'sensitive sites' like schools, churches, Dunedin Public Library, Dunedin Hospital, mental health facilities and justice premises? (refer to maps on pages 3&4 of the Policy).*
- 12 All submitters agreed with this question.

Sensitive sites

- 13 The submission form asked: *Are the 'sensitive sites' defined effectively? Would you add or remove any? (See map on page 3 of the Policy).*
- 14 Most submitters (83%) answered 'Yes' to this question with one submitter (17%) answering 'No'.
- 15 The Police submission suggested adding the area outside the Police Station around the bus hub as, with the introduction of the bus hub, there are anecdotally more school aged and young people in this area. Restorative Justice Otago suggested adding parks and open spaces such as the Octagon.

- 16 Note that section 52 of the Act prohibits the sale of approved products from any vehicle or street cart.

General comments

- 17 General comments included restricting the sale of legal highs as strongly as possible.

Subcommittee recommendation

- 18 The Subcommittee met on 25 March 2021 to consider the submissions received and passed the following resolution:

Moved (Cr Andrew Whiley/Cr Marie Laufiso):

That the Council:

Amends the Legal High Retail Location Policy to include Great King Street from Moray Place to St Andrew Street in the sensitive buffer zone due to the increase of vulnerable people in the area.

Motion carried (RSCCC/2021/001)

Amending the Policy

- 19 In response to the Police submission, the Subcommittee recommends amending the Policy to include the new bus hub area along the part of Great King Street between Moray Place and St Andrew Street.
- 20 The map of sensitive sites has also been updated to remove the sensitive site of the previous Ministry for Social Development offices. These have moved out of the approved location boundary. The sensitive site of 20 Dowling St has also been removed as it is no longer a place of worship.
- 21 See Attachment B for the minutes of the Subcommittee's deliberations on the Legal High Retail Location Policy.
- 22 See Attachment C for the tracked changes to the 2015 Legal High Retail Location Policy.

OPTIONS

- 23 The options presented are to accept the Subcommittee recommendations or to refer the Policy back to the Subcommittee for further consideration.

Option One – Accept recommendations of the Subcommittee (Recommended Option)

- 24 This option is to amend the Policy to include Great King Street from Moray Place to St Andrew Street in the sensitive buffer zone due to the increase of vulnerable people in the area, and to remove the sensitive sites of the previous Ministry of Social Development offices and 20 Dowling Street.

Advantages

- Addresses potential issue raised by the Police

- Minimises the risk of harm posed by legal highs in this area if any are approved.

Disadvantages

- No identified disadvantages.

Option Two – Refer the Policy back to the Subcommittee for further consideration

Advantages

- The Subcommittee has further opportunity to consider changes to the Policy.

Disadvantages

- No known disadvantages.

NEXT STEPS

- 25 If the Council accepts the Subcommittee's recommendation to amend the Policy, the amended Policy will be sent to the Psychoactive Substances Regulatory Authority, as required by the Act. The Dunedin City Council website and internal systems will also be updated to reflect the amended Policy.

Signatories

Authoriser:	Andrew Whiley - Chairperson, Regulatory Subcommittee
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Attachments

	Title	Page
↓A	Proposed Legal High Retail Location Policy April 2021	102
↓B	Tracked changes to 2015 Legal High Retail Location Policy	107
↓C	Minutes of Deliberations	112

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities. This decision 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	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

A Legal High Retail Location Policy has potential to contribute to the safe and healthy people priority of the Social Wellbeing Strategy and liveable city priority of the Spatial Plan.

Māori Impact Statement

Māori organisations were identified as a potential interest group and were advised of the review and invited to submit.

Sustainability

There are no specific implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no implications for these documents.

Financial considerations

There are no financial implications.

Significance

This report is considered low in terms of the Council's Significance and Engagement Policy. However, this assessment is based on the absence of currently approved products (legal highs). If products were approved, then there would likely be higher community interest and therefore higher significance.

Engagement – external

The special consultative procedure was used for the Policy review and this included advertising on the DCC website, in the Otago Daily Times and advising key stakeholders of the review and inviting them to submit.

Engagement - internal

There has been engagement with staff from Governance and Customer and Regulatory Services.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

There are no identified risks.

Conflict of Interest

There is no known conflict of interest.

Community Boards

There are no specific implications for Community Boards, however they were advised of the Policy review.

LEGAL HIGH RETAIL LOCATION POLICY			
Approved by:		Council	
Sponsor:		General Manager Community Services	
Department responsible:		Customer and Regulatory Services	
Date approved:		27 October 2015	Reviewed: April 2021
Next review date:		By April 2026	DOC ID:

INTRODUCTION

This is a Local Approved Products Policy adopted by the Dunedin City Council under sections 66 - 69 of the Psychoactive Substances Act 2013.

The Psychoactive Substances Act 2013 (the Act) was introduced to regulate the availability of psychoactive substances (commonly known as legal highs, party pills or synthetic cannabis) in New Zealand to protect the health of, and minimise harm to, individuals who use the substances.

The Ministry of Health acknowledges the substances are harmful but that this harm is to be controlled by regulating and licensing psychoactive substances that *“should pose no more than a low risk of harm to individuals who use it”*.

The Act requires premises selling approved products to be licensed and any person wishing to sell a new psychoactive substance must apply to the Psychoactive Substances Regulatory Authority to have the substance approved.

SCOPE

Councils have a very limited role in the regulation of psychoactive substances. The only legal power the Dunedin City Council has is to regulate where legal highs can be sold within its district by the development of this policy. The Council does not have the power to prohibit the sale of approved products or to have a policy that is so restrictive as to be a prohibition in everything but name.

This Legal High Retail Location Policy sets out where the sale of legal highs (psychoactive substances approved by the Authority) may take place in the district.

The Act **only** allows a policy to contain information regarding:

- The location of premises from which the approved products may be sold by reference to broad areas within the district;
- The location from which approved products may be sold with reference to proximity to other premises from which approved products are sold within the district;
- The location of premises from which approved products may be sold by reference to proximity to premises or facilities of a particular kind within the district (e.g. kindergartens, early childhood centres, schools, places of worship, or other community facilities).

Section 52 of the Act prohibits the sale of approved products from dairies, convenience stores, grocery stores and supermarkets, any premises selling automotive fuels or that carries out servicing of vehicles and premises licensed to sell alcohol. Approved products must be sold from a permanent structure so tents, vehicles, mobile stores, etc., cannot be used as a place of sale.

DEFINITIONS

For the purpose of this Legal High Retail Location Policy, the terms used in this policy have the same meaning as set out in the Psychoactive Substances Act 2013, unless otherwise defined below:

Approved Location – means the area described in Schedule 1 and which is marked ‘approved location’.

Approved Product (or Legal High) – means a psychoactive substance approved by the Authority pursuant to section 37 of the Psychoactive Substances Act 2013.

Authority – means the Psychoactive Substances Regulatory Authority administered by the Ministry of Health.

Psychoactive substance – has the same meaning as set out in section 9 of the Psychoactive Substances Act 2013.

Retailer – means a person engaged in any business that includes the sale of ‘approved products’.

Retail premises – means a premises licensed by the Authority to sell ‘approved products’.

Sensitive Site – is defined as:

- i) Any kindergarten, early childhood centre or school
- ii) Any place of worship
- iii) A library
- iv) Any playground or skate park
- v) Any hospital including mental health facility
- vi) Any premises occupied by the Ministry of Justice or Ministry of Social Development
- vii) Any area within 50m of the intersection of View Street and Moray Place

PURPOSE

1. The purpose of the Legal High Retail Location Policy is:

- 1.1. To minimise the harm caused to the community resulting from the use of psychoactive substances by limiting the locations from which the ‘legal high’ may be sold.
- 1.2. To minimise the exposure and potential harm of legal highs to vulnerable members of the community
- 1.3. To ensure the community has influence over the location of the premises licensed to sell the products, in so far as legally possible.

POLICY

2. Policy guidelines

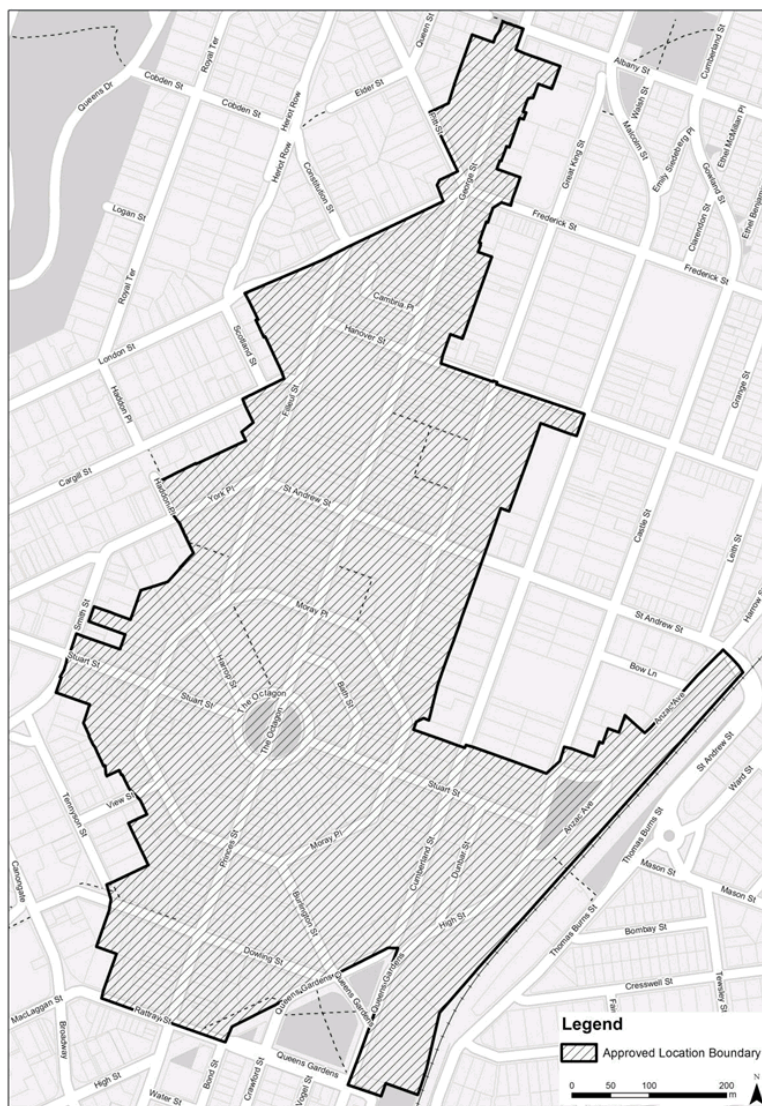
- 2.1. The location of retail premises from which approved products may be sold is restricted by this policy to an approved location identified in Schedule 1.
- 2.2. The Legal High Retail Location Policy does not limit the number of retail premises provided the following criteria are met:
- (a) retail premises are not located within 100 m of the nearest legal boundary of any 'sensitive site'; and
 - (b) retail premises are not located within 100 m of the legal boundary of any other retail premises; and
 - (c) retail premises are not located on the part of Great King Street between Moray Place and St Andrews Street

3. Policy review

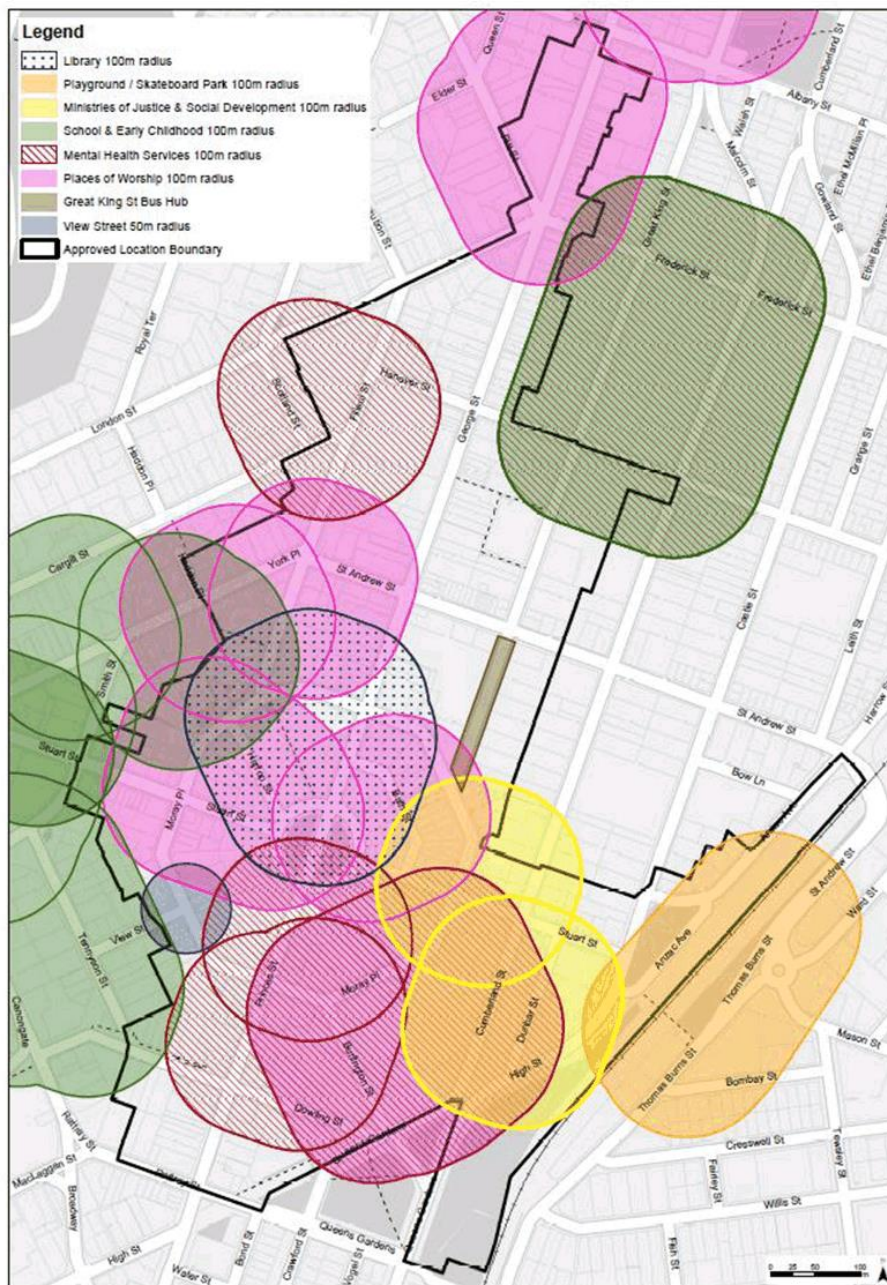
- 3.1. This policy will be reviewed within three years of adoption and every five years thereafter.
- 3.2. The Legal High Retail Location Policy does not cease to have effect when it is undergoing the review process.


Relevant Legislation:	Psychoactive Substances Act 2013
Associated Documents:	

SCHEDULE 1 – APPROVED LOCATION BOUNDARY



SENSITIVE SITE BUFFER ZONES – AS AT MAY 2021



LEGAL HIGH RETAIL LOCATION POLICY			 DUNEDIN kaunihera CITY COUNCIL a-rohe o ōtepoti
Approved by:	Council		
Sponsor:	General Manager Community Services		
Department responsible:	Customer and Regulatory Services		
Date approved:	27 October 2015	Reviewed:	May 2021
Next review date:	By May 2026	DOC ID:	

INTRODUCTION

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SCOPE

Councils have a very limited role in the regulation of psychoactive substances. The only legal power the Dunedin City Council has is to regulate where legal highs can be sold within its district by the development of this policy. The Council does not have the power to prohibit the sale of approved products or to have a policy that is so restrictive as to be a prohibition in everything but name.

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- v) Any hospital including mental health facility
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2. Policy guidelines

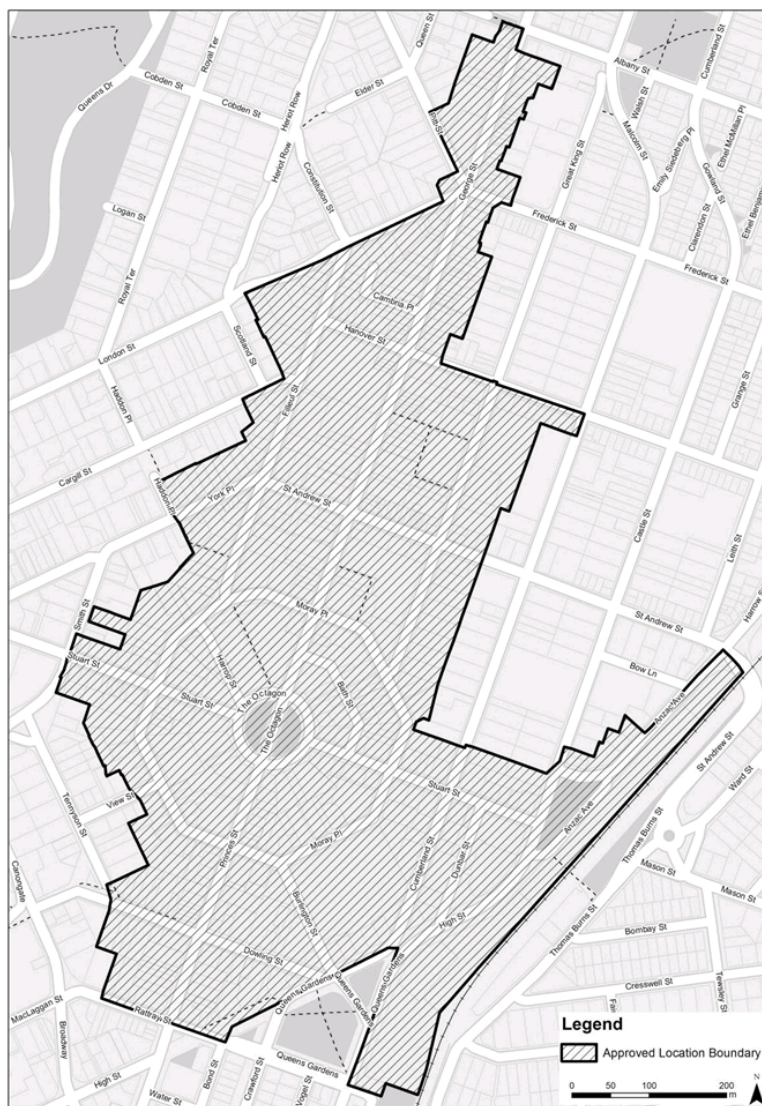
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 - (b) retail premises are not located within 100 m of the legal boundary of any other retail premises; and
 - (b)(c) retail premises are not located on the part of Great King Street between Moray Place and St Andrews Street

3. Policy review

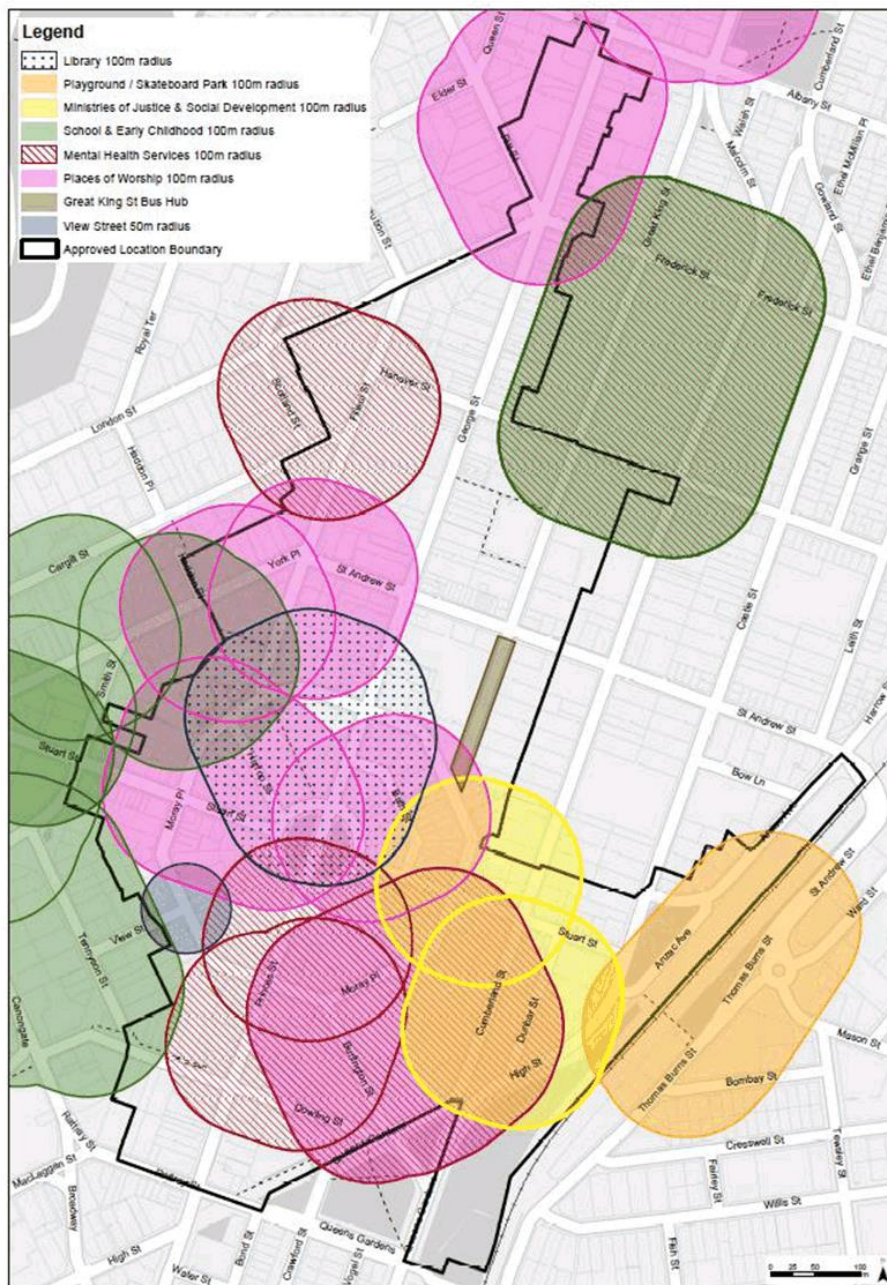
- 3.1. This policy will be reviewed within three years of adoption and every five years thereafter.
- 3.2. The Legal High Retail Location Policy does not cease to have effect when it is undergoing the review process.

Relevant Legislation:	Psychoactive Substances Act 2013
Associated Documents:	

SCHEDULE 1 – APPROVED LOCATION BOUNDARY



SENSITIVE SITE BUFFER ZONES – AS AT MAY 2021





Regulatory Subcommittee
LEGAL HIGH RETAIL LOCATION POLICY
MINUTES

Minutes of an ordinary meeting of the Regulatory Subcommittee held in the Edinburgh Room, Municipal Chambers, The Octagon, Dunedin on Thursday 25 March 2021, commencing at 1.32 pm

PRESENT

Chairperson	Cr Andrew Whiley	
Members	Cr Marie Laufiso	Cr Steve Walker

IN ATTENDANCE Simon Pickford (General Manager Community Services), Kevin Mechen (Secretary, District Licensing Committee) and Anne Gray (Policy Analyst)

Governance Support Officer Lynne Adamson

1 APOLOGIES

There were no apologies.

2 CONFIRMATION OF AGENDA

Moved (Cr Andrew Whiley/Cr Steve Walker):

That the Committee:

Confirms the agenda without addition or alteration

Motion carried

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.

Moved (Cr Andrew Whiley/Cr Steve Walker):

That the Committee:

- a) **Notes** the Elected Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected Members' Interests.

Motion carried

PART A REPORTS

4 RESULTS OF CONSULTATION ON REVIEW OF LEGAL HIGH RETAIL LOCATION POLICY

A report from Customer and Regulatory Services presented a summary of the six submissions received on the review of the Legal High Retail Location Policy to the Regulatory Subcommittee.

Of the six submissions, the majority (83%) agree overall with the existing policy. One submitter wished to be heard.

The General Manager Community Services (Simon Pickford) spoke to the report and provided additional information on the consultation undertaken noting that submission documents had been sent to more than 1,200 interested parties with only six submissions received.

5 SUBMISSIONS

The Subcommittee gave consideration to the submissions. Mr Pickford responded to questions of clarification on points raised and the current site restricting legal high retailers to the Dunedin central city area.

There was a discussion on the area in which legal highs were currently available for purchase and the reasons for the inclusion of the View Street, Moray Place area.

The Subcommittee also noted that when the Policy was last approved, the bus hub was not operational and agreed that due to the large number of school aged and young people in the area, it would be prudent to ensure that area was included in the sensitive site zone.

Moved (Cr Andrew Whiley/Cr Marie Laufiso):

That the Subcommittee:

- a) **Recommends** that Council amends the Legal High Retail Location Policy to include Great King Street from Moray Place to St Andrew Street in the sensitive buffer zone due to the increase of vulnerable people in the area.

Motion carried (RSCCC/2021/001)

The meeting concluded at 1.51 pm.

.....
CHAIRPERSON

REGULATORY SUBCOMMITTEE RECOMMENDATION ON GAMBLING AND TAB VENUE POLICY REVIEW

Department: Customer and Regulatory Services and Executive Leadership Team

EXECUTIVE SUMMARY

- 1 This report presents the recommendations of the Regulatory Subcommittee (the Subcommittee) on the review of the Gambling and TAB Venue Policy (the Policy). This follows consideration of 40 submissions received including nine submitters who presented at the hearings.
- 2 The Subcommittee recommends amending the existing Policy to remove the section relating to club gambling venues and to clarify the relocation policy.
- 3 The Subcommittee also recommends that the Council lobbies central government to establish a more sustainable model of funding for community organisations to replace the reliance on gambling proceeds. See Attachment A for the proposed policy and Attachment B for tracked changes to the existing Policy.

RECOMMENDATIONS

That the Council:

- a) **Notes** that the Regulatory Subcommittee has heard and considered submissions on the Gambling and TAB Venue Policy.
- b) **Approves** the amended Gambling and TAB Venue Policy, as shown in Attachment A, which has a sinking lid approach to the number of venues and gambling machines in Dunedin with the deletion of section 1.2.3 and the following amendment to Section 1.2.4 to read:

Council may permit the relocation of existing class 4 venues where the premises cannot continue to operate at that site. Examples of such circumstances include the following:

1.2.4.1 Fire

1.2.4.2 Natural disaster

- c) **Lobbies** central government through Local Government New Zealand to establish a more sustainable model of funding for community organisations to replace the reliance on gambling proceeds.

BACKGROUND

Legislation

- 4 The Gambling Act 2003 (the Act) requires all territorial authorities to have a policy stating whether it would allow new non-casino gambling ('pokie' machine) venues to be established within its district and, if so, where they may be situated. A policy can also limit the number of electronic gambling machines (EGMs) at these locations. The policy must be reviewed at least every three years.
- 5 The purpose of the Act is to:
 - a) Control the growth of gambling;
 - b) Prevent and minimise harm from gambling, including problem gambling;
 - c) Authorise some gambling and prohibit the rest;
 - d) Facilitate responsible gambling;
 - e) Ensure the integrity and fairness of games;
 - f) Limit opportunities for crime and dishonesty associated with gambling and the conduct of gambling;
 - g) Ensure that money from gambling benefits the community;
 - h) Facilitate community involvement in decisions about the provision of gambling.
- 6 The Gambling (Gambling Harm Reduction) Amendment Act 2013 requires territorial authorities to consider whether to include a 'relocation policy' which sets out if and when it will grant consent for a venue to relocate within its district.
- 7 The Racing Industry Act 2020 requires territorial authorities to adopt a policy on New Zealand Racing Board venues (TABs) within its district.
- 8 While the DCC must have a Policy, the Department of Internal Affairs (DIA) is the licensing authority and is responsible for granting or refusing gambling licences in accordance with the Policy.

Policy history

- 9 In 2004, the Council chose to adopt a joint Gambling and TAB Venue Policy. At that time there were no restrictions on the number of venues or EGMs.
- 10 In 2013, the Council reviewed the Policy. A sinking lid was adopted for South Dunedin and a cap introduced for the rest of the Dunedin area. The number of venues and EGMs in the Dunedin area has continued to fall.
- 11 In March 2018, the Council decided to extend the sinking lid to the whole Dunedin district and to introduce a relocation clause within the Policy allowing a venue to be relocated in exceptional circumstances.

- 12 In December 2020, the Council approved a statement of proposal for consultation which proposed retaining the sinking lid policy for Dunedin.

Community engagement

- 13 The special consultative procedure was used for the Policy review, as required by the Act. Formal consultation took place from 25 January - 26 February 2021. This consultation period was then extended until 10 March 2021 to advise Community Boards and provide them with the opportunity to submit as this had been inadvertently missed during initial consultation.
- 14 Consultation included information on the Dunedin City Council (DCC) website, in the Otago Daily Times noticeboard, as well as targeted emails to stakeholders such as corporate societies that hold a class 4 venue licence, and organisations representing Māori, as required by the Act. Other stakeholders such as the Police, health providers, community trusts and those that provide treatment and support services for problem gamblers in Dunedin were also advised of the review and invited to submit.

DISCUSSION

Results of consultation

- 15 Forty submissions were received and, of these, 25 were from organisations and 15 were from individuals. Organisations that submitted included community groups such as the Dunedin Prison Trust, Football South and Sport Otago as well as the Gaming Machine Association, Hospitality NZ, Lion Foundation, and those with health interests such as Public Health South, Problem Gambling Foundation and the Salvation Army.

General Support

- 16 The submission form asked: Overall, do you agree with the current Gambling and TAB Venue Policy?

Options	Number	%
Yes – overall, agree with the current policy	17	43%
No - overall, do NOT agree with the current policy	16	40%
Did not complete this question	7	18%
TOTAL	40	100%

Table 1: Agreement with current Policy by number and percentage

Support for options

- 17 The submission form asked: Which option do you support in relation to the Gambling and TAB Venue Policy?

Options	Number	%
Option 1 (status quo and preferred option): Retain the existing policy which has a sinking lid approach to the number of venues and gambling machines in Dunedin. The existing policy does not allow relocation of venues unless in exceptional circumstances.	15	38%

Option 2: Do not limit the number of venues or gambling machines anywhere in Dunedin and grant consent for relocating gambling venues. Limit where new gambling venues may be established.	14	35%
Option 3: Other, please specify	11	28%
TOTAL	40	100%

Table 2: Support for options by number and percentage

- 18 In the 'Other' option, a number of submitters suggested capping the number of EGMs and some suggested broadening the relocation policy.

General Comments

- 19 The submission form asked: Do you have any other comments about the Gambling and TAB Venue Policy?

Options	Number of submitters
Loss of community funding with sinking lid policy	21
Reduce gambling harm with sinking lid	13
Cap number of EGMs at current level	10
Broaden relocation policy	5
General comments	26

Table 3: Summary of comments by number

Hearings

- 20 Ten submitters presenters at the hearings and all represented organisations. Organisations included problem gambling treatment providers such as Salvation Army Oasis, Public Health South and the Problem Gambling Foundation and community organisations such as St Clair Surf Life Saving Club, Sport Otago, Gaming Machine Association, Lion Foundation and the New Zealand Community Trust.
- 21 Key issues raised by health and problem gambling treatment providers were the importance of minimising gambling related harm in Dunedin, that sinking lid policies are slow but effective, the hidden costs of problem gambling and the disproportionate number of EGMs in low decile communities. Also, for each problem gambler, many more are affected.
- 22 Key issues raised by community organisations that benefit from gambling proceeds were the critical source of funding provided by proceeds to the communities via organisations at risk from a sinking lid policy, that the sinking lid is not effective in terms of reducing problem gambling, additional financial pressures from Covid-19, that there are rigorous gambling addiction safeguards and mitigations in place in New Zealand and the lack of alternative funding sources for community organisations. The risk of gambling proceeds being diverted to online gambling and commercial gambling operators with no community benefits was also raised. Most of these organisations suggested a cap on the number of gambling venues and EGMs as an acceptable alternative.
- 23 See Attachment C for the minutes of the hearings and deliberations.

Subcommittee recommendations

- 24 The Subcommittee met on 26 March to hear submitters, consider submissions and deliberate on the Policy review. It passed the following resolutions:

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

- a) **Recommends** that Council retains the existing Gambling and TAB Venue policy which has a sinking lid approach to the number of venues and gambling machines in Dunedin with the deletion of section 1.2.3 and the following amendment to Section 1.2.4 to read:

1 Council may permit the relocation of existing class 4 venues where the premises cannot continue to operate at that site. Examples of such circumstances include the following:

1.2.4.1 Fire

1.2.4.2 Natural disaster

Division

The Council voted by division:

For: Crs Christine Garey and Marie Laufiso (2).

Against: Cr Jules Radich (1).

Abstained: Nil

The division was declared CARRIED by 2 votes to 1.

Motion carried (RSCCC/2021/001)

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

- b) **Recommends** that Council lobby Central Government through LGNZ to establish a more sustainable model of funding for community organisations to replace the reliance on gambling proceeds.

Motion carried (RSCCC/2021/002)

Subcommittee observations

- 25 The Subcommittee recommendations are in response to submissions and to meet the purpose of the Act in Dunedin. In making these recommendations, the Subcommittee notes the following:

- The submissions and presentations were comprehensive and of high quality.
- Although the rate of problem gambling in Dunedin appears to be low, there are varying statistics and views including that many problem gamblers do not seek help as readily as those with other addictions. The impacts of problem gambling are estimated to affect seven people for every problem gambler.

- While the numbers of both ‘pokie’ machine venues and EGMs has declined since Dunedin’s first Gambling and TAB Venue Policy, there has not been a corresponding decline in the amount spent on these machines. Therefore, there has been no decrease in the amount of money available for community funding in the Dunedin district.
- Funding from the proceeds of gambling is a critical source of revenue for many community organisations.
- There is a social disconnection between the source of community funds from gambling proceeds and the community benefits for which these provide.
- There is a lack of alternative sustainable funding for many community organisations and there is a need for a more sustainable model that does not rely on gambling proceeds.
- There appears to be a disproportionate amount of gambling proceeds going to male-oriented sports organisations.

Retain the sinking lid

- 26 The recommendation is to retain the sinking lid approach to the number of ‘pokie’ machine venues and gambling machines in Dunedin. This aims to prevent and minimise harm from gambling, including problem gambling, and to control the growth of gambling.

Club gambling venues

- 27 The recommendation to remove references to club gambling venues aims to clarify the Policy. There are currently no club venues licenced to have EGMs in Dunedin nor have there been any during the time the Policy has been in effect. This section of the Policy which specifies the conditions for two or more clubs merging is therefore considered redundant and could be confusing to retain.

Relocation policy

- 28 The recommendation to reword the relocation policy in section 1.2.4 of the Policy aims to clarify when consent may be permitted for relocating an existing ‘pokie’ machine venue. The proposal is that relocation may be permitted only when premises cannot continue to operate on the site if it becomes uninhabitable e.g. fire or natural disaster. The aims of being more specific with this wording are to prevent and minimise harm from gambling, including problems gambling, and to control the growth of gambling.

Lobby central government

- 29 The recommendation to lobby central government for more sustainable funding options acknowledges that there is a lack of sustainable funding options, apart from the proceeds of gambling, for many community organisations.
- 30 It is the Subcommittee’s view that community organisations should not have to rely on gambling proceeds and that central government has a role in ensuring community organisations have appropriate levels of alternative funding to carry out their functions.

Racing Industry Act

- 31 Since the last review of the Policy, the Racing Act 2003 has been replaced with the Racing Industry Act 2020. While the Policy meets requirements of the Racing Industry Act, references to the Racing Act within the Policy have been amended to reflect this change.

OPTIONS

- 32 Options are to accept the Subcommittee recommendations or to refer the Policy back to the Subcommittee for further consideration.

Option One – Accept recommendations of the Subcommittee (Recommended Option)

- 33 This option is to retain the existing Gambling and TAB Venue Policy which has a sinking lid approach to the number of venues and gambling machines in Dunedin, with the amendments relating to club gambling venues and the relocation policy, as described.

Advantages

- Controls the growth of gambling in Dunedin
- Prevents and minimises harm from gambling, including problem gambling
- Addresses issues raised by problem gambler treatment providers and other submitters

Disadvantages

- Potential loss of community funding for community organisations over time
- Does not address all issues raised by community organisations
- Benefits to the community from gambling proceeds could be more limited over time
- Potential social benefits from gambling could be more limited over time.

Option Two – Refer the Policy back to the Subcommittee for consideration

- 34 If the Council decides not to accept the recommendations of the Subcommittee, this option is for the matter to be referred back to the Subcommittee for further consideration.

Advantages

- The Subcommittee has further opportunity to consider changes to the Policy.

Disadvantages

- No known disadvantages.

NEXT STEPS

- 35 If the Council accepts the Subcommittee recommendations, the amended Policy will be sent to the Secretary of Internal Affairs, as required by the Act. Staff will write to LGNZ requesting it to lobby central government in relation to more sustainable funding options for community

organisations. The Dunedin City Council website and internal systems will also be updated to reflect the amended Policy.

Signatories

Authoriser:	Christine Garey - Chairperson, Regulatory Subcommittee
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Attachments

	Title	Page
↓A	Proposed 2021 Gambling and TAB Venue Policy	125
↓B	Tracked changes to 2018 Gambling and TAB Venue Policy	128
↓C	Minutes of Hearings and Deliberations	131

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

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

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

The Policy contributes to the Social Wellbeing Strategy priorities of vibrant and cohesive communities, connected people, and safe and healthy people. It also contributes to the Spatial Plan priority of a liveable city – a safe and healthy environment.

Māori Impact Statement

It is a legal requirement to provide notice of the proposed policy to organisations representing Māori in the area and this was part of the community engagement plan. Māori and Pasifica are disproportionately represented in problem gambling statistics.

Sustainability

There are no known implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no implications for these documents.

Financial considerations

There are no financial considerations.

Significance

This report is considered low in terms of the Council's Significance and Engagement Policy. However, it is recognised that community views on gambling are strong and polarised.

Engagement – external

Consultation for was carried out using the special consultative procedure as outlined in the Local Government Act. The Gambling Act requires this method of consultation.

Engagement - internal

There has been internal engagement with staff from Governance, In-house Legal Counsel, and Customer and Regulatory Services.

SUMMARY OF CONSIDERATIONS

Risks: Legal / Health and Safety etc.

There are no known risks.

Conflict of Interest

There is no known conflict of interest.

Community Boards

Community Boards were advised of the review and invited to submit.

GAMBLING AND TAB VENUE POLICY			
Approved by:	Council		
Sponsor:	General Manager Community Services		
Department responsible:	Customer and Regulatory Services		
Date approved:	13 April 2021	Reviewed:	First approved 2004; reviewed 2007; 2010; 2013; 20 March 2018; 13 April 2021
Next review date:	13 April 2024	DOC ID:	
Date of effect:	14 April 2021		

PURPOSE

The Gambling Act 2003 requires territorial authorities to have a policy stating if it will allow new non-casino gambling venues and machines ("pokies") in its district and, if so, where they may be situated. The policy can also limit the number of electronic gambling machines (EGM) at those locations.

The Racing Industry Act 2020 also requires territorial authorities to adopt policies on New Zealand Racing Board venues (TAB) within its district.

The Dunedin City Council combined the two so there is a single "*Gambling and TAB Venue Policy*".

The Gambling (Gambling Harm Reduction) Amendment Act 2013 introduced section 101(5) into the substantive Act which requires territorial authorities to consider a 'relocation policy' which is to set out if and when it will grant consent for a venue within its district where the venue is intended to replace an existing venue to which a class 4 venue licence applies.

SCOPE

This policy applies to all venues that have been granted a new class 4 gambling licence within the Dunedin City Council district since 18 October 2001.

The policy was approved following the special consultative procedure detailed in section 83 of the Local Government Act 2002. This allowed people and organisations with an interest in the development of the policy to consider the proposal and make submissions. A hearings sub-committee was appointed to consider all submissions and to report back to Council.

DEFINITIONS

"**Class 4 Gambling**" is defined in the Gambling Act 2003 as:

- (a) gambling that is not gambling of another class and that satisfies the following criteria:
 - (i) the net proceeds from the gambling are applied to or distributed for *authorised purposes*;
 - (ii) no commission is paid to, or received by, a person conducting the gambling; the gambling satisfies relevant game rules; and

- (b) gambling that utilises or involves a *gambling machine*; or
- (c) gambling categorised by the Secretary [for Internal Affairs] as class 4 gambling.

"Class 4 Gambling Venue" is a place used to conduct class 4 Gambling.

"Electronic Gambling Machine" means a machine used in *Class 4 Gambling Venues* and are often referred to as 'pokies'.

"Natural Disaster" means a major adverse **event** resulting from the **natural** processes of the Earth; examples include floods, hurricanes, tornadoes, volcanic eruptions, earthquakes, tsunamis, and other geologic processes.

"Near to or Adjacent to" means being within **100m** of the nearest boundary to the sensitive site.

"TAB" for the purposes of this policy is a New Zealand Racing Board Venue which, pursuant to the Gambling Act 2003, must be treated as a *Class 4 Gambling Venue*.

POLICY

1 Policy details

1.1 The aim of the Gambling and TAB Venue is to:

- 1.1.1 Prevent and minimise the harm caused by gambling to the community; and
- 1.1.2 Ensure the views of the Dunedin City Council and the community are reflected in the provisions of the policy; and
- 1.1.3 Allow those who wish to participate in class 4 gambling in the community to do so safely and responsibly.

1.2 Rules

- 1.2.1 The Dunedin City Council will not grant consent for the establishment of any new class 4 gambling venues.
- 1.2.2 The Dunedin City Council will not grant consent to allow an increase in the number of EGMs in an existing class 4 gambling venue.
- 1.2.3 Council may permit the **relocation of existing class 4 venues** where the premises cannot continue to operate at that site. Examples of such circumstances include the following:
 - 1.2.3.1 Fire
 - 1.2.3.2 Natural disaster.
- 1.2.4 Any application to relocate a current venue will be considered on a case by case basis and permission will be at the discretion of the Council. Any new location will be subject to the following:
 - 1.2.4.1 The venue operator of the new location shall be the same as the former location.
 - 1.2.4.2 The maximum number of EGMs shall not exceed the number approved at the former location and subject to any restrictions applicable under the Act.

- 1.2.4.3 The new location must not be in any **residential zone** or **recreational area**; or near to or adjacent to any school, early childhood facility, place of worship, or other community facility; or in the South Dunedin sinking lid area defined as Area 1 in the Gambling and TAB Venue Policy adopted on 19 August 2013.

Relevant Legislation:	Gambling Act 2003, Racing Industry Act 2020
Associated Documents:	

NAME OF POLICY: Gambling and TAB Venue Policy 			
Approved by:	Council		
Sponsor:	General Manager Community Services		
Department responsible:	Customer and Regulatory Services		
Date approved:	20 March 2018 13 April 2021	Reviewed:	First approved 2004; reviewed 2007; 2010; 2013; 20 March 2018; 13 April 2021
Next review date:	20 March 2021 13 April 2024	DOC ID:	
Date of effect:	21 March 2018 14 April 2021		

PURPOSE

The Gambling Act 2003 requires territorial authorities to have a policy stating if it will allow new non-casino gambling venues and machines ("pokies") in its district and, if so, where they may be situated. The policy can also limit the number of electronic gambling machines (EGM) at those locations.

The Racing ~~Industry~~ Act 20~~2003~~ also requires territorial authorities to adopt policies on New Zealand Racing Board venues (TAB) within its district.

The Dunedin City Council combined the two so there is a single "Gambling and TAB Venue Policy".

The Gambling (Gambling Harm Reduction) Amendment Act 2013 introduced section 101(5) into the substantive Act which requires territorial authorities to consider a 'relocation policy' which is to set out if and when it will grant consent for a venue within its district where the venue is intended to replace an existing venue to which a class 4 venue licence applies.

SCOPE

This policy applies to all venues that have been granted a new class 4 gambling licence within the Dunedin City Council district since 18 October 2001.

The policy was approved following the special consultative procedure detailed in section 83 of the Local Government Act 2002. This allowed people and organisations with an interest in the development of the policy to consider the proposal and make submissions. A hearings sub-committee was appointed to consider all submissions and to report back to Council.

DEFINITIONS

"Class 4 Gambling" is defined in the Gambling Act 2003 as:

- (a) gambling that is not gambling of another class and that satisfies the following criteria:
 - (i) the net proceeds from the gambling are applied to or distributed for *authorised purposes*;
 - (ii) no commission is paid to, or received by, a person conducting the gambling; the gambling satisfies relevant game rules; and

- (b) gambling that utilises or involves a *gambling machine*; or
- (c) gambling categorised by the Secretary [for Internal Affairs] as class 4 gambling.

"**Class 4 Gambling Venue**" is a place used to conduct class 4 Gambling.

~~"Club" is defined in the Gambling Act 2003 as "a voluntary association of persons combined for a purpose other than personal gain."~~

~~"Club Venue" for the purposes of this policy means a Class 4 Gambling Venue that is operated by a Club and where Class 4 Gambling is available to members of that club and their guests.~~

"**Electronic Gambling Machine**" means a machine used in *Class 4 Gambling Venues* and are often referred to as 'pokies'.

"**Natural Disaster**" means a major adverse **event** resulting from the **natural** processes of the Earth; examples include floods, hurricanes, tornadoes, volcanic eruptions, earthquakes, tsunamis, and other geologic processes.

~~"Natural Event" is when something suddenly falls down or caves in, for example a landslip or other land movement, a sink hole forms, or a tree/pole falls or is blown down, that interrupts normal activity, either permanently or for an extended period, at a specific location.~~

"**Near to or Adjacent to**" means being within **100m** of the nearest boundary to the sensitive site.

"**TAB**" for the purposes of this policy is a New Zealand Racing Board Venue which, pursuant to the Gambling Act 2003, must be treated as a *Class 4 Gambling Venue*.

POLICY

1 Policy details

1.1 The aim of the Gambling and TAB Venue is to:

- 1.1.1 Prevent and minimise the harm caused by gambling to the community; and
- 1.1.2 Ensure the views of the Dunedin City Council and the community are reflected in the provisions of the policy; and
- 1.1.3 Allow those who wish to participate in class 4 gambling in the community to do so safely and responsibly.

1.2 Rules

- 1.2.1 The Dunedin City Council will not grant consent for the establishment of any new class 4 gambling venues.
- 1.2.2 The Dunedin City Council will not grant consent to allow an increase in the number of EGMs in an existing class 4 gambling venue.

~~1.2.3 When two or more clubs merge, consent will be granted if:~~

- ~~1.2.3.1 Council is satisfied the merging clubs are clubs as defined in this policy.~~
- ~~1.2.3.2 The merging clubs are holders of current class 4 gambling licences.~~
- ~~1.2.3.3 The number of EGMs is the lesser of the total from the clubs or 30.~~
- ~~1.2.3.4 The fee payable for such applications will be set by Council from time to time after considering the cost of processing the application and the triennial reviews of this policy.~~

~~1.2.4.1.2.3~~ Council may permit the **relocation of existing class 4 venues** where, ~~due to circumstances beyond the control of the owner or leasee of the premises,~~ the premises cannot continue to operate at that site. Examples of such circumstances include, ~~but are not limited to,~~ the following:

~~1.2.4.1.2.3.1~~ Fire

~~1.2.4.2.1.2.3.2~~ Natural disaster ~~or other natural event.~~

~~1.2.5.1.2.4~~ Any application to relocate a current venue will be considered on a case by case basis and permission will be at the discretion of the Council. Any new location will be subject to the following:

~~1.2.5.1.2.4.1~~ The venue operator of the new location shall be the same as the former location.

~~1.2.5.2.1.2.4.2~~ The maximum number of EGMs shall not exceed the number approved at the former location and subject to any restrictions applicable under the Act.

~~1.2.5.3.1.2.4.3~~ The new location must not be in any **residential zone** or **recreational area**; or near to or adjacent to any school, early childhood facility, place of worship, or other community facility; or in the South Dunedin sinking lid area defined as Area 1 in the Gambling and TAB Venue Policy adopted on 19 August 2013.

Relevant Legislation:	Gambling Act 2003, Racing Industry Act 20 00 3
Associated Documents:	



Regulatory Subcommittee
REVIEW OF GAMBLING AND TAB VENUE POLICY
MINUTES

Minutes of an ordinary meeting of the Regulatory Subcommittee held in the Edinburgh Room, Municipal Chambers, The Octagon, Dunedin on Friday 26 March 2021, commencing at 9.00 am

PRESENT

Chairperson Cr Christine Garey

Members Cr Marie Laufiso Cr Jules Radich

IN ATTENDANCE Simon Pickford (General Manager Community Services), Kevin Mechen (Secretary, District Licensing Committee) and Anne Gray (Policy Analyst)

Governance Support Officer Lynne Adamson

1 APOLOGIES

There are no apologies.

2 CONFIRMATION OF AGENDA

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

Confirms the agenda without addition or alteration.

Motion carried

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.

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

- a) **Notes** the Elected Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected Members' Interests.

Motion carried

PART A REPORTS

5 SPEAKING SCHEDULE

The speaking schedule was noted.

SUBMISSIONS

The people who had indicated they wished to be heard in support of their submissions presented to the Subcommittee.

Bronwyn Powell-Grub and Emma Hunter, Salvation Army Oasis

Bronwyn Powell-Grub and Emma Hunter spoke in support of the Salvation Army Oasis submission to retain the sinking lid approach to 'pokie' machines. They commented on the seriousness of gambling related harm and the impact on the wider whanau of financial problems, family violence and in some cases, suicide. Ms Powell-Grub and Ms Hunter then responded to questions.

Jo-Anne Grimwood on behalf of David Pirie, Public Health South, Southern District Health Board

Jo-Anne Grimwood attended via zoom to speak on the Public Health South submission on behalf of David Pirie and thanked Council for the approach taken with the sinking lid policy. Ms Grimwood responded to questions.

Cameron Burrow, St Clair Surf Life Saving Club

Cameron Burrow advised that he was Chairman of the St Clair Surf Lifesaving Club and the Chair of the Local Lifesaving Operations Committee. He spoke of how Surf Lifesaving clubs in the Otago area relied on the proceeds of class 4 gaming to enable members to provide a service to the community and save lives. He commented that the service was on call 24/7 responding to people who need help.

Mr Burrow acknowledged the impacts of class 4 gaming on some sections of the community, but strongly believed that removing the gaming machines would not solve the problems. He urged members to consider the impact on community clubs and organisations when making the decision. Mr Burrow responded to questions.

Cameron Burrow, Dunedin Rugby Football Club

Cameron Burrow advised that he was the Chairman of the Dunedin Rugby Club. He stated that the club heavily relied on the proceeds received from class 4 gaming to provide a platform for people to participate in organised sport and live a healthy lifestyle. Mr Burrow noted that the club received 24% of its revenue from the funding in 2020 and 37% in 2019.

Mr Burrow encouraged members to remember the community and social impact

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

Adjourns the meeting.

Motion carried

The meeting adjourned at 10.00 am and reconvened at 10.09 am.

Jarrod True, Gambling Machine Association New Zealand

Jarrod True spoke to his PowerPoint presentation in support of his submission on behalf of the Gambling Machine Association, New Zealand. Mr True provided information on the distribution of funds and spoke of harm prevention and face recognition technology. He responded to questions and commented on the balance of harm prevention and the good that comes from the funding e.g. camps; schools and sporting support.

Brent Wolf, St Clair Surf Life Saving Club

Brent Wolf spoke of the reliance the St Clair Surf Life Saving Club had on funding received from gaming machines. He spoke of the work, events and activities undertaken by volunteers which were self funded.

Mr Wolf commented that in the last financial year, the surf club had received \$25,000 funding and questioned where the funding would come from should the sinking lid policy continue and spoke of the lack government funding available to South Island surf clubs.

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

Adjourns the meeting and reconvenes at 10.50 am.

Motion carried

The meeting adjourned at 10.36 am and reconvened at 10.50 am.

Sarah Campagnolo, PGF Services

Sarah Campagnolo spoke on behalf of PGF Services in support of their submission. She commented that while the amount of 'pokie' machines had decreased by 25% since 2019, the gambling spend had increased slightly. She commented that the sinking lid approach was slow but effective and that while most other mental health and addiction issues had increased, the rate of gambling addiction had remained constant.

Ms Campagnolo responded to questions and commented in support of retaining the sinking lid policy.

John Brimble, Sport Otago

John Brimble spoke in support of the cap policy and commented that the funding proceeds to sport alone was \$2.2m which provided much needed support to sporting clubs and that the continued reduction of machines was the single biggest threat to sport. Mr Brimble advised that businesses had suffered through COVID which in term meant there was less support to clubs.

Mr Brimble responded to questions.

Paul Allison and Sam Alexander, Lion Foundation

Paul Allison and Sam Alexander spoke in support of the submission from the Lion Foundation and commented on the applications received across the sector from community organisations which made a critical difference to the success and survival of the organisations. They commented on major funding provided to Dunedin city, both sporting organisations and community facilities such as Chat Bus and Riding for the Disabled.

Mr Allison and Ms Alexander advocated for the cap policy and retention of the relocation policy. They then responded to questions.

Tanya Piejus, New Zealand Community Trust

Tanya Piejus spoke to her PowerPoint presentation on behalf of the New Zealand Community Trust. She commented that they would like the sinking lid policy replaced with the capped policy and responded to questions.

Moved (Cr Christine Garey/Cr Jules Radich):

That the Subcommittee:

Adjourns the meeting until 12.45 pm.

Motion carried

The meeting adjourned at 11.54 pm and reconvened at 12.48 pm.

4 RESULTS OF CONSULTATION ON REVIEW OF GAMBLING AND TAB VENUE POLICY

The Subcommittee then considered the report from Customer and Regulatory Services which presented a summary of the 40 submissions received on the review of the Gambling and TAB Venue Policy to the Regulatory Subcommittee.

The General Manager Community Services (Simon Pickford) spoke to the report and responded to questions. He provided clarification on clause 1.2.3 and advised that there were no clubs in the Dunedin area which the clause was relevant to.

The Subcommittee considered and debated the points raised in the submissions and presentations.

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

Adjourns the meeting.

Motion carried

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

- a) **Recommends** that Council retain the existing Gambling and TAB Venue policy which has a sinking lid approach to the number of venues and gambling machines in Dunedin with the deletion of section 1.2.3 and the following amendment to Section 1.2.4 to read:

Council may permit the relocation of existing class 4 venues where the premises cannot continue to operate at that site. Examples of such circumstances include the following:

1.2.4.1 *Fire*

1.2.4.2 *Natural disaster*

Division

The Council voted by division:

For: Crs Christine Garey and Marie Laufiso (2).

Against: Cr Jules Radich (1).

Abstained: Nil

The division was declared CARRIED by 2 votes to 1

Motion carried (RSCCC/2021/001)

The Subcommittee discussed the impact to organisations/clubs reliant on funding from gaming machines and agreed that Central Government should provide a more sustainable model of funding to replace the reliance on gambling proceeds.

Moved (Cr Christine Garey/Cr Marie Laufiso):

That the Subcommittee:

- b) **Recommends** that Council lobby Central Government through LGNZ to establish a more sustainable model of funding for community organisations to replace the reliance on gambling proceeds .

Motion carried (RSCCC/2021/002)

The Subcommittee recorded their thanks to staff for their work and acknowledged and thanked all submitters for their submissions and presentations.

The meeting concluded at 1.52 pm.

.....
CHAIRPERSON

RESOLUTION TO EXCLUDE THE PUBLIC

That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987) 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 Ordinary Council meeting - 30 March 2021 - Public Excluded	<p>S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).</p> <p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be</p>	.	

	likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.		
C2 Confidential Council Actions from Resolutions at Council Meetings	<p>S6(a) The making available of the information would be likely to prejudice the maintenance of the law, including the prevention, investigation, and detection of offences and the right to a fair trial.</p>	<p>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.</p>	
C3 Director Remuneration - Dunedin City Holdings Limited Group Companies	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>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.</p>	<p>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.</p>	<p>This report is confidential because the information contained in this report remains confidential until Council has determined the level of fees and advised Dunedin City Holdings Limited of the outcome at which point the information can be made public..</p>
C4 CEO Key Performance Indicators	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including</p>	<p>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.</p>	

	commercial and industrial negotiations).		
9 The Future of Dunedin Railways Limited Attachment C	S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	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 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.