



AGENDA

Late Reports Ordinary Council Meeting Wednesday, 29 April 2026

Date: Wednesday, 29 April 2026

Time: 10:30 am

**Location: Ngā Hau e Whā, William Fraser Building,
1 Dunorling Street, Alexandra**

(A link to the live stream will be available on the Central Otago District Council's website.)

**Peter Kelly
Chief Executive Officer**

. The link to the live stream will be available on the Central Otago District Council's website.

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7 REPORTS

26.4.40 ORGANISATIONAL BUSINESS CONTINUITY PLAN - FUEL RESPONSE

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Reviewed and authorised by:	Saskia Righarts, Group Manager - Governance and Business Services

1. Purpose

To consider Central Otago District Council's (CODC) approach to business continuity as fuel prices continue to rise both domestically and internationally.

Recommendations

That the report be received and its contents noted.

2. Discussion

In March 2026, fuel prices rose sharply in response to shortages as a result of conflict in the Middle East. Stats NZ reported a petrol price increase of 18.6% and a diesel price increase of 42.6% between February and March 2026. This is the biggest monthly increase since Stats NZ began publishing fuel price movements in 2011.

In addition to increasing prices, fuel stocks in New Zealand are being monitored by the Ministry for Business, Innovation, and Employment (MBIE). A Fuel Response Plan has been developed by the government to confirm the measures to be taken should fuel stocks reduce to insufficient levels.

New Zealand is currently at Phase One of the Fuel Response Plan. This means the government will:

- Monitor fuel stocks and shipments
- Publish twice-weekly stock updates
- Monitor global supply and maintain engagement with international partners
- Coordinate closely with industry players to ensure markets continue to work well
- Understand and prepare to reduce its own demand
- Provide information to the public, including on how to reduce fuel bills

The government is promoting the continuation of normal fuel usage under Phase One of The Fuel Response Plan in addition to maintaining awareness of fuel-saving guidance from the Energy Efficiency and Conservation Authority.

Whilst MBIE reports that fuel stocks remain adequate, Council faces a significant increase in costs relating to fuel usage and, as such, is required to consider a change to normal operations to ensure budgets are not exceeded to a significant extent.

In addition to the direct cost increase associated with fuel usage, indirect cost increases will be seen through increases in prices across most, if not all, supply chains. Construction costs are particularly vulnerable to significant increase, with plastics and plumbing products expected to increase by up to 36% by May 2026.

CODC has been notified of a 30% increase in the cost of PE pipe materials from 1 May. A long lead in period has been provided on the price increase notification which means this is unlikely to affect maintenance contracts for 2025/26 financial year. Pipes will have been ordered at the lower prices for committed construction work. The length of pipe renewal contracts for 2026/27 will be adjusted to keep within the approved budgets. The impacts on the reticulation maintenance contract will be considered as part of the annual contract pricing review and will impact on the 2026/27 year.

Having reviewed fleet vehicle fuel costs for January, February, and March this year, it has been identified that without reduction in fleet vehicle usage, costs would rise significantly. The table below shows that if the same volume of fuel was to be used in April as March, the cost increase would be significant, hence action being taken now to reduce fleet vehicle usage where practicable.

	January	February	March	April Prediction
Litres Used	3811.44	4264.11	4506.11	Assumed 4506.11
Total Cost (incl. GST)	\$8,238.78	\$9,192.07	\$12,340.71	\$18,355.17

The attached business continuity plan details CODC's current approach, with the aim of minimising the impact of fuel price increases, both direct and indirect, as well as the framework for expanding measures should New Zealand move into further phases of The Fuel Response Plan.

Key points to note from the business continuity plan at Appendix 1 are shown below:

- Council staff have been instructed to restrict fleet usage to essential travel only
- Council staff are communicating with contractors providing key services in relation to the possible mitigations and potential cost increases
- Council's supply chain for operational activities has been documented and key vulnerabilities understood

Cost increases will be monitored and, if necessary, further steps will be taken with the aim of reducing costs where appropriate. Should New Zealand move into Phase 2 of the Fuel Response Plan, the approach detailed in Appendix 1 will be followed in order to begin conservation of fuel in addition to cost savings. This will continue to be followed if New Zealand moves into further phases of the Fuel Response Plan. Council's approach will be monitored and adapted as necessary to enable completion of critical activities and delivery of services.

3. Attachments

Appendix 1 - Fuel Response Business Continuity/Adaptation Plan 2026 [↕](#)



Fuel Response Business Continuity/Adaptation Plan 2026

Current Status – Phase 1

Activities with significant fuel usage

Key operational activities have been identified and assessed against a matrix of criticality and fuel dependency. Proposed approaches and the impacts of these have been documented. The proposed approach for each activity is either reduce operation (fuel use) or maintain current service level. Impacts of the approach have been documented.

In Phase 1, reduction of activity is related to cost saving, rather than fuel saving.

Contractor communication is underway with all physical works contractors to establish a collaborative approach to activities and costs where relevant. Contract mechanisms for price increases are being reviewed to ensure preparedness for key contracts including:

- Maintenance contracts:
 - Roothing
 - Open Spaces
 - Water Operations – Reticulation
 - Water Operations – Facilities
- Kerbside collection contract
- Capital project contracts



Activity Reduction

The following activities are being reduced to save fuel costs in the short term.

Activity	Criticality	Detail of Reduction	Impact of Reduction
Sport field mowing & maintenance	Priority	As weather slows growth on pitches, mowing frequencies naturally reduce	Potential for community dissatisfaction and increased complaints about grass length
Cromwell Mall cleanup	Priority	Reduction to 1 per week, usually 3	Potential for community dissatisfaction and increased complaints about mall upkeep
General mowing	Priority	As weather slows growth, mowing frequencies naturally reduce, but tolerance for grass length will be increased - across greenways and reserves	Potential for community dissatisfaction and increased complaints about grass length
Fertiliser applications	Priority	Reviewing application prior to completion	Potential reduction in success of plantings - impacts to be noticed in spring
Leaf fall collection	Priority	Fewer collections across all areas	More leaves on ground, will monitor high-pedestrian areas to ensure wet weather does not increase risk of falling
Re-sealing Programme	Critical	Resealing programme complete as at end of March. Natural reduction in activity.	No impact as resealing programme has been completed.
Un-sealed Maintenance Programme	Critical	Gravelling programme nearing completion. Natural reduction in activity.	Limited impact as maintenance programme is soon to be completed.
Roading Maintenance – General	Critical	Maintenance programme will be reduced and adjusted as required.	Intention to offset uncontrollable contract costs through reduction in activity. Potential for some



Activity	Criticality	Detail of Reduction	Impact of Reduction
			dissatisfaction if maintenance reduction is noticeable by the community.
Travel out of district - meetings, training, shows/forums	Non-Essential (some Priority)	Already booked will continue, new bookings to be approved by GM on priority basis	Reduced in-person opportunities, increased reliance on technology for external connections.
Meeting attendance (staff)	Non-Essential	Notification to staff to advise that meetings should be attended online unless necessary	Reduced staff attendance at meetings in-person, additional reliance on technology.
General fleet usage	Priority (some Non-Essential)	Notification to staff that fleet cars should only be used for priority activities	Increased reliance on technology connections, some restriction on work completed.

Increased costs

The following activities are categorised as critical or priority and have been assessed as requiring usual service continuation at this stage. This will result in increased fuel costs.

Activity	Criticality	Contractor	Increased Cost Summary
Sexton duties	Critical	Delta	Increased, but other activities reducing to reduce risk of budget overspend
Litter bin collection	Critical	Delta	
Playground inspections	Critical	Delta	
Emergency response (trees)	Critical	Delta	
Litter picking (parks)	Priority	Delta	
Wheelie bin collection (residential) - Red	Critical	EnviroNZ	Contract allows for CPI adjustment as well as fuel adjustment factor (FAF) to be calculated. This will result in increased costs and a likely budget overspend. Detailed planning is underway within the Solid Waste Team.
Wheelie bin collection (residential) - Green	Critical	EnviroNZ	
Wheelie bin collection (residential) - Blue	Priority	EnviroNZ	
Wheelie bin collection (residential) - Yellow	Priority	EnviroNZ	
Urgent call outs (Roading)	Critical	Fulton Hogan	Contract allows for CPI adjustment as well as FAF



Activity	Criticality	Contractor	Increased Cost Summary
			calculation. Intention to offset increased costs of urgent work through reduced maintenance programme.
Road Metalling Programme	Critical	Fulton Hogan	April metalling renewals (high cartage and grading component).
Road Grading Programme	Critical	Fulton Hogan	Proposed 33% increase in grader plant rates for cyclic grading.
Roading General	Critical	Fulton Hogan	Potential for increased subcontractor costs.
Meeting hosting (Governance Team)	Critical	Internal	Increased costs will have minor impact on budgets.
Water sampling	Critical	Internal	Unable to reduce travel for this as the sampling programme has to meet legislative timeframes for the various water sites, and consent condition dates for wastewater sites. The actual costs for bringing this work in house have been less than anticipated and increased fuel costs are likely to be able to be accommodated for the current financial year.
Water & Wastewater Treatment	Critical	Trility	Fuel costs relate to operators' vehicles and there is minimal scope to reduce mileage. There will be an annual CPI adjustment to this contract for the 2026/27 financial year, and this is likely to incorporate increased fuel costs.
Water, Wastewater, Stormwater Reticulation	Critical	Fulton Hogan	Working with the contractor to encourage and support efficient work planning to reduce vehicle use requirements. There will be an annual CPI adjustment to this contract for the 2026/27 financial year, and this is



Activity	Criticality	Contractor	Increased Cost Summary
			likely to incorporate increased fuel costs.
Wastewater Sludge Carting	Priority	SJ Allen	Contract requires the pricing to be adjusted if the input costs change. Have met and agreed to pay increased fuel costs for April, and going forward. These are based on weekly notification of diesel costs from fuel supplier which will enable both cost increase and reductions to be accounted for. Also working with treatment plant contractor to ensure bins are fully loaded before being transported to Winton. Following review of last month's loads, we believe we can potentially reduce by one load every 2 months which will reduce costs sufficiently to cover increased fuel costs.
Building Inspections	Critical	Internal / Contractors	Increased cost of fuel for travel.

Where activities have been assessed as having a low dependency on fuel usage, it has been anticipated that maintaining current service levels will not result in increased costs.



Operational supply chain continuity

Key operational items required for continuation of usual activities have been identified and their criticality defined. Availability and cost of these items will be monitored.

Supply Item	Criticality	Comments
Stationery	Non-Essential	No anticipated disruption
Toilet roll	Critical	No anticipated disruption
Hand wash/ paper towels	Critical	No anticipated disruption
Cleaning products	Critical	No anticipated disruption
PPE	Critical	No anticipated disruption
Laptops	Critical	No anticipated disruption
Phones	Priority	No anticipated disruption
Other IT hardware	Non-Essential	No anticipated disruption
Office furniture	Priority	No anticipated disruption
Pool chemicals & salt	Critical	Salt deliveries receiving temporary surcharge. Infrequent delivery programme = minor increase in cost.
Pool testing kits	Critical	No anticipated disruption
Water sampling equipment	Critical	No anticipated disruption
Fleet vehicles	Non-Essential	No anticipated disruption
Library books & resources	Non-Essential	No anticipated disruption
Electricity	Critical	Electricity contracts (fixed price per unit) in place until 2028.
Postage	Critical	Increased costs anticipated.
Courier Services	Priority	Reduction in courier use for library books being balanced by staff delivering books when travelling.



Future contracts

Consideration will be given to the increased price of future capital projects. Innovative ways to deliver the planned capital programme will be considered to enable delivery within budget.

Key upcoming capital projects

- Replacement of Bridge 145, Maniatoto
- Pipe renewal and upgrade programme 26/27

Phase 2 and beyond

If New Zealand moves to Phase 2 of the National Fuel Response Plan, CODC will move to fuel conservation in addition to cost savings.

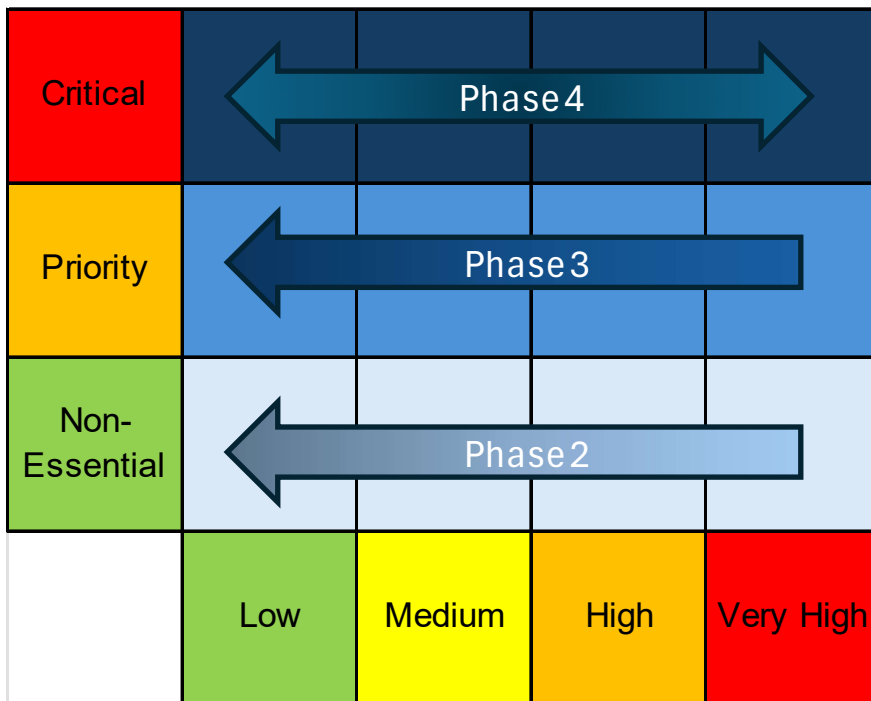
Staff will continue to be offered flexible working options, with a focus on wellbeing from the People and Culture team.

Movement through phases will be approached in the following way:

In Phase 2, Activity reduction will begin with non-essential activities, moving from highest fuel usage to lowest when deciding whether complete suspension of an activity is required. Where appropriate, priority activities may also be considered for further reduction or complete suspension, moving from highest fuel usage to lowest.

If and when New Zealand moves to Phase 3, priority activities will be considered for further reduction or suspension. Critical activities will be considered for appropriate reduction based upon current internal and external context.

If and when New Zealand moves into Phase 4, consideration of all activities will be revisited, with the potential of additional suspensions of priority activities. Critical activities will only be suspended where the impacts will not negatively effect community health, safety, and wellbeing.



In addition to the above defined activity approach, if and when New Zealand moves to further phases of the National Fuel Response Plan, the following actions will be taken:

- Key contractors will be engaged to continue and/or increase communication and collaborative approaches
- Supply chains will be monitored to understand increased costs, decreased availability, or disruptions to delivery of key items or services
- TCO will pivot to marketing the region to ensure Central Otago remains front of mind, without encouraging travel (Phase 3)
- Forward work programme will be reviewed and amended as appropriate