

## OTAGO REGIONAL COUNCIL

### Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 16 April 2014 commencing at 11.00 am

**Present:**

- Cr Gary Kelliher (Chairperson)**
- Cr Graeme Bell**
- Cr Doug Brown**
- Cr Louise Croot MNZM**
- Cr Michael Deaker**
- Cr Gerrard Eckhoff**
- Cr Trevor Kempton**
- Cr Sam Neill**
- Cr Gretchen Robertson**
- Cr Bryan Scott**
- Cr Stephen Woodhead**

**Apologies:**

- Cr David Shepherd**  
The apology was accepted.

**In attendance:**

- Peter Bodeker**
- Wayne Scott**
- Jeff Donaldson**
- Fraser McRae**
- Gavin Palmer**
- Janet Favel**

#### CONFIRMATION OF AGENDA

There were no changes to the agenda.

#### PUBLIC FORUM

*Lynley Hood and Peter Dowden, BusGo*

Ms Hood commented that she would have had to catch a bus at Corstorphine at 8.45 am to be at the Council by 11.00 am, but also commented favourably on recent improvements to bus services. She pointed out the unknown of whether bus users would be better served if the DCC had responsibility for the Dunedin public transport system. Ms Hood commented that there were a lot of challenges to using buses which could not be fixed by timetable improvements. She noted Dunedin's vision to become one of the best small cities, and the region to be one of the best regions, and considered these visions could not be achieved without an integrated transport plan that included buses, pedestrians, cyclists, motorists,

traffic lights, footpaths, etc. The Transport Plan had to include all road users. Bus users felt marginalised when integrated transport planning decisions were made. Ms Hood cited as an example the current debate over parking spaces vs cycleways, and pointed out that the bus service was missing from that equation. A major concern was road safety, with Dunedin having the worst crash statistics nationally. Ms Hood also noted that the DCC road safety action plan referred to older drivers doing more walking and cycling, but did not refer to buses. Ms Hood commented on factors in catching a bus, including the need for safe footpaths, safe surfaces at bus stops for dis/embarking, shelter, and safe road crossings – these were all DCC issues. For these reasons she could see a lot of advantage in the DCC taking over responsibility for public transport services. Mr Dowden commented that he would want the public to think the DCC was taking over public transport because it was a better fit with their other responsibilities, not because ORC was not doing a good job.

## MINUTES

The minutes of the public portion of the meeting held on 13 March 2014, having been circulated, were adopted on the motion of Crs Woodhead and Croot.

### Matters arising from minutes

There were no matters arising from the minutes.

## PART A – PRESENTATION

### Item 1 Port Otago Ltd

Port Otago Ltd Chair David Faulkner and CE Geoff Plunket attended to present the Group's six monthly report to December 2013.

Mr Faulkner summarised the highlights of the six months:

- Tax paid profit \$5.7m, up 14%
- Operating profit \$8.4m, up 13%
- Assets increased to \$470m, equity ratio of 69%
- Interim dividend of \$2.5m paid
- Container volume 80,400 teus, a decrease of 4%
- Conventional cargo up 6% to 673,000 tonnes
- Log exports up 15% to 397,000 tonnes
- Vessel arrivals up by 4 to 233, including 77 cruise ships
- The log storage area paved
- Health and Safety – 20 months without a lost time injury (LTI), then three LTIs fairly close together. Staff were working on this.
- Medical treated incidents (MTIs) reduced from 26 in 2011 to 16 in 2013.
- 290 permanent staff

- \$4.3m capital expenditure – new tug, two straddle carriers (diesel/electric, fuel efficient and quieter); new tug due July 2014
- Evaluating options and timing of channel deepening – the later advent of larger ships (now five years away) meant lesser deepening could be done over a longer period than originally planned.
- Chalmers Properties – purchase of Bunnings in Glenfield, Auckland; 96% occupancy rate in Auckland and Dunedin properties; design/build industrial development in Sturdee Street, Dunedin; development of first stage of Hamilton industrial land.
- Lyttelton Port Company (LPC) – \$47m holding, dividend over three years = \$0.02/share. Consultants appointed to assist with review of shareholding.
- Slower start to export season because of weather; lower cruise ship numbers; log exports continuing.
- Outlook – lower container volumes for full year. Group result will be similar to previous year.

The strategic operating purpose for the purchase of the LPC shares was noted, and Mr Falkner pointed out that at the time of the purchase there was the possible Hutchinson deal to take over 50% of the shares; the government was talking about port amalgamations; and there were discussions with LPC on operational co-operation, but none of these possibilities had eventuated. The shareholding was now viewed as an investment, with little of its previous strategic purpose. Mr Faulkner further explained that the Darfield developments would probably go through Christchurch, and the Port of Tauranga strategy was not clear. Significant volume to Port Otago from South Canterbury was noted, and Mr Faulkner advised that one of POL's objectives was to increase the share of South Canterbury cargoes.

The establishment of a separate Health and Safety subcommittee was noted, and Mr Faulkner pointed out that the responsibilities of boards of directors in this regard had increased. All six POL Board members were on the subcommittee, with director Paul Rea as chair. The focus was zero harm for staff, and Mr Faulkner noted that health and safety had been high on POL's agenda for a long time.

Mr Faulkner explained that POL Board members were also directors of Chalmers Properties. He explained in response to a question that requests received about freeholding property were considered carefully and valuations were obtained. Frequently, after the valuation was advised, the request was not followed up.

## **PART B - RECOMMENDATIONS**

### Item 2

#### **2014/0775 Dunedin Passenger Transport Governance Options. DCS, 2/4/14**

The report noted ongoing discussions over a number of years about the most appropriate governance model for the Dunedin public transport function, and summarised relevant legislation and existing public transport roles. It

was recommended that Council consider if it wished to retain the public transport function, or believed the function had a more appropriate fit with the Dunedin City Council.

There was general consensus that as the result of a range of improvements by ORC, the Dunedin public transport system was operating well, and that the operation of the transport system sat more appropriately with the DCC. It was noted that DCC and ORC would need to work collaboratively in any transfer of public transport responsibilities, including upcoming developments such as integrated ticketing.

Cr Woodhead proposed the following resolutions:

1. That this Council believes the governance of public transport fits more appropriately with Dunedin City Council;
2. That ORC approach DCC with an offer to transfer public transport planning and operation.

Cr Woodhead considered that regional transport planning and operations should not be separated and should be transferred together.

A concern was raised that ORC needed to be satisfied that the public would be better served if the public transport function was transferred to the DCC.

Cr Woodhead moved  
Cr Kempton seconded

1. *That this Council believes the governance of public transport fits more appropriately with Dunedin City Council;*
2. *That ORC approach DCC with an offer to transfer the public transport planning and operation functions for Dunedin.*

**Motion carried**

## **PART C – ITEMS FOR NOTING**

Item 3

2014/0773 **8 month review to 28 February 2014.** DCS, 2/4/14

The report summarised progress in meeting project targets for the eight months to 28 February 2014. The full report was circulated separately with the agenda.

Following discussion at the Lower Taieri meeting, a question was asked about funding set aside for a weighting blanket at Outram. Dr Palmer explained that this referred to a piping/seepage risk from the floodbank, and that money not expended was held in scheme reserves. He was to check when the work would be carried out.

The reduction in the number of homes supplied with new clean heating appliances was noted. It was pointed out that there was still opportunity for

financial support to homeowners, and it was agreed that the programme should be promoted.

Cr Woodhead moved  
Cr Scott seconded

*That the report be received.*

**Motion carried**

Item 4

2014/0756 **Local Government (Financial Reporting and Prudence) Regulations 2014.** DCS, 25/3/14

The report explained that the Local Government (Financial Reporting and Prudence) Regulations 2014 would come into force on 1 May 2014, and presented the key provisions of the regulations.

The report noted that the required disclosure statements related to planned and actual performance for specific benchmarks, and Mr Scott commented that rates affordability had been a significant national issue for some time. He also commented that items relating to debt did not affect the ORC, and were included for information only. The benchmarks compared expectations with performance, and Mr Scott noted that the process should not drive what a council should do.

Mr Scott advised in response to a question that failure to meet the benchmarks would be reported through the council's audit function.

Cr Croot moved  
Cr Brown seconded

*That the report be received.*

**Motion carried**

Item 5

2014/0772 **Benchmarking Administration and Support Services.** DCS, 2/4/14

The report noted that the Council is a participant in a regional council benchmarking exercise in relation to administration and support services (BASS), and provided a summary of the outcome of the survey following the second year of data collection and analysis.

Mr Scott stated that overall he was comfortable with the Council's performance. He pointed out that while some factors were below the median, this was because of the size of the Council, ORC being the second smallest regional council in the comparison. He commented that there were learnings from the survey, which he noted measured the cost of activities,

not the level of service. Mr Bodeker considered that it was valuable to discuss the results with other councils, which could identify where activities could be carried out differently.

Mr Scott advised in response to a question that staff development and training costs were allocated to the relevant projects rather than to a general Human Resources staff training budget.

Cr Neill moved  
Cr Kempton seconded

*That the report be received.*

**Motion carried**

Item 6

2014/0783 **Executive Report on Progress.** DCS, 4/4/14

The report described significant activities carried out by the Finance and Corporate sections since the last meeting of the Committee.

Mr Scott drew attention to Item 2 Passenger Transport Contract Assignment, which advised that Invercargill Passenger Transport Ltd had sold their business to Go Bus Transport Ltd, with effect from 1 April 2014. He advised that discussions were under way in relation to the ORC's and the company's respective GoBus brands.

In response to a question about the Cromwell depot, Mr King confirmed that staff had moved into the new premises.

Cr Croot moved  
Cr Deaker seconded

- (1) *That this report be received.*
- (2) *That the payments and investments summarised in the table above and detailed in the tabled schedule, totalling \$7,929,784.59, be endorsed.*

**Motion carried**

**PART D - EXCLUSION OF PUBLIC**

Cr Woodhead moved  
Cr Bell seconded

*That the public be excluded from the following part of the proceedings of the meeting.*

*The general subject of the matters to be discussed while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1)(a) of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:*

	<i>General subjects to be considered</i>	<i>Reason under LGOIMA for passing this resolution</i>	<i>Grounds under S.48 for the passing of this resolution</i>
<i>Item 7</i>	<i>Minutes of the non public portion of the meeting held on 13 March 2014</i>	<i>To enable any local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations. LGOIMA S7(2)(i)</i>	<i>S.48(1)(a)(i)</i>

*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 with respect to each item.*

**Motion carried**

Following discussion of Item 7,

Cr Croot moved  
Cr Bell seconded

*That the meeting resume in open session.*

**Motion carried**

The meeting closed at 12.31 pm.



**Chairperson**