

## OTAGO REGIONAL COUNCIL

### Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 15 October 2014 commencing at 10.30 am

**Present:**

- Cr David Shepherd (Chairperson)
- Cr Gary Kelliher (Deputy Chairperson)
- Cr Graeme Bell
- Cr Louise Croot MNZM
- Cr Michael Deaker
- Cr Gerrard Eckhoff
- Cr Trevor Kempton
- Cr Sam Neill
- Cr Bryan Scott
- Cr Stephen Woodhead

**Apologies:**

- Cr Doug Brown
- Cr Gretchen Robertson

The apologies were accepted on the motion of Crs Shepherd and Croot.

**In attendance:**

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

#### CONFIRMATION OF AGENDA

There were no changes to the agenda.

#### MINUTES

The minutes of the public portion of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Kempton and Kelliher.

#### Matters arising from minutes

There were no matters arising from the minutes.

## PART A – PRESENTATION

### Item 1 Port Otago Ltd – Annual Report 2014.

Port Otago Ltd Chair David Faulkner and Chief Executive Geoff Plunket were in attendance to present the Group's Annual Report 2014, which had been circulated separately with the agenda.

In his presentation Mr Faulkner noted the following:

- Group profit \$31.8m, down 16% on last year.
- Acquisition of \$27m in investment property, and sales of properties in Auckland and Dunedin, first sales from Te Rapa land development in Hamilton.
- Kotahi deal with Port of Tauranga – very wide ranging changes.
- Maersk had re-established its call at PrimePort Timaru; POL would maintain its Timaru rail service.
- Channel deepening – use of POL's dredge to deepen to less than 14m would keep the cost of this work to less than \$10m.
- Operating results were similar to last year, the revaluation result had affected the Group's bottom line.
- Total assets \$494m.
- Dividend this year \$7.1m.
- Container throughput down 7%; conventional cargoes 1.3m, similar to last year.
- 501 vessel arrivals including 71 cruise ships.
- Health and safety - disappointed to have 6 LTIs this year following 20 months with none. MTIs had reduced by 50% to 12. Ultimate objective is to achieve zero harm.
- Capex \$15.7m: new tug 'Taiaroa', two new straddles, paving of Dunedin log storage area, container pre-trip inspection gantry (required by shipping companies for better inspection and quick turnaround).
- Community and environment – completion of acoustic treatment of red zone properties that can be treated, will purchase two red zone properties that are unable to be treated. This was the culmination of eight years' work.
- Lyttelton Port – sale of shares to CCHL now completed, proceeds of \$65.7m from the sale.
- Chalmers Properties – rental income was a record \$13.7m, this increase due partly to revaluations.
  - Dunedin developments: Chep NZ development for \$3.5m with 10 year lease; sale of two Dunedin ground leases; Jade Quay building refurbishment, and new leases to Ray White franchise and Federated Farmers.
  - Auckland developments: purchase of Bunnings warehouse; sale of two properties.
  - Hamilton developments: stage 1 of Hamilton subdivision completed; sold 2.2 ha during year.
- Outlook – growing export cargo volumes; well positioned to evaluate investment opportunities; continued focus on health and safety.

In response to a question about the reduction in container volume, Mr Faulkner advised that POL was taking steps to turn the decrease around but it was not a major concern at this stage.

The increase in injury incidents was noted. Mr Faulkner commented that POL had enjoyed a better safety record than other ports. He considered that there were good systems in place, and did not anticipate that there would be a change in the company's focussed approach to health and safety.

It was requested that the benefit to the people of Otago as owners of the Port be kept in mind when investment decisions were made. Mr Faulkner stated that the Group was very aware of the benefit of investment in Otago that created jobs and put more containers through the Port. He also noted that due to the Statement of Corporate Intent, agreement of the Council would be required for any significant diversion of investment.

Cr Woodhead noted that both organisations had been through a strategic planning exercise, and it was now planned to bring the outcomes together.

Improvements to the entry to the port for cruise ship passengers were queried. Mr Faulkner commented that there had been incremental changes. Mr Plunket observed that cruise lines were happy with how the Port presented, and noted that passengers liked coming into a working port. In preparation for the 2014/15 cruise ship season the walkway from the ships had been improved, murals had been painted in A shed, and a Wifi marquee would again be erected.

Mr Faulkner and Mr Plunket left the meeting at 11.10 am.

## **PART B - RECOMMENDATIONS**

### Item 2

2014/1488 **Water Management Assistance.** DCS, 29/9/14

The report noted that changes to the purpose statement of the Local Government Act had affected Council's previously agreed irrigation development assistance policy, and suggested principles for a revised policy in line with the changes to the legislation.

Cr Kelliher declared a conflict of interest and left the room for discussion of this item.

Mr Scott explained that the proposed changes would also align the policy with the draft strategic plan. Cr Woodhead considered that the proposal was a logical way to provide assistance that was currently provided through the Chief Executive's fund.

The principle 'That funding not be provided for the funding of infrastructure' was noted, and Mr Scott explained that this principle related to the Water Management Reserve, and funding for infrastructure was not automatically precluded from other Council consideration.

In response to a query about the CE's involvement in any developments, Mr Bodeker stated that he might be involved as an observer to ensure good insight into what was needed. He did not see this as a conflict of interest.

Previously the total sum for the CE's fund set aside in the Annual Plan could be used for as many or as few projects as required. The proposed new policy in taking the place of the annual allocation would provide opportunities for wider vision. The policy did not suggest a limit on funding, but it was noted that the CE had a delegation limit, and common sense and consultation with Council would apply.

The distinction between community and individual benefit was noted. Mr Bodeker explained that Council would not fund the taking of water from other sources, but would fund the ability for communities to get together to have a common function. The bigger the community, the more assurance Council could have that individual benefit was not the prime motivation.

Cr Woodhead moved  
Cr Kempton seconded

- (1) *That the reserve held be re-titled 'Water Management Reserve'.*
- (2) *That its utilisation be in accordance with the principles set out in this report.*

**Motion carried**

Item 3

2014/1455 **Draft Significance and Engagement Policy.** DCS, 23/9/14

The report presented for consideration and approval a draft Significance and Engagement Policy as required by the Local Government Act 2002 Amendment Act 2014.

Cr Croot in moving the recommendation stated that she did so because the policy was to go out for consultation, and she supported getting input from the public on the proposal.

Cr Croot moved  
Cr Deaker seconded

1. *That this report be received.*
2. *That the draft policy be endorsed for consultation.*
3. *That consultation be carried out in accordance with Section 4 of this report.*

4. *That Council delegate to the Finance and Corporate Committee the consideration of the policy following consultation, and its adoption.*

**Motion carried**

Item 4

2014/1566 **Audit and Risk Subcommittee.** DCS, 7/10/14

The report summarised the discussion of the inaugural meeting of the Audit and Risk Subcommittee. Cr Woodhead commented that the meeting discussion was thorough and included working through the Annual Report page by page.

Cr Kelliher returned to the meeting.

In response to a question Mr Bodeker explained that a review of health and safety was being carried out by an external auditor. The recommendations from the review would be presented through the Subcommittee to Council.

It was requested that more information be presented to the Finance and Corporate Committee on the deliberations of the Audit and Risk Subcommittee. Cr Shepherd noted time constraints on this occasion which had prevented a fuller report being presented.

Cr Deaker moved  
Cr Neill seconded

- (1) *That this report be received.*
- (2) *That the Annual Report and Financial Statements for the year ended 30 June 2014 be recommended for adoption.*

**Motion carried**

Item 5

2014/1568 **Kakanui River Water Allocation Subcommittee.** DCS, 8/10/14

The report explained that the terms of reference of the Kakanui River Water Allocation Subcommittee required that the Subcommittee's membership be approved by Council.

Cr Woodhead moved  
Cr Croot seconded

*That James McNally, John Newlands, Roger Fox, Lyndon Strang and Mark Lawrence be appointed to the Kakanui River Water Allocation Subcommittee.*

**Motion carried**

Item 6

2014/1472 **Schedule of Meetings to December 2015.** DCS, 25/9/14

A proposed schedule of Ordinary Council and Committee meetings for the period to December 2015 was presented for consideration.

Cr Croot moved  
Cr Shepherd seconded

*That the attached schedule of Ordinary Council and Committee meetings to December 2015 be adopted.*

**Motion carried**

The meeting closed at 11.47 am.



**Chairperson**