

OTAGO REGIONAL COUNCIL

Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 3 June 2015 commencing at 10.00 am

Present:

- Cr David Shepherd (Chairperson)
- Cr Gary Kelliher (Deputy Chairperson)
- Cr Graeme Bell
- Cr Doug Brown
- Cr Michael Deaker
- Cr Gerrard Eckhoff
- Cr Trevor Kempton
- Cr Sam Neill
- Cr Gretchen Robertson
- Cr Bryan Scott
- Cr Stephen Woodhead

Leave of absence: Cr Louise Croot

In attendance:

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

CONFIRMATION OF AGENDA

There were no changes to the agenda.

PUBLIC FORUM

Simon Parks

Mr Parks stated that he was a farmer on the Taieri, and spoke on behalf of himself and other Taieri farmers, two of whom attended the public forum in his support. Mr Parks requested that the LTP be further amended to exclude spending \$4.5m on the Upper/Lower Pond link spillway. He had submitted to the LTP on this matter. He expressed landholders' concerns about the proposal to spend this amount, noting that it was the largest amount spent in the history of the scheme. Mr Parks queried who had requested that this work be done, noting that no-one he had spoken to had requested it. Mr Parks asked Councillors to consider three questions: did they have a clear understanding of how the flood scheme worked; had the consultation process been fair; and had the ORC met its obligations under the Local

Government Act. He considered that if the answer to any of these questions was no, the item should be removed from the LTP. Mr Parks was asked whether he represented all farmers in the Taieri area. He responded that while he had not had time to contact everyone, he had talked to a lot of farmers, all of whom had agreed with his concerns.

MINUTES

The minutes of the public portion of the meeting held on 22 April 2015, having been circulated, were adopted on the motion of Crs Robertson and Woodhead.

Matters arising from minutes

There were no matters arising from the minutes.

PART A - RECOMMENDATIONS

Item 1

2015/0956 **2015-25 Long Term Plan – Recommendations from the Hearing Committee.** DCS, 21/5/15

The report presented the Hearing Committee's recommendations in respect of the 2015-25 Long Term Plan. The summary of submissions was circulated separately with the agenda.

Cr Shepherd as Chair of the LTP Hearings Panel summarised the report. He noted concerns raised about the information contained in the consultation document, and explained that the process was dictated by the LGA, and that the report had been audited. The Panel acknowledged these concerns, and changes were to be made in the future to address them. He noted that the Auditor General was to review the new system, and ORC would be party to that review.

Support was expressed for the proposal to amend the targeted rate contribution for water quality from 75% to 60% of the total cost of monitoring and science, stepped to 75% over 3 years. The multi-dimensional approach to compliance activity, covering education/ liaison, environmental monitoring, science, and research and development, was commended. There was also support for the pragmatic approach to dairy monitoring, with one fee payable for a farm visit, and further fees incurred where more visits were undertaken following identification of non compliance.

Cr Woodhead noted that confusion around monitoring and compliance costs was apparent during the hearings process. He considered that where consent holders required an audit, they should meet the costs of that audit. He also suggested that future consideration needed to be given to the options

provided in the consultation process, for example rating on capital value or land value. Cr Woodhead noted in regard to the water quality rate that some blocks of land were not captured in the rural land categories that were consulted on, and this matter had been investigated and addressed. The quantum of the change was noted, with an 80-100% increase in ORC rates for some. He noted the proposed change to the apportionment of reserves and general and targeted water quality rates with a transition working towards 75%/25% over three years, and considered this proposal was workable for the rural community. Cr Woodhead noted that because of legal restraints, Council was not able to charge for dairy monitoring visits using a risk based approach. It was now proposed that one visit be carried out at a set fee of \$235 per visit, with charges for further visits where non compliance was identified.

Cr Kempton considered that good process had been followed, and submitters provided useful input. He commented that a major industry (the dairy industry) operated on a permissive regime where consents were generally not required, and the community had to be assured that the objectives in that regime were being met. Farming had to expect to meet some of the resulting costs. Cr Kempton pointed out the comparison with, for example, Oceana Gold, which had to meet consent conditions and pay all associated costs. In relation to the Taieri flood protection scheme, he noted earlier comments that the scheme didn't work, and Council was now being given the message that the scheme was working. He pointed out that it was easier to include provision for a project in the LTP now and then take it out, than to put it in later. Council needed to be assured that each of these processes was re-examined when appropriate, and the issue of service levels discussed.

Cr Brown commended the proposed changes to the compliance monitoring targeted rate. He noted that the Plan Change was still in the implementation phase, and the rate apportionment should be reviewed every year. Cr Brown noted the suggestion that lifestyle blocks 4 ha and over be included in the targeted rate, and considered this should be reduced to 2 ha and over.

Cr Deaker commended the proposed changes to the LTP based on submissions, and the work of the Panel and staff. He considered that the proposed rates were fair, and particularly commended the redistribution of water quality rates across general and targeted ratepayers as set out in Section 4.2 of the report. He considered that there should be more discussion about Taieri flood protection scheme costs.

Cr Kelliher supported the inclusion of rural lifestyle properties in the schedule of rural land use types to be levied, and supported reducing the minimum to 2 ha in the future. He agreed that more information and discussion was needed on the comments made by Mr Parks. He was concerned that the decision not to support the funding request by the Friends of Lake Hayes would impact on their ability to obtain funding from the Central Lakes Trust. Cr Shepherd noted the extensive involvement of Council in the past, and that the group wanted to do more water quality testing than ORC considered was necessary. He suggested that if the group

could raise the funds to purchase a monitor, ORC could help with its operation.

Cr Scott agreed that further consultation was required on the issues raised by Mr Parks to determine benefits, costs, and whether the work could be done in part. In relation to public passenger transport, he supported the 'last ride' concept where if the price of the ride was more than was available on a GoCard, people could still take the ride, and the shortfall would be deducted from their next top up. He noted that no drawings relating to the bus hub had been presented to Council.

Cr Deaker moved

Cr Woodhead seconded

1. *That this report be received.*
2. *That the recommendations of the Hearing Committee within this report, and within the summary of submissions, be endorsed.*
3. *That in the first two years of the plan, it is financially prudent to have operating deficits as proposed.*
4. *That the 2015-25 Long Term Plan incorporating the recommendations from the Hearing Committee be placed before the June Council meeting for adoption.*
5. *That the 2015-16 Rates Resolution be placed before the June Council meeting for adoption.*

Cr Woodhead commented on the following issues:

- The need to ensure the community understood that the ORC did not intend to move away from the educational role in rural water quality, and the relevant targeted rate clearly identified this.
- Significant work had been carried out recently on the flood and drainage schemes, and some had originally received a government subsidy, which was no longer available. Many of the schemes were in deficit currently, and the costs had been smoothed over a period of years. Events on the Taieri recently had raised issues including the operation between chute, upper pond and lower pond. Cr Woodhead pointed out that the process of investigating options and consulting with the community would be carried out before a decision was made on whether to commit to spending \$4.5m on flood and drainage work.
- Public transport – lower prices achieved on contracts meant that work on the bus hub could commence earlier than planned. The terminus/ bus hub would not be able to provide all the services available in larger cities, but it would make transfer between services easier and simplify bus routes.

Cr Brown considered that it would be beneficial to review the funding of flood and drainage schemes. Mr Scott advised that all schemes would be reviewed, not just those on the Taieri. Beneficiaries and exacerbators,

funding source, and affordability of the schemes needed to be included in the review.

Cr Eckhoff advised of his intention to move an amendment that 50% of the water quality science and monitoring component be funded out of the general rate, not out of reserves. Mr Scott explained that the proposed \$60,000 (environmental monitoring) and \$30,000 (science) from reserves related to capital, not operational, expenditure.

Cr Eckhoff moved
Cr Brown seconded

That the environmental monitoring and science components of the water quality rate be apportioned on a 50/50 split between the general rate and the targeted rate for a period of 3 years.

Mr Scott in response to a question observed that this could result in a significant increase in the general water quality rate in the first year from \$819,000 to \$950,000. Cr Scott noted that as a result of changes recommended by the Hearing Panel, the general rate increase was currently 6.5%, and he would not like it to be any higher. There was also concern at reserves being used.

The amendment was put and lost.

Thanks were extended to the hearing panel and staff for their work in presenting this report. It was noted that in some cases the LTP had been amended to meet submissions, and Councillors had taken note of the points made in the Public Forum. While the rate increase as a percentage seemed high, the amount per household in most cases was not great.

The motion was then put and carried

Mr Bodeker acknowledged the work of Councillors in producing the Strategic Plan, which provided the basis for the LTP.

Item 2
2015/0964 **Director's report.** DCS, 25/5/15

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

Councillors were pleased to note that the upgrading of the Raes Junction Stock Effluent Disposal facility had been carried out before Gypsy Day.

In relation to the government investigation of online voting, Mr Scott noted that the trial related to TLAs rather than to regional councils.

Cr Kelliher moved
Cr Brown 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 \$3,674,737.44 be endorsed.*

Motion carried

PART B EXCLUSION OF PUBLIC

Cr Shepherd moved
Cr Woodhead 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 3</i>	<i>Minutes of the in committee portion of the meeting held on 22 April 2015, for adoption</i>	<i>To enable the body holding the information to carry on, without prejudice or disadvantage, negotiations. (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.

Following discussion of Item 3,

Cr Woodhead moved
Cr Shepherd seconded

That the meeting resume in open session.

Motion carried

The meeting closed at 11.46 am.

B. Shepherd

Chairperson