



COUNCIL MEETING PUBLIC AGENDA

27 SEPTEMBER 2017

10:30 am Council Chamber
70 Stafford Street, Dunedin

Members of the public are welcome to attend.
Meeting documents and attachments are available online at: www.orc.govt.nz

Membership: Cr Stephen Woodhead *(Chairperson)*
Cr Gretchen Robertson *(Deputy Chairperson)*
Cr Graeme Bell
Cr Doug Brown
Cr Michael Deaker
Cr Carmen Hope
Cr Trevor Kempton
Cr Michael Laws
Cr Ella Lawton
Cr Sam Neill
Cr Andrew Noone
Cr Bryan Scott

Chief Executive: Peter Bodeker

Disclaimer: Please note that there is an embargo on agenda items until 8:30 am on Monday 25 September 2017. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

For our future

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1. APOLOGIES

Cr Ella Lawton

2. LEAVE OF ABSENCE

A request for Leave of Absence for Cr Michael Deaker.

3. ATTENDANCE

4. CONFIRMATION OF AGENDA

5. CONFLICT OF INTEREST

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.

6. PUBLIC FORUM

Public forum speakers:

1. Our climate declaration
 - Ms Rosemary Penwarden
2. Go Bus cessation of commercial school bus services
 - Cr Christine Garey – Dunedin City Council
 - Mr Tony Hunter – Principal Tahuna Intermediate School
 - Ms Judith Forbes – Principal Bayfield High School
 - Ms Heidi Hayward – Principal Dunedin North Intermediate

7. PRESENTATIONS

8. CONFIRMATION OF MINUTES

Recommendation

That the minutes of the public portion of the Council meeting held on 16 August 2017 be received and confirmed as a true and accurate record.

Attachments

1. Minutes Council meeting - 16 August 2017 **[8.1.1]**

9. ACTIONS

Status report on the resolutions of Council.

Attachments

1. Status Report on resolutions of Council as at 16 August 2017 **[9.1.1]**

10. CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS

10.1. Chairperson's Report

Document Id: A1039521
Report number: 2017/1095

Prepared for: Council
Prepared by: Stephen Woodhead, Chairperson
Date: 21 September 2017

1. Regional Sector Group Meeting Thursday 31 August – Friday 1 September

This meeting was held in Auckland hosted by Fonterra. On Thursday afternoon, we visited several sites to see stormwater management and treatment in subdivisions. Examples included rain gardens capturing run-off from roads, and replenishment of groundwater in peat. They had moved away from ponds to capture run-off, to more on-site treatment.

At the meeting, updates included the national civil defence review final report which is on time and due to the government in December. The stock exclusion policy being developed by the Ministry for the Environment is still being discussed with the primary sector – how to handle sloping paddocks is one of the issues. Minister Tolley's Department of Internal Affairs Three Waters Review is focused on understanding the challenges with managing finances, infrastructure, and compliance. This review aims to understand how we make the most of current regulatory settings and support greater collaboration between central and local government.

We had an update from Ken Taylor from the Land and Water Science Challenge, one of eleven national challenges. The aim is to ensure science is relevant and taken up, that it is collaborative and mission-led, with the hope to have the science transformational.

Fonterra presented on their Fifty Catchments programme, Tiaki "*Caring for land today so that land cares for us*". The catchments will be identified by 31 July 2018. Fonterra are happy to work with regions to identify the catchments, and are prepared to work with existing community or council programmes collaboratively. Mr Bodeker and I are meeting with Fonterra in early October to discuss options in Otago.

Biodiversity – LGNZ is working towards a national symposium later in the year.

A LAWA update informed that a soft launch is planned on the annual update of data, and the launch of the land cover module on 24th September to coincide with World Rivers Day. Version two of the "*Can I swim here?*" module in early December, will be aggressively marketed. DoC have partnered with LAWA specifically for biodiversity links.

A reminder was given of the Remuneration Authority submissions that close on 20 October.

2. Murihiku Te Roopu Taiao

Hosted at the Gore Marae, the guest speaker was Ronnie Cooper, Principal Manager, Policy Strategy and Influence, at Ngai Tahu. Ronnie made us aware Ngai Tahu have applied for customary marine title for the coastline around the Ngai Tahu area, which is the majority of the South Island. This is a process that will be refined as distinct applications are identified, and will take years to work through. Ngai Tahu have contracted NIWA to develop a report on climate change to assist them develop a climate change strategy.

Following an inaugural meeting of Otago and Southland Iwi, and Local Government, in Dunedin the day after Waitangi Day, a draft Memo of Collaboration has been developed. The Memo of Collaboration will come to Councils for approval.

3. Taieri Community Board

Mr Palmer, Mr MacLean, Crs Hope, Noone, and I, met with Sarah Nitis and Dean McAlwee, members of the Mosgiel/Taieri Community Board, to discuss issues of mutual interest and open communication channels following the July flood. It assisted board members' understanding of the wider scheme's operation, and us to hear concerns about stormwater and subdivision impacts.

4. Other meetings attended

- Richard Kempthorne, Mayor of Tasman District, and I, met with the acting Chair of Environment Canterbury prior to the RSG meeting.
- Cr Hope, Mr Bodeker, and I, met with several Outram residents to discuss septic tank consent renewal processes, which have started due to fifteen-year consents expiring. The longer-term plan for sewage treatment for Outram needs to be discussed with the City Council.

Cr Stephen Woodhead
Chairperson

10.2. Chief Executive's Report

Document Id: A1038910

Report Number: 2017/1087

Prepared For: Council

Prepared By: Peter Bodeker, Chief Executive

Date: 20 September 2017

1. Emergency Management Otago

Emergency Management Otago has continued to make considerable progress towards the goal of developing a more resilient Otago able to prepare for, respond to and recover from any adverse event. Key achievements since my last report include:

1.1 Staffing

As from Monday 11 September, Emergency Management Otago is fully staffed to the agreed and budgeted level. The staff includes:

Group Office:

- Regional Manager & Group Controller – Chris Hawker
- Public Information Manager – Michele Poole
- Planning and Development Manager – Sarah Hexamer
- Group Welfare Manager – Tony Martin
- Group Training and Education Coordinator – Dolapo Fakuade

District Based Emergency Management Officers:

- Clutha District – Brendon Smith
- Waitaki District – Ewen Graham
- Dunedin City – Glenn Mitchell (Team Leader), Paul Allen (Community Planning), Karen Beattie (Business Support)
- Central Otago District – Matt Alley
- Queenstown Lakes District – Trevor Andrews

The Group Office structure is designed and directed to provide a greater level of support to the district-based staff than has been provided in the past. With a greater focus on training, public engagement (through both community plans and the provision of public education), and the development of consistent and collaborative approaches to response, I expect to see demonstrable progress over the next 12–18 months.

1.2 Relationship Development and Operational Committees

During the development of Emergency Management Otago, a number of mandatory committees were required to be created, resourced, and supported. Risk Reduction, Readiness, Lifelines, and Welfare Committees were created some time ago, and each is operating in accordance with national requirements. Two additional and important committees have now been added, and these include the Rural Advisory Group and Regional Emergency Services Group. Each committee or group adds significantly to the overall capability of the region in that it engages with a wide cross-section of society and industry.

1.3 Ministerial Review of Civil Defence & Emergency Management

Following both the Kaikoura earthquakes in November 2016 and the Port Hills fires in February 2017, the then Minister of Civil Defence, Hon Gerry Brownlee, created a Review of Civil Defence and Emergency Management practices in NZ. The intent of the review was to create; "Better Responses to Natural Disasters and Other Emergencies in New Zealand".

Otago has met with and made representations to the Ministerial Technical Advisory Group on three occasions. These included:

- Thursday 6 July: Chris Hawker as representative of the National CDEM Controllers Group.
- Monday 17 July: Cr Stephen Woodhead and Chris Hawker – Otago submission.
- Tuesday 1 August: Cr Stephen Woodhead, Chris Hawker, and myself – review of Taieri flood response.

During the last meeting to review the flood response activities, the review panel, led by Roger Sowry, made it clear they were impressed with both the Dunedin and Regional response to the flood, and that the Otago CDEM structure was of significant interest to them.

1.4 July Flood Response

No matter what work is done before or after a major event, all councils will be primarily judged by the effectiveness of their response "under fire". During the July flood events, a number of firsts occurred. These include:

- emergency declarations covering all three coastal Otago local authorities;
- the length of time the Dunedin Emergency Operations Centre (EOC) was activated;
- the side-by-side operation of the Dunedin EOC and the Group Emergency Coordination Centre (GECC), and;
- a dedicated linkage between the ORC Hazards Team and Response Centres.

Staff of each of the affected TLAs worked long hours under significant stress, and are worthy of thanks for their efforts, as the effectiveness of the response was well reported during the events, and unlike previous occasions, media were quick to compliment the obvious improvements.

1.5 Project AF8 (Alpine Fault magnitude 8)

All of the CDEM Groups in the South Island have been working together with a group of scientists, to translate the expected effects of a major alpine fault earthquake into useable plans for how to respond to the consequences. A series of workshops have been held around the South Island, and in Wellington, to bring together as many of the key people as possible to first educate, and then to engage in the development of key planning activities.

The workshops have been valuable, and in Otago and Southland, several important collaborative planning initiatives are now underway. Two of the first and most important pieces of work are to develop an Integrated Multi-Agency Air Operations Plan to ensure the effective use of aircraft and airspace, and a bi-regional Fuel Plan to prepare for the need to transport fuel to critical locations when roads are impassable.

Although an alpine fault earthquake is not the most regular threat Otago faces, as it will be the most devastating, the CDEM staff are working on the assumption that if we can respond effectively to an AF8, any lesser event should be even more manageable.

2. Regional Economic Development

At the request of the Otago Mayoral Forum, Queenstown Lakes District Council Chief Executive Mike Theelen and I met with MBIE staff to discuss how MBIE could be involved with regional economic development in Otago.

Already there is discussion between QLDC and MBIE over tourism related matters, so outside tourism there are possible opportunities to present to MBIE which are relevant to the region in the regional economic development sphere.

An additional advantage for those regions involved in a regional economic development partnership with government, is the availability of a senior government official who is part of the regional initiative, and briefs ministers on matters relevant to the region.

While no agreement was made with officials at our meeting, they were open to the idea of discussing relevant regional issues which may have currently fallen outside the existing sphere of regional economic development. To that end, it may be appropriate to look at how central government can assist the Otago region in unique matters such as air quality or Lake Snow, which while having a regional focus, also have national benefits. Mike Theelen and I will follow up our meeting with MBIE at the next Otago Mayoral Forum, and report to Council on those outcomes.

3. Phillip Laing House

The lease for Phillip Laing House has been signed and plans are being finalised, and where appropriate, resource consents applied for to make the necessary alterations and fit-out for the council chamber, committee rooms and staff office facilities. The intended date for shifting into the new council chamber is early in the New Year, with the final Council meeting in the current chamber being the last meeting of Council in 2017.

4. Connecting Dunedin

The most recent quarterly meeting of the Connecting Dunedin group was held early this month. As discussed at the transport briefing held for DCC and ORC councillors recently, Connecting Dunedin is a collaborative initiative between NZTA, the Dunedin City Council and ORC. The representation on Connecting Dunedin is with the two local chief executives and Jim Harland who is the Director Regional Relationships within NZTA. All aspects of transport initiatives focussing on Dunedin are discussed within the Connecting Dunedin project, and include cycleways, roading safety, new roading developments, and public transport.

The value of the meetings means that the three agencies with transport related initiatives, can discuss work that they are undertaking, and where appropriate, promote these collectively.

Connecting Dunedin does promote the work that is being done, and ORC communications staff are heavily involved in the communications part of the Connecting Dunedin initiative. At the most recent meeting, a discussion was held as to how to involve the governance arm of the three organisations within Connecting Dunedin, and some work is being undertaken on that currently, prior to a paper being presented to both councils and NZTA later in 2017.

5. Health & Safety – 8 August to 15 September 2017

5.1 Health and Safety Activity

- Actual Fire Alarm raised at Regional House on 12 September. This was in a basement storage room and caused through fluorescent ballasts 'burning out' which gave off a vapour and triggered the alarm. I have begun an inspection of all fittings given the age of some of them, with a view to replacing aged items.
- Dirty mains water at Regional House saw us again activating bottled water procedures for a day and the associated need to clean out filters etc. Outcome of the problem was from the fire service flushing the hydrant, and as experienced before, it agitates and creates dirty water for 24 hours.
- H&S Adviser organised, and ORC hosted, the first regional TA's H&S Officers meeting on the 7th of September. The group consensus was that it was a very valuable and productive event, and propose meeting again in February 2018. The outcome was they can see the benefit of sharing ideas and resources that can translate to a consistent approach, and the efficiency of not having to reinvent the wheel on standard approaches and protocols. Additionally, there are benefits in collaborating on regional based initiatives e.g. H&S training.
- Suspected case of mumps reported by a Regional House employee. Advisory notice sent to all staff with key information. Were concerned as the person is in one of the most compactly staffed office areas. No further cases have been reported.
- Major H&S projects and reviews in progress:
 - Continuing process of creating Standard Operating Procedures for all field activities project;
 - H&S pre-assessed contractors project;
 - Emergency Protocol and Event Procedures reviews;
 - STMS process (scope requirements, train staff, purchase equipment and roll out);
 - ORC contract/tender template project;
 - Driving Training review;
 - ORC field clothing review;
 - Field vehicles (plant) review;
 - Vehicle guidelines (specifications, handover and return, equipment).

I meet with the H&S Adviser regularly, and in addition to the above activities, new topics discussed for this period were:

- Hotline vehicle review;
 - Hydro space at Regional House.
- The Staff Health and Safety Committee meets regularly. The review of terms of reference for this committee has been completed, and are now seeking representatives for the new work groups represented on the Health and Safety Committee. It is anticipated the next meeting will be with the new committee structure.

5.2 Incident Reporting

The following details all incidents for the full reporting year – 1 July 2016 to 30 June 2017.

Observations:

- No 'Notifiable Incidents' for this period – a good result.
- Low incident rates when we consider the range and level of risk of some ORC field activities. This is a clear indicator that our staff are safety conscious and activity safety procedures are in place and effective. The injury incidents recorded are minor, with no medical professional interventions required.
- I believe there is low reporting of Near Miss incidents. These provide valuable insight in assessing risk. Directors and managers have been requested to encourage and support staff to report.
- Identified a need to provide training in investigation process, toward determining incident causal factors.

STAFF: ALL INCIDENTS BY TYPE CATEGORY AND WORK AREA				
	Near Miss		Injury	Work Area
Notifiable Event (A)			0	
		Significant (B)	2	Field
		Minor (C)	6	Corporate
		Minor (C)	4	Field
Significant (D)	6			Field
Minor (E)	6			Field
Minor (E)	4			Corporate
Minor (C)			2	Other
<i>Total Incidents for Report Period</i>	16		14	

CATEGORIES

INJURY

A: Notifiable Event: – as per legislative criteria, required to report to WorkSafe NZ.

B: Significant Incident – medical intervention required (Dr. / A&E / X-ray)

C: Minor incident – first aid

NEAR MISS

D: Significant - damage to property or significant outcome if actual

E: minor consequences if actual

Contractor – Report Incidents

6 March 17	Drain 14 - West Taieri. Cut lateral water pipe.
26 April 17	Drain 05 – Woodland Avenue. 11kV cable failure (Delta call out). Cable uncovered by contractor earlier that week.
14 June 16	Burned fingers of right hand on hot water zip – Council Chambers kitchen.

Incident – from 1 July to 15 September 2017

STAFF: ALL INCIDENTS BY TYPE CATEGORY AND WORK AREA				
	Near Miss		Injury	Work Area
Notifiable Event (A)			0	
		Minor (C)	2	Corporate
Significant (D)	3			Field
Minor (E)	4			Field
<i>Total Incidents for Report Period</i>	7		2	

6. Environmental Enhancement Fund

Attached is the report of the results of the first year of the work partly funded by the ORC Environmental Enhancement Fund. The report titled '*Research to inform the management of Kārearea / NZ falcon in Eastern Otago*', details the project aims and results, and shows the community involvement in this work.

7. Queenstown Office

Staff are investigating potential premises for re-establishing a Queenstown office as proposed in the 2017/18 Annual Plan. A number of sites were visited in the Frankton area, and two preferred options are being investigated further. Both preferred sites are vacant and offer approximately 100m² of office space, as well as including the option for dedicated parking. Staff are aiming to conclude their review and make a recommendation to the Chief Executive by the end of September. Ideally, we would like to have the office operational by mid-November, which will align with the launch of the new bus service which is scheduled for the week beginning 20 November.

Peter Bodeker
Chief Executive

Attachments

1. Otago Kārearea project report year one (A1039568) [10.2.1]

11. MATTERS FOR COUNCIL DECISION

11.1. Commercial School Bus Service Withdrawal

Document Id: A1039552
Report No: 2017/1096

Prepared for: Council
Prepared by: Gerard Collings, Manager Support Services
Date: 29 September 2017

1. Précis

This report provides for Council consideration of options, to respond to community concerns raised in response to Go Bus Transport's advice of its intention to withdraw from the provision of a number of commercial school services. Council is requested to provide clear direction on how it wants staff to proceed in response to concerns raised by the community, and delegate the Chief Executive the authority to give effect to Council's direction.

2. Background

On 15th September Go Bus Transport advised a number of schools that it was withdrawing a number of its commercial (non-subsidised) services, and that those services would not be available at the beginning of Term Four (16 October).

The services being withdrawn are as follows:

- Sawyers Bay–Dunedin North Intermediate (am and pm);
- Portobello–Bayfield–Tahuna–Kings–Queens (am);
- Portobello–Bayfield (pm) – note this service accommodates a transfer with the pm Luss Road service;
- Larnach Road–Waverley–Kings–Queens–OGHS–Kavanagh–OBHS–Columba–John McGlashan–St Hildas (am);
- Luss Road–Kings–Queens–Tahuna Intermediate (pm).

There has been strong community backlash to the Go Bus announcement which we have been advised is because the services have been run at a considerable loss for some time. The community concerns raised include:

- The length of notice;
- The lack of community engagement;
- The appropriateness of the public transport service as an alternative due to walking distances, required transfers, and service timings.

Currently, the Regional Public Transport Plan provides clear direction on Council's intent with regard to dedicated school bus services. *"From 1 July 2016, school bus services will no longer be integral to the Dunedin bus network. As such, ORC will not contract bus services specifically for school children."* Council has been progressively withdrawing from our contracted services as we implement the new network in Dunedin, utilising the primary network with the ability to transfer between services as the available means of travel. The last of Council's contracted school services will cease in 30 June 2019.

Since the announcement, staff have been actively engaged with Ministry of Education (MoE) and Go Bus, and have made contact with the affected schools to ascertain the impact of the withdrawal and the options.

At the request of staff, the Ministry of Education is reviewing whether the Public Transport Services available meet the Ministry's definition of "suitable public transport", one of the triggers for Ministry travel assistance (MoE eligibility criteria attached).

3. Options for Discussion

- a) Provide funding assistance for the retention of all or some of the services (preferably jointly with the schools, and MoE).

Staff comment – This option is contrary to the direction of the RPTP which may require amendment. Any contract would have to be considered a trial, and NZTA subsidy may or may not be available. It is likely that the contracting entity would need to be the schools.

This option is likely to have wider implications beyond the services immediately affected, and possibly beyond the Dunedin Network.

- b) Increasing fares to better reflect the cost of the service. Provide funding assistance to underwrite the retention of all or some of the services, (preferably jointly with the schools, and MoE).

Staff comment – This option is contrary to the direction of the RPTP which may require amendment. Any contract would have to be considered a trial, and NZTA subsidy may or may not be available. It is likely that the contracting entity would need to be the schools.

This option is likely to have wider implications beyond the services immediately affected, and possibly beyond the Dunedin Network.

- c) Provide funding assistance, (preferably jointly with the schools, and MoE), to extend the service cessation date to end of term 4, 2017.

Staff comment – The contract would have to be considered a trial transition, NZTA subsidy may or may not be available. It is likely that the contracting entity would need to be either the schools or ORC.

This option will allow parents time to consider travel options, and schools choice for the 2018 year. It may also allow time for schools to develop travel management plans for the New Year should they wish to.

- d) Increasing fares to better reflect the cost of the service and provide funding assistance to underwrite an extension of the service cessation date to end of term 4, 2017.

Staff comment – The contract would have to be considered a trial transition, NZTA subsidy may or may not be available. It is likely that the contracting entity would need to be either the schools or ORC.

This option will allow parents time to consider travel options, and schools choice for the 2018 year. It may also allow time for schools to develop travel management plans for the New Year should they wish to, and will assist in encouraging a migration to the public transport service.

- e) c) or d) above until bus hub becomes operational, allowing for easier transfer for some services.

Staff comment – The contract would have to be considered a trial transition, NZTA subsidy may or may not be available. It is likely that the contracting entity would need to be either the schools or ORC.

This option will allow parents time to consider travel options, and schools choice for the 2018 year. It may also allow time for schools to develop travel management plans for the New Year should they wish to, and will assist in encouraging a migration to the public transport service.

- f) Targeted information to affected schools detailing the public transport options available, based on the services being discontinued.

Staff comment – This information would need to be available to schools prior to the end of school term.

Note: Because of the Dunedin contracting unit structure, a) to e) above will require the cooperation of both Dunedin operators in order to be given effect. Funding may be required from transport reserves to accommodate funding for support of the services.

Staff are mindful of the time available prior to the cessation of the service, and are therefore seeking Council direction with regard to how it wishes staff to proceed, and to provide the Chief Executive with the necessary delegation to act in accordance with that direction.

4. Recommendation

That Council:

- a. *Provide clear direction by way of a formal resolution at this meeting, on how they wish staff to proceed in response to the withdrawal of the commercial school bus services.*
- b. *Council delegate to the Chief Executive the authority to give effect to Council's direction in response to the withdrawal of the commercial school bus services.*

Endorsed by: Peter Bodeker, Chief Executive

Ministry of Education

School Transport – Eligibility for School Transport Assistance

Students must meet all 3 eligibility criteria to get school transport assistance.

School transport assistance is usually a place on a school bus.

If a school bus isn't available, students might be able to get an allowance to help pay for transport to school (this is called a conveyance allowance).

First criteria

The school must be the **closest** that the student can enrol at and, is either:

- Mainstream state school,
- State-integrated school,
- Partnership school, or
- Māori-medium school

Note: Māori-medium schools must *either* deliver Te Reo at Level 1, *or* at Level 2, and 51% or more of the instruction is in Te Reo.

Second criteria

Students must live **more than a certain distance** from the school.

Years 1-8

At least 3.2km from the school (over the shortest public road or pedestrian route from home roadside gate to the school's front gate).

Years 9-13

At least 4.8km from the school (over the shortest public road or pedestrian route from home roadside gate to the school's front gate).

Third criteria

There must be **no suitable public transport** options.

What makes public transport "suitable"?

Public transport must travel within:

- 2.4km of the roadside gate of the student's home, and
- 2.4km of the closest appropriate school.

The student:

- won't *have* to be picked up before 7am,
- can get to school before it starts,
- can be picked up no later than one hour after school finishes,
- won't have to change buses more than once on a journey.

What if suitable public transport becomes available?

If a suitable public transport option *becomes available*, the Ministry of Education gives affected schools at least one full term's notice of the change (and schools must tell the caregivers of students who use that service).

11.2. Annual Report

Document Id: A1040138

Report Number: 2017/1102

Prepared for: Council

Prepared by: Stuart Lanham, Finance Manager

Date: 22 September 2017

1. Précis

Council's Annual Report and Financial Statements for the period 1 July 2016 to 30 June 2017 has been completed, and is presented to this meeting for adoption by Council. The draft Annual Report was presented to the Audit and Risk Subcommittee on 21 September. The Subcommittee reviewed and discussed the document with Council's auditors and recommend that Council adopt the Annual Report.

Council's auditors, Deloitte, will be in attendance to discuss their audit opinion which will be issued and included in the final Annual Report following adoption by Council.

2. Background

The Annual Report includes Statements of Service Performance for each Significant Activity Group and financial information for the Council as a whole and for the Group. The Group comprises the Council and its wholly owned subsidiary, Port Otago Limited, and its subsidiaries.

3. Statement of Service Performance

The Statements of Service Performance for each Significant Activity group include planned levels of service and key activities to be undertaken towards achieving those levels of service. The Statements of Service Performance report the actual performance achieved against the planned performance targets.

A Funding Impact Statement is included for each Significant Activity, showing the actual and planned sources and applications of operating and capital funding.

The non-financial and financial reporting in the Statement of Service Performance is based on financial and non-financial project information included in the 12 month review that has previously been considered by the Finance and Corporate Committee at its 13 September meeting.

4. Statement of Comprehensive Revenue and Expense

The Council's reported operating result for the year ended 30 June 2017 is a deficit of \$0.841 million compared to a budgeted deficit of \$3.432 million.

4.1 *Budgeted Deficit for the year*

The primary reason the budget was in a deficit position rather than a surplus, was the use of reserve funding to meet particular operating expenditure. Reserve funding is not able to be included in the Statement of Comprehensive Revenue and Expenditure, and that results in a deficit position.

The budgeted deficit of \$3.432 million included the application of general reserve funding of \$0.824 million for activities such as regional economic development, research and development, environmental enhancement and stock truck effluent

disposal sites. The budgeted deficit also included the use of targeted rate reserves to fund operating expenditure, particularly the use of the Dunedin Transport Reserve to fund developmental expenditure in relation to electronic ticketing (\$1.1 million) and the bus hub (\$0.800 million).

4.2 Actual Deficit for the year

The actual deficit of \$0.841 million is \$2.591 million less than the budgeted deficit of \$3.432 million. The variance is a net result of operating expenditure being \$2.004 million less than budget, and income from all revenue sources, other net gains and a tax benefit received, being \$0.587 million more than budgeted.

4.3 Operating Expenditure

The significant individual instances of under-expenditure occurred in the Passenger Transport project with a variance of \$2.650 million and the proposed principal office replacement project with a variance of \$2.289 million, with these variances due to timing of project activity.

The significant individual instances of over-expenditure occurred in the bio-diversity activity with a variance of \$1.14 million relating to additional expenditure funded from the Ministry of Primary Industries subsidy that became available during the year to fund control of wilding trees, and the harbour management activity with a variance of \$0.456 million relating to additional costs required to externally resource the harbourmaster function.

4.4 Revenue

Two significant sources of unbudgeted revenue were received during the year. Revenue of \$1.47 million was received in relation to bus contracts that were operated on a gross basis, whereas the budgets assumed a net expenditure basis. Secondly subsidy income of \$1.14 million became available from the Ministry of Primary Industries to fund control of wilding trees.

The dividend received from Port Otago Limited of \$7.8 million was \$0.4 million in excess of the budgeted amount. Dividends are recognised when received and this variance is due to interim dividends being slightly higher than the previous year. Other investment revenue and gains exceeded the budgeted amount by \$0.107 million.

Subsidy income from the NZ Transport Agency was \$2.432 million less than budget, largely as a result of some elements of subsidised transport development projects being delayed and deferred until the subsequent year.

5. Statement of Financial Position

The Council's Statement of Financial Position shows total equity and reserves at \$592.927 million, compared to \$572.970 million at 30 June 2016, an increase of \$19.957 million.

The main reason for the increase is the revaluation gain of \$20.798 million recorded on the revaluation of the Council's investment in Port Otago Limited as at 30 June 2017, which flows through to the available-for-sale revaluation reserve.

The other significant factors leading to the increase in equity and reserves is the lesser deficit than was budgeted for, and as a consequence, the lesser drawing on reserves to fund operating expenditure than was budgeted for.

6. Audit of the Annual Report 2016/17

Mr Brett Tomkins from Deloitte is the appointed auditor of the Council. He will attend the Council meeting and discuss their audit opinion which will be issued following adoption by Council.

7. Recommendations

- a) *That this report be received.*
- b) *That Council adopt the Annual Report and Financial Statements for the year ended 30 June 2017.*

Endorsed by: Nick Donnelly, Director Corporate Services

Attachments

- 1. Annual Report 2016-2017 **[11.2.1]**

11.3. Schedule of Ordinary Council and Committee Meetings, January-December 2018

Document Id: A1038659
Report number: 2017/1085

Prepared for: Council
Prepared by: Nick Donnelly, Director Corporate Services
Date: 19 September 2017

1. Précis

A draft schedule of Council and Committee meetings has been prepared and is submitted to Council for consideration and adoption.

2. Background

The Local Government Act requires 14 days' notice of meetings. Provision is also made to adopt a schedule of meetings, to obviate the need for the notice formality. A schedule also provides Councillors with the knowledge of meetings for the year in advance in order that they may plan their commitments.

3. Proposed Schedule

A proposed meeting schedule for the 2018 calendar year is attached.

The schedule is based on a six week cycle with the Council meeting usually scheduled two weeks after the Committee meetings. Statutory holidays are also referenced. There are eight Council and Committee rounds in the 2017 year which is consistent with the number of meetings held in previous years. Audit and Risk and Regional Transport Committee meetings are also included as are proposed dates for Long Term Plan hearings.

The schedule proposes one day for Council and Committee meetings. A full agenda will be prepared and notified prior to each meeting. Where by virtue of business to be transacted or workshop topics, additional time is required, an additional day may be added on the day after the scheduled meeting.

4. Recommendation

That the attached draft Schedule of Ordinary Council and Committee Meetings for 2018 be adopted.

Endorsed by: Nick Donnelly, Director Corporate Services

Annexed:

Schedule of Ordinary Council and Committee Meetings 2018 (A1022747)

Schedule of Ordinary Council and Committee Meetings January to December 2018

2018	Meeting	Other Key Dates / (Notes)
31 January (Wed)	Committees	
6 February (Tues)		<i>Waitangi Day</i>
21 February (Wed)	Council	(3 week gap due to Waitangi Day)
26 February (Mon)	Regional Transport Committee	
7 March (Wed)	Audit and Risk	
21 March (Wed)	Committees	(Draft LTP approved for consultation)
26 March (Mon)		<i>Otago Anniversary Day</i>
27 March (Tues)	Regional Transport Committee	
30 March (Fri)		<i>Good Friday</i>
2 April (Mon)		<i>Easter Monday</i>
11 April (Wed)	Council	(3 week gap due to Easter)
25 April (Wed)		<i>Anzac Day</i>
2 May (Wed)	Committees	(3 week gap but 6 weeks from last Committee)
16 May (Wed)	Council	
23 to 29 May (Wed to Tues)	Long Term Plan Hearings	
4 June (Mon)		<i>Queen's Birthday</i>
13 June (Wed)	Committees	
20 June (Wed)	Audit and Risk	
27 June (Wed)	Council	(LTP adopted)
20 July (Fri)	Regional Transport Committee	
1 August (Wed)	Committees	
15 August (Wed)	Council	
12 September (Wed)	Committees	
19 September (Wed)	Audit and Risk	
26 September (Wed)	Council	(Annual Report adopted)
12 October (Fri)	Regional Transport Committee	
17 October (Wed)	Committees	
22 October (Mon)		<i>Labour Day</i>
31 October (Wed)	Council	
28 November (Wed)	Committees	
12 December (Wed)	Council	

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12. MATTERS FOR NOTING

12.1. Investment Report to 30 June 2017

Document Id: A1040164
Report Number: 2017/1103

Prepared For: Council
Prepared By: Finance Manager
Date: 22 September 2017

1. Précis

Short Term Investments held by the Council are in the form of term deposits held with banking institutions. The Council's term deposits are managed by the BNZ under a multi-bank arrangement. A separate investment arm of the BNZ manages the Council's bank term deposit portfolio on behalf of the Council.

Council also has a Long Term Investment portfolio managed by the Bank of New Zealand.

This report provides information on the management and performance of the Council's short term and long term investments for the year ended 30 June 2017.

2. Investment Balances and Performance

2.1 *Short Term Investments*

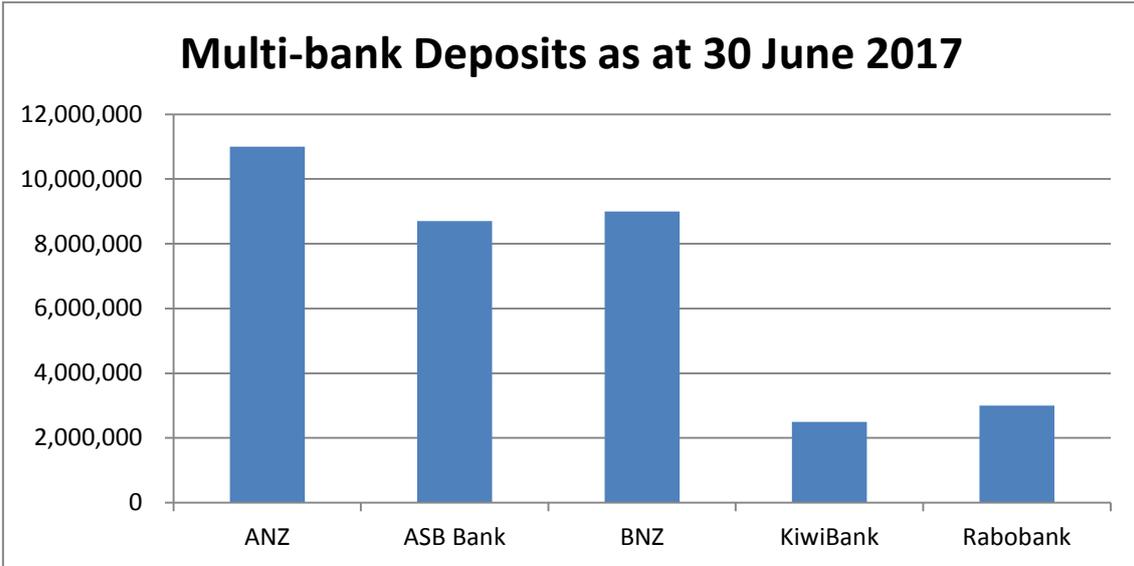
Council finance staff members manage the day-to-day working capital cash requirement of the Council, forecasting cash movements in the short term, based on forecast revenues and expenditure.

Council's cash-flow in terms of receipts and payments fluctuates significantly during the year, particularly with significant revenue streams such as rates and dividends coming in at particular times and large payments such as GST output tax collected on rates income, becoming payable at one time.

Funds surplus to immediate cash requirements are deposited into the multi-bank portfolio. BNZ seeks competitive quotes from participating banks for new deposits and places new funds accordingly, based on the quotes received and other parameters to ensure the portfolio is maintained within agreed parameters.

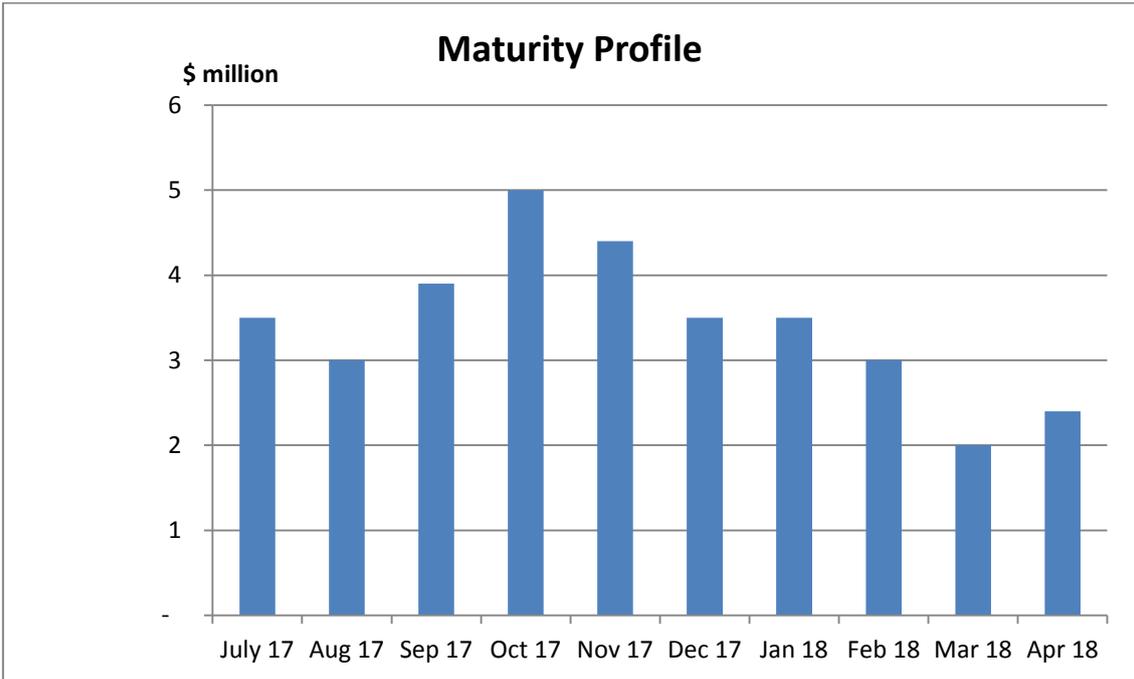
BNZ provides monthly reports on the composition and performance of the short term deposit portfolio. The amount held on term deposit within the multi-bank portfolio at 30 June 2017 was \$34,200,000 comprising 36 individual deposits – ranging from \$500,000 to \$1,200,000 each.

The following chart shows the amount of term deposits held with each institution at 30 June 2017.



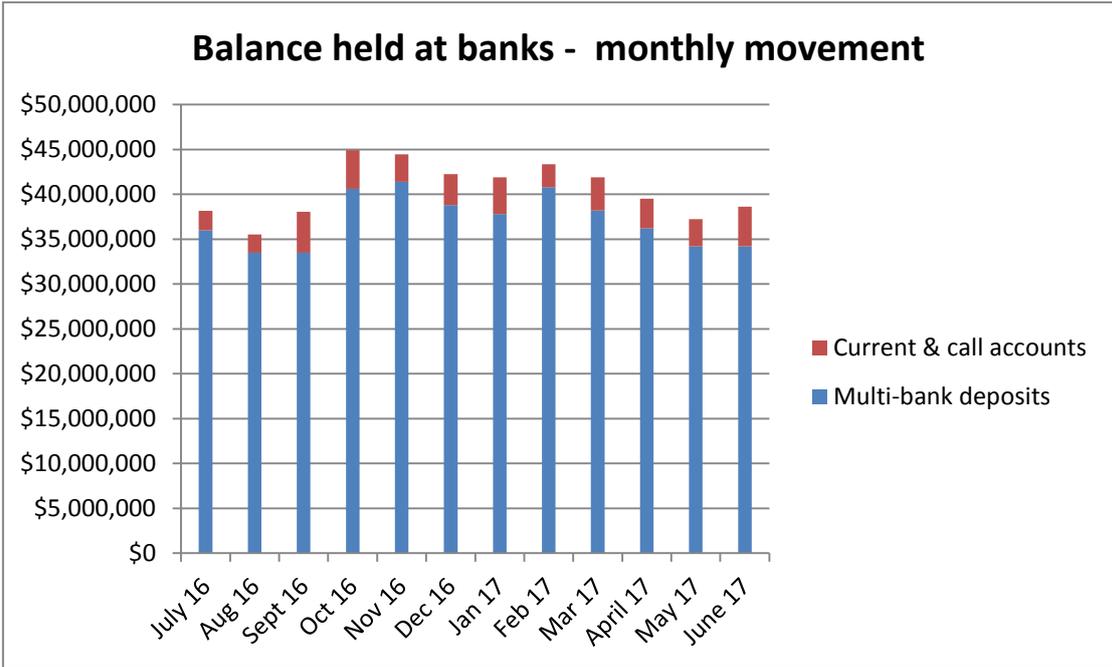
The maturity profile chart below shows the spread of maturity dates of the deposits.

The arrangement with the BNZ ensures that sufficient amounts mature on a monthly basis to provide funds to meet ongoing operational requirements.



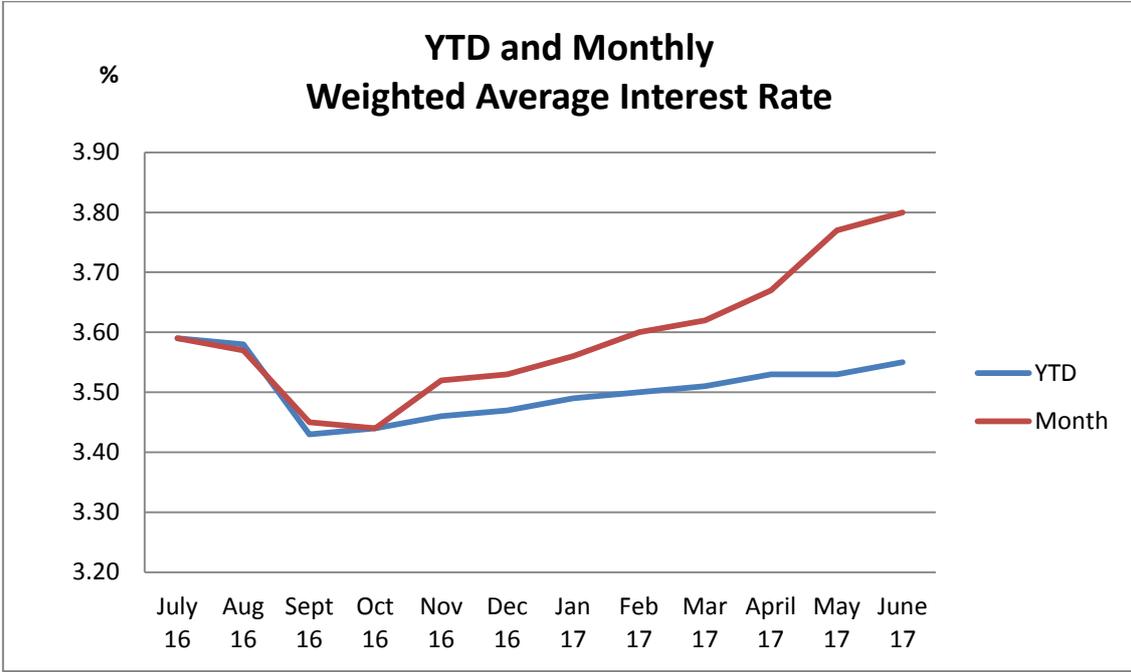
The chart below shows the amounts held at the end of each month during the year to 30 June 2017. The monthly balances identify the amount of term deposits held with banks and also the amounts held as cash, or as on-call deposits with banks.

The total amount held in any one month is affected by operational requirements, and also by the level of significant incoming funds, from for example, rates and dividends from Port Otago Ltd, and outgoings such as GST on rates collections.



Interest earned on bank deposits during the year to 30 June 2017 amounted to \$1,330,283.

The following graph shows the Year to Date and the Monthly Weighted Average Interest Rate earned on deposits during the year.



The Year to Date interest rate fell from 3.59% in July 2016 to 3.43% in September 2016, and then steadily increased to 3.55% at 30 June 2017. The monthly average rate ended the year on 3.80%.

The Official Cash Rate set by the Reserve Bank began the year at 2.25%, dropped to 2.00% in August 2016 and dropped further to 1.75% on 10 November 2016, where it stayed for the remainder of the year.

2.2 Long Term Investments

Council's Long Term Investment Portfolio is a portfolio of financial instruments managed by the Bank of New Zealand. BNZ provides quarterly reports on the performance and composition of the fund.

The following information is summarised from the BNZ Portfolio Review for the Quarter ended 30 June 2017, which also contains summary information for the 12 months to 30 June 2017.

Portfolio Performance

The BNZ Portfolio report shows that the net gain in the portfolio value for the year after fees and tax amounted to \$859,479, being a net return of 4.52%. The return after fees and before tax amounted to a return of 4.71%. The report indicates the benchmark return to be 4.85%.

It is noted that the Council's Annual Report reports the net gain before fees and after tax of \$936,000 in the notes to the financial statements, with the portfolio management fee of \$77,000 being included within expenditure.

Portfolio Summary

The following table shows the valuation of the fund by asset class as at 30 June 2017 and the percentage of each asset class held. The table compares the percentage of each asset class held with the asset allocation percentage specified in the Statement of Investment Policies and Objectives (SIPO).

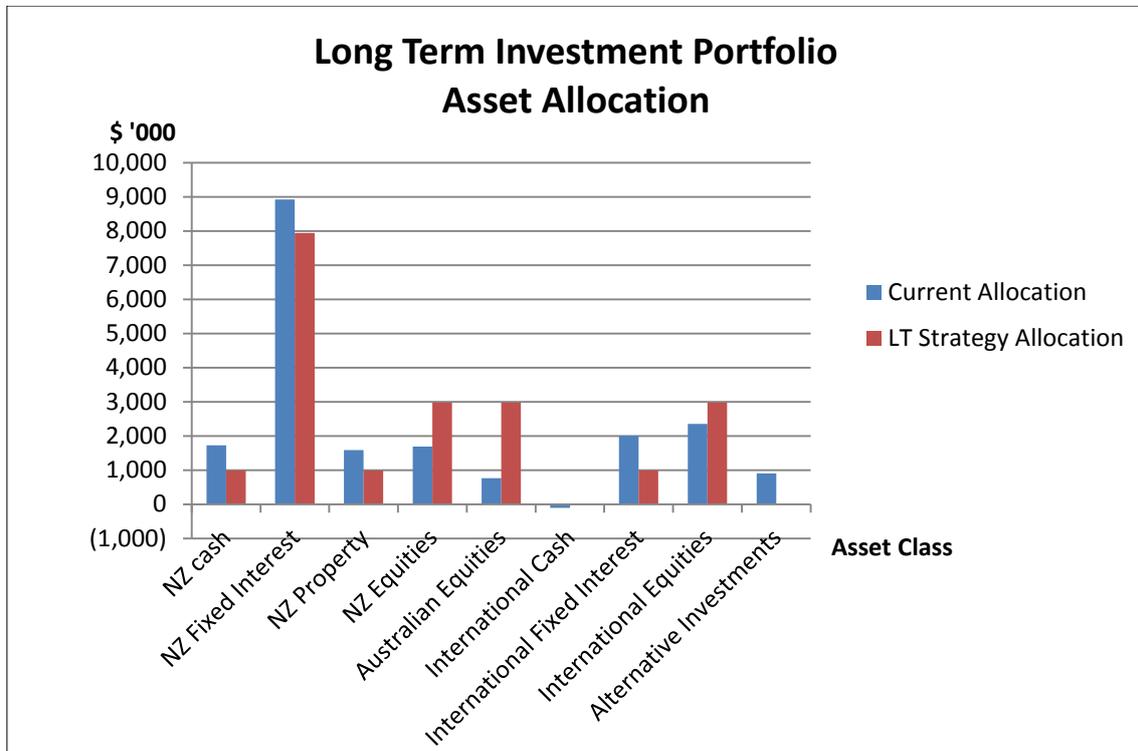
The table also shows return percentage for each asset class, being the return after fees and before tax – with the portfolio total being 4.71%.

The variance columns show the actual variances from the SIPO allocation – in terms of the percentage and the effect on the valuation.

Portfolio Summary - 30 June 2017							
Asset class	Actual June 2017		SIPO allocation		Var. from SIPO		Return %
	Amount	%	Amount	%	Amount	%	
NZ cash	1,729,637	8.71	992,871	5.00	736,766	3.71	2.56
NZ Fixed Interest	8,921,441	44.93	7,942,969	40.00	978,472	4.93	2.87
NZ Property	1,584,417	7.98	992,871	5.00	591,546	2.98	4.91
NZ Equities	1,688,966	8.51	2,978,613	15.00	(1,289,647)	(6.49)	9.88
Australian Equities	765,012	3.85	2,978,613	15.00	(2,213,601)	(11.15)	17.89
International Cash	(104,245)	(0.53)	0	0.00	(104,245)	(0.53)	(15.52)
International Fixed Interest	2,009,105	10.12	992,871	5.00	1,016,234	5.12	2.26
International Equities	2,357,353	11.87	2,978,614	15.00	(621,261)	(3.13)	16.30
Alternative Investments	905,736	4.56	0	0.00	905,736	4.56	(3.59)
	19,857,422	100.00	19,857,422	100.00			4.71
12 month performance:							
Net Gain	859,478						
Return (after fees - before tax)	4.71						
Return (after fees - after tax)	4.52						
Benchmark return	4.85						

The BNZ report advises that subsequent to 30 June 2017, the portfolio has been rebalanced to be within the acceptable ranges specified in the SIPO asset allocation targets, and at that point is fully compliant with the target asset class allocation.

The following chart graphically represents the variation between the current and the long term strategic allocation.



3. Recommendation

That this report be received

Endorsed by: Nick Donnelly, Director Corporate Services

12.2. Documents signed under Council's Seal, March-September 2017

Document Id: A1041069
Report number: 2017/1104

Prepared for: Council
Prepared by: Nick Donnelly, Director Corporate Services
Date: 22 September 2017

1. Précis

To inform the Council of delegations which have been exercised.

2. Documents signed under the Council's Seal

- To appoint Bill Shepherd, North Regional Council as proxy vote for the 30th Annual General Meeting of Local Government New Zealand on 24 July 2017.
- Deed of Lease for Phillip Laing House
- Certificate under S417 of the Resource Management Act 1991 – William Robert Craig and Jennifer Rose Craig for Water Race WR1442R, Registry of the Warden's Court

Inspection Warrants:

Appointment as enforcement officer under S177 Local Government Act 2002 for the purposes of exercising the functions, powers and duties pursuant to the Local Government Act 2002 and the Otago Regional Council Flood Protection Management Bylaws:

- Mark Thomas Byrnes

3. Recommendation

That the report be noted.

Endorsed by: Nick Donnelly, Director Corporate Services

13. REPORT BACK FROM COUNCILLORS

14. NOTICES OF MOTION

15. RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS HELD ON 13 SEPTEMBER 2017

15.1. Recommendations of the Policy Committee

Director's Report on policy progress to September 2017

That the report be noted

Report on On-farm Water Storage Pre-Feasibility Assessment, Cardrona Valley and Wanaka-Cardrona Flats

That:

- a) *This report is noted.*
- b) *The report "On-farm Water Storage Pre-Feasibility Assessment, Cardrona Valley and Wanaka-Cardrona Flats." is made available to water users in the Cardrona Valley and on Wanaka-Cardrona Flats, and to other stakeholders.*

Adoption of Urban Water Quality Strategy

That the draft Urban Water Quality Strategy with reference to water quantity – amended as directed and forwarded to Council meeting 27 September 2017.

Adoption of Air Quality Strategy

That the proposed Air Strategy is adopted as a draft for discussion and to be brought back to a future meeting with a consultation plan.

Attachments

Nil

15.2. Recommendations of the Regulatory Committee

Biosecurity and RMA Monitoring Report

That the report is received.

RMA, Biosecurity Act and Building Act Enforcement Activities for the period from 1 July to 25 August 2017

That the report be noted.

Consent processing, consent administration and Building Control Authority update

That the report be noted.

Progress Report 1C - Deemed Permit Replacements and Water Groups

That the report is noted.

Attachments

Nil

15.3. Recommendations of the Communications Committee

Stakeholder Engagement Report

That the report is noted.

Curious minds South Dunedin – What lies beneath. Investigation into the changing environment in South Dunedin

That:

- a) *This report be received and noted, and;*
- b) *Opportunities for similar initiatives across ORC functions be developed and considered for incorporation into the 2018/28 Long-Term Plan.*

Attachments

Nil

15.4. Recommendations of the Technical Committee

Genetic analysis of *Lindavia intermedia*, the diatom that causes lake snow

That:

- a) *The report “*Lindavia intermedia*, the causative organism of New Zealand lake snow: relationships between New Zealand, North American and European populations according to molecular and morphological data” is received and noted.*
- b) *The actions being taken by Otago Regional Council in response to the findings in that report are noted.*
- c) *That Council will continue to work collaboratively with stakeholders and interested parties to develop feasible methods of managing the effects of lake snow on water quality*
- d) *Regular reporting back through the Regulatory Committee on *Lindavia intermedia* work programmes (now that the result is known on the status of lake snow).*

Director’s Report on progress

That the report is noted.

Attachments

Nil

15.5. Recommendations of the Public Portion of the Finance and Corporate Committee

Director's report – September 2017

That:

- a) *That this report be received.*
- b) *That the payments and investments summarised in the table above and detailed in the payment schedule, totalling \$5,925,871.35, be endorsed.*

Annual Return of Inactive Subsidiaries 2017

That:

- a) *That it shall not be necessary for Regional Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- b) *That no auditors be appointed for Regional Services Limited under section 196 (2) of the Companies Act 1993.*
- c) *That it shall not be necessary for Regional Pest Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- d) *That no auditors be appointed for Regional Pest Services Limited under section 196 (2) of the Companies Act 1993.*
- e) *That it shall not be necessary for Regional Monitoring Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- f) *That no auditors be appointed for Regional Monitoring Services Limited under section 196 (2) of the Companies Act 1993.*

Review of Grants

That an effectiveness review for each of the ORC grants be provided to the Council when relevant and available.

Review of the Manuherikia Irrigation Funding

That:

- a) *Any further funding applications to the ORC Water Management Reserve be brought before Council.*
- b) *That the report be received.*

Public Transport Update – September 2017

That the report is received.

12 Month Review 2017/18

That this report and the "12 Month Review to 30 June 2017" report be received.

Financial Report for July 2017

That the report be received.

Clean Heat, Clean Air Initiative

That the report is received.

Attachments

Nil

16. RESOLUTION TO EXCLUDE THE PUBLIC

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Confirmation of the In Committee Minutes of the Ordinary Council meeting held on 16 August 2017, public excluded.

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Confirmation of the In Committee Minutes of the Ordinary Council meeting held on 16 August 2017, public excluded.	The withholding of the information is necessary to—prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)	Section 48(1)(a); Section 7(2)(j)

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 follows:

Confirmation of the In Committee Minutes of the Ordinary Council meeting held on 16 August 2017, public excluded.

The withholding of the information is necessary to—prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)

17. CLOSURE