



COUNCIL MEETING PUBLIC AGENDA

WEDNESDAY 21 FEBRUARY 2018

10:00 am Council Chamber
Clutha District Council,
1 Rosebank Terrace, Balclutha

Members of the public are welcome to attend.

Meeting documents and attachments are available online at: www.orc.govt.nz

Membership

Cr Stephen Woodhead	<i>(Chairperson)</i>
Cr Gretchen Robertson	<i>(Deputy Chairperson)</i>
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	

Attending

Sarah Gardner	<i>(Chief Executive)</i>
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Disclaimer

Please note that there is an embargo on agenda items until 9:30 am on Monday 19 February 2018. 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

2. LEAVE OF ABSENCE

3. ATTENDANCE

4. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

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

7. PRESENTATIONS

8. CONFIRMATION OF MINUTES

9. ACTIONS

10. CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS

10.1. Chairperson's Report

Prepared for: Council
Activity: Governance Report
Prepared by: Cr Stephen Woodhead, Chairperson
Date: 14 February 2018

1. Waitangi Day

Mrs Gardner and I joined the Mayors and Chairs from Otago and Southland, other dignitaries plus members of the public at the Te Rau Aroha Marae in Bluff for Ngāi Tahu Waitangi Day celebrations.

2. Otago/Southland Mayoral Forum

Following Waitangi Day, we met in Invercargill for the annual Otago/Southland Mayoral Forum.

A comprehensive update from Southern District Health Board Deputy Commissioner Graham Crombie covered issues such as the ageing workforce:

- a) As a result, many allied health areas - such as physiotherapy – are short of staff;
- b) They are working through community input into a primary and community care strategy looking out to 2030 to ensure care is provided where it is most efficient and when needed;
- c) Graham noted there is a considerable amount of work required to the current buildings to ensure the DHB meets community health needs, prior to moving to a new hospital. For example, the new Intensive Care Unit (ICU) first stage will be opened during 2018.

Reno Triketone, MP for Te Tai Tonga, introduced himself.

Southland Development Strategy staff provided an update on their progress since the launch. They reiterated opportunities in tourism, the primary sector including aquaculture and sheep milking, as well as several social initiatives such as welcoming new comers to their region.

Queenstown Lakes District Council updated the forum on the tourism summit held in December 2017. MBIE and QLDC are working collaboratively on the opportunity that tourism growth in Queenstown provides the lower South Island. Commitment to enhance the visitor experience across the lower South is being explored and collaboration from all Councils and agencies is crucial for both these items. Alternative funding options such as a visitor levy is being explored with the Government.

3. Te Roopu Taiao

A joint Otago/Southland meeting followed the Mayoral Forum. Lisa Tumahai, the CE of Te Rūnanga o Ngāi Tahu, was present and spoke of her focus on ensuring alignment between commercial success and delivering social outcomes across Ngāi Tahu.

The updated draft relationship agreement has been passed to the CE's to review. We had a presentation regarding the cultural assessment processes being undertaken in Otago as part of the minimum flow setting. The five-year work programme for all Councils will be updated as part of the LTP process.

4. Powhiri

Thank you to all the Councillors and staff that attended the powhiri for Mrs Gardner at Ōtākou Marae. We can all be very proud of our impressive waiata.

5. Otago Landmarks Launch

I attended the Heritage NZ opening of Otago Landmarks hosted at Olveston. We are the second region to launch a list of places to visit. Further sites will continue to be added over the coming years, including some Ngāi Tahu sites.

6. Meetings attended

Cr Kempton, Mr Donnelly, Mr Collings and Ms Turnbull attended the Queenstown Transport Governance Group meeting by phone.

Mrs Gardner and I also met with Jordana Whyte from Cosy Homes Trust.

7. Recommendation

a) *That the report be received.*

Endorsed by: Cr Stephen Woodhead
Chairperson

Attachments

Nil

10.2. Chief Executive's Report

Prepared for: Council
Activity: Governance Report
Prepared by: Sarah Gardner, Chief Executive
Date: 21 February 2018

1. Overview

A busy few weeks with many good conversations and connections made. I have now met all Otago Mayors and Chief Executives, including Sanchia Jacobs of Central Otago District Council. I have met with many staff and will continue to do so over the coming weeks.

In future reports I hope to give Councillors more detail of work being undertaken, and progress made.

2. External Meetings and Engagements

I attended the following meetings:

- a) *Waitangi Day Celebrations at Bluff (as per the Chairman's report)*
- b) *The Otago Southland Mayoral Forum (as per the Chairman's report)*
- c) *Te Roopu Taiao (as per the Chairman's report)*
- d) *Cosy Homes Meeting (as per the Chairman's report)*

e) *The Regional Sector Interest Group (SIG) Network Meeting*

The SIG network meeting brought together various SIG leads for matters such as water, communications, biodiversity and Sector Chief Executives. It was an opportunity to hear from government officials about the emerging government's priorities of Ministers, the way government is operating and specific areas of interest.

The SIG Network also heard from Cr Doug Leeder of Environment Waikato, who is the Network Sponsor. Cr Leeder discussed the challenges the sector has around water and the value of the science undertaken.

SIG Chief Executive sponsors then presented on their SIG's. Discussion focused on economic development and the role Regional Councils play in supporting their regions local councils and in being part of the wider discussion about economic development at the national level. The Water SIG sponsor discussed the difficulty of balancing the issues of today and the water work required to prevent issues in the future. In addition to the science in the water area, he discussed the use of non-regulatory levers such as behaviour change tools to assist in making progress. The transport SIG covered the Government Policy Statement for Transport and the progress made with Integrated Ticketing.

The last session of the day was an education piece on communications and how to best capture our audiences. This was followed by discussions on the portal established to provide Regional Councils with a place to share information, the uptake on accessing the portal and the information available through this tool.

f) *Connecting Dunedin Transport Group Meeting*

This meeting included the Chief Executives of Port, Airport, representatives from Dunedin City Council, Kiwi Rail and the New Zealand Transport Agency. The meeting was essentially a workshop to determine the future of the group and what it might concentrate on. Outcomes were an agreement to collaborate on matters that have

shared interest and the prioritisation of those matters by agency. I also sit on the governance group for this initiative.

g) Central Otago Dry Weather Event Meeting

This meeting, initiated by Otago Regional Council, involved representatives of Federated Farmers, Beef and Lamb New Zealand, Fish and Game and Central Otago District Council. Discussions acknowledged that recent rain had offered temporary respite from the extreme dry conditions. The impacts of the dry conditions were discussed and highlighted that the issues are not just about the immediate future but also about how farmers will manage winter feeding. As a result of low feed, a lost opportunity is likely the inability to provide land for lease to dairy farmers in the dry season.

It was heartening to hear that Central Otago's decision to water meter urban water use has resulted in a reduction of use. It was also interesting to learn that some farmers with storage were now contributing to flows for the benefit of others.

It was agreed that the meeting would continue every two weeks during this season.

h) Irrigation New Zealand

I met with Mr. Andrew Curtis, Chief Executive of Irrigation New Zealand, largely as an introduction to that organisation and its work. Mr. Curtis shared his thoughts about our Regional Council and a desire to work more closely with us moving forward. He gave an insightful perspective on work at the national level on water, which was useful. Mr. Curtis was also an invitee to the dry weather meeting but was unable to make himself available.

i) Chief Executives Environment and Economic Forum and Local Government New Zealand Regional Sector Meetings

I will attend these meetings after this report has been circulated and will update Council verbally at our meeting as appropriate.

3. Internal Focus

As evidenced from the above notes, my initial weeks have included substantial useful engagement with external parties. Internal engagement has included creating opportunities to engage with staff, assessing the work on the Long Term Plan, being briefed on our Civil Defence function, attending the Health and Safety Committee meeting and spending time with the Executive Leadership Team.

In my first week, ORC was engaged in both the fire incident at Concord and the flooding in Dunedin. ORC assisted the fire and emergency services with cordons on the night of the fire and with communications between agencies. Our civil defence response was stood up in advance of predicted flooding and we aided Dunedin City Council from the bunker in the days following, when a state of emergency was declared. While our initial projections suggested more extensive flooding than what eventuated, the response was considered appropriate.

We also aided the West Coast Regional Council, after it was requested to help manage the response to the downgraded cyclone. Our response involved several staff, including our communications specialist and Director of Civil Defence.

I have asked that the Director of Civil Defence bring a paper to Council on the outcomes of the Ministry of Civil Defence Review. I have also tasked this Director with completing Council's Business Continuity Plan by 30 June 2018.

4. Health and Safety Update

Health and safety in the organisation is an area that has received positive attention over the past two years. We have an engaged and informed Health and Safety Committee that is working hard to ensure the health, safety and wellbeing of Council staff. An organisation such as Council has considerable risks around the work we do, and I am looking to embed the culture in this area at all levels of Council, with considerations around keeping health and safety a key priority. For your information, I have attached our most recent Health and Safety records to this report.

5. Phillip Laing House

Phillip Laing House continues to be a work in progress. I have emphasised the need to achieve this work as soon as possible. In particular, I have asked that the Council Chamber be appropriately equipped to enable remote access via video conferencing technology and the like that is both effective and appropriate for the kind of meetings Council is likely to hold in the chamber. I have also stressed the importance of having the correct equipment in place in other parts of the region to ensure remote access by Councillors and staff can be achieved to an appropriate standard.

The following update is provided by Nick Donnelly, in his capacity as Acting CE prior to 29 January 2018:

6. Dunedin Hospital Redevelopment Local Advisory Group

Cr Robertson and Mr Donnelly attended the inaugural meeting of this group on 23 January 2018. The role of the Local Advisory Group (LAG) is to provide advice to the Southern Partnership Group (SPG) on issues where the LAG has information or can offer informed opinion of value to the SPG.

In ORC's case, input into these issues relates primarily to our role in public transport. It should be noted that the LAG role excludes any involvement around clinic services. The LAG is chaired by Pete Hodgson who is Chair of the SPG and the participants include representatives from DCC, NZ Transport Agency, Ngāi Tahu, ORC, Southern DHB and the Ministry of Health.

The first meeting focused primarily on potential sites and was an opportunity for participants to provide their input into the site selection process being undertaken by the SPG. The LAG will continue to meet monthly with Cr Robertson and Mrs Gardner representing Council.

7. Recommendation

That the report be received.

Endorsed by: Sarah Gardner
Chief Executive

Attachments

1. CE Report Attachment 1 - Council HS Report as at 7 February 2018 [10.2.1]

11. MATTERS FOR COUNCIL DECISION

11.1. Size of quorum for Regional Transport Committee

Prepared for: Council
Activity: Transport - Transport Planning
Prepared by: Jane Turnbull, Manager Strategic and Transport Planning
Date: 12 January 2018

1. Précis

This report recommends that Council makes a single change to the terms of reference for the Otago Regional Transport Committee (RTC), viz. reducing from five to four the number of committee members needed to form a quorum. The RTC has requested this change after recent difficulties in forming a quorum.

2. Background

Council approved the committees' terms of reference at the start of the triennium. These are in Attachment 1 to this report. The size of the committee, set according to s105(2) of the Land Transport Management Act 2003, is eight: two members from the Regional Council (one for whom is to be the RTC Chair), one from each of the five territorial authorities in Otago, and one from the NZ Transport Agency.

The clause at the top of the third page of the RTC's terms of reference states:

A RTC meeting cannot proceed unless five committee members are present, at least one of whom shall be a representative of the regional council.

No voting will occur unless there is a quorum of committee members from those organisations allowed to vote on these matters.

Under the current RTC terms of reference, five of the eight people appointed to the RTC by ORC must be physically present at any RTC meeting if it is to proceed. Under ORC's standing orders, committee members who attend meetings by electronic link are not counted as present for the purposes of a quorum.

Moreover, the actual people appointed by ORC, and not any alternates nominated by their parent organisation, are the only ones that can be counted towards the RTC quorum. Legal advice is - and the RTC's terms of reference make clear - that any alternate member nominated by one of the organisations represented on the committee is not actually a committee member and therefore cannot be counted towards the quorum or have voting rights. This is because the Land Transport Management Act 2003 does not make any provision for alternates to the representatives appointed to a regional transport committee by a regional council.

The RTC has made its request for a smaller quorum after repeated difficulties achieving a meeting quorum, including failing to form one recently at combined meeting with the Southland RTC. The difficulties are such that before each meeting, staff routinely contact all committee members to try and ensure enough members are going to attend.

Difficulties forming a quorum arise when the appointed committee members have obligations at their own council/organisation (which can be at short notice), are on leave

or are ill. RTC meetings are held in a central location such as Balclutha or Alexandra, and the travel required to attend can further exacerbate the obtaining of a quorum. For example, fog at the airport, affecting the travel of the Transport Agency representative, delayed the start of one meeting at the end of the last triennium, as that representative was needed to complete the quorum.

Particular difficulty in obtaining a quorum can occur when a meeting is required specifically to address a variation to the Regional Land Transport Plan (RLTP) that has been requested by one of the participating organisations. Under s18D(4) of the Land Transport Management Act, the committee is required to consider any variation request promptly. This requires that an extra RTC meeting be convened, if there is not a meeting scheduled within the next month or so.

3. Proposal

The proposal is to change the following sentence in the terms of reference, as shown:

A RTC meeting cannot proceed unless ~~five~~ **four** committee members are present, at least one of whom shall be a representative of the regional council.

Reducing the quorum size to four should make it much easier to obtain a quorum. It should also improve the likelihood of the RTC Chair being confident, in advance of a meeting, that there will actually be enough committee members present for the meeting to go ahead.

The RTC considers it can adequately transact its business with a quorum of four, because it meets jointly with the Southland RTC (except on those occasions that it is considering only an Otago RLTP variation). At least three members of the Southland RTC are required for a quorum (out of a total membership of six). This means that any combined meeting of the two RTCs would have at least seven members present under this proposal: at least three from Southland and at least four from Otago.

Other options considered by the RTC appear unfeasible or would take too long to achieve:

- a. Asking LGNZ to change the model standing orders / seek legislative change, to allow attendance and voting by electronic means;
- b. Asking the Ministry of Transport to change the Land Transport Management Act to allow alternate members to count towards a quorum and vote.

4. Recommendation

- a) *That Council amends the clause in the Regional Transport Committee's terms of reference to change the number of committee members needed to form a quorum for a RTC meeting from five to four, while still requiring at least one of these to be a representative of the regional council.*

Endorsed by: Tanya Winter

Director Policy, Planning & Resource Management

Attachments

1. RTC Terms of Reference - for Council report re size of quorum [11.1.1]

11.2. Harbourmaster Delegation for Wrecks

Prepared for: Council
Activity: Regulatory - Harbour Management
Prepared by: Peter Kelliher, Legal Counsel
Date: 13 February 2018

1. Précis

The Otago Regional Council has duties under the Maritime Transport Act 1994 with respect to maritime safety. For administrative efficiency, functions under the Maritime Transport Act may be delegated to appropriate staff.

2. Background

The Maritime Transport Act 1994 ("the Act") provides Otago Regional Council ("Council") with the ability to remove and deal with any "wreck", that is a hazard to maritime navigation. Under the Act, "wreck" is defined as including a ship that is abandoned, stranded or in distress.

On 10 July 2016, Council delegated to the Chief Executive the power to remove or deal with wrecks in the Otago region.

The Council now employs an Otago based harbourmaster who responds to maritime safety and marine related activities.

Decisions on removing or dealing with a wreck need to be made in a timely manner to prevent or mitigate the risk of damage to property or persons.

3. Delegation

For the effective operation of Council's responsibilities under the Act, it is suggested that additional delegation be authorised for the removal of or dealing with wrecks. It is recommended that delegation to the Harbourmaster be granted.

4. Recommendation

That the delegation for the power to remove or deal with wrecks in the Otago region under the Maritime Transport Act 1994 be delegated to the Harbourmaster.

Endorsed by: Scott MacLean
Director Environmental Monitoring & Operations

Attachments

Nil

12. MATTERS FOR NOTING

12.1. Financial Report to 31 December 2017

Prepared for: Council

Activity: Financial report to 31 December 2017

Prepared by: Stuart Lanham, Finance Manager

Date: 14 February 2018

1. Précis

The purpose of this report is to provide a summary of the Council's financial performance compared to budget for the six months ended 31 December 2017, and a summary of the financial position as at that date.

2. Statement of Comprehensive Revenue and Expenses

The following Statement of Comprehensive Revenue and Expenses shows income from all external revenue sources, and all external operating expenditure for the period of the report.

Otago Regional Council					
Statement of Comprehensive Revenue and Expenses					
for the six months ended 31 December 2017					
<i>\$000's</i>					
Description	Note	Annual Budget	Year to date 31 December 2017 Budget	Actual	Variance
Revenue:					
Rate revenue		20,910	10,455	10,447	(8)
Government subsidies	2.1	11,926	5,892	4,207	(1,685)
Other revenue	2.2	11,449	5,272	4,198	(1,074)
Dividend from Port Otago Ltd	2.3	9,000	4,500	4,500	0
Interest & investment income	2.4	1,512	756	1,496	740
Rental income		1,002	501	530	29
Investment property revaluation gain	2.5	333	0	0	0
		56,132	27,376	25,378	(1,998)
Less expenses:					
Operating expenses		39,748	19,207	17,685	1,522
Employee benefits expense		15,311	7,655	7,562	93
Depreciation & amortisation		2,014	1,007	1,010	(3)
Finance expenses		2	1	2	(1)
		57,075	27,870	26,259	1,611
Surplus/(deficit)		(943)	(494)	(881)	(387)
Income tax benefit		115	58	49	(9)
Surplus/(deficit) after tax		(828)	(436)	(832)	(396)
Other comprehensive revenue and expense:					
Revaluation gain on POL shares	2.6	10,000	0	0	0
Net Comprehensive Revenue and Expense		9,172	(436)	(832)	(396)

In the statement above, bracketed variances indicate revenue less than the budgeted level, and expenditure in excess of the budgeted level.

Note 2.1 – Government subsidies

Council receives subsidies from Government agencies on eligible expenditure. The level of subsidy income is therefore directly related to the level of eligible expenditure.

Subsidy income from the Public Passenger Transport project is down \$950,000 on the budget of \$4,958,000.

The main variance in this activity group is the electronic ticketing system replacement project. The annual budget anticipated the project would be funded from NZ Transport Agency subsidies of \$2,003,000 and drawings on transport reserves. The effect of the regional consortium arrangement is that a significant portion of project cost is funded from contributions from the consortium partners, being revenue that is reflected in "other revenue". Consequently, revenue from government subsidies is down \$716,000 on the year to date budget of \$1,000,000.

The Dunedin bus contracts activity also has a lower level of subsidy than budgeted, with a variance of \$179,000 against a budget of \$2,167,000. This is a result of the new services in relation to units 1, 2 and part 3 commencing in September, but being budgeted from the start of the financial year.

The Wilding Pines project has actual income of \$40,000 against the budget of \$700,000 resulting in a variance of \$660,000. Funding from Ministry for Primary Industries (MPI) for the full year of \$1,185,000 (GST exclusive) has been received, however the amount of revenue reflected in the Statement of Revenue and Expenditure is only the amount required to match the project expenditure incurred to date, and currently expenditure is behind budget, as detailed in Note 4.1 to the Statement of Activity Expenditure.

Note 2.2 – Other revenue

The amount of other revenue earned of \$4,198,000 is \$1,074,000 less than the budgeted amount of \$5,272,000, primarily due to gross contract bus fare revenue of \$1,606,000 being \$1,084,000 less than the budgeted level of \$2,690,000.

The variance in fare revenue is mainly due to services commencing later in the reporting period than was provided for in the budget, with the Dunedin services accounting for \$500,000 of the variance, and Queenstown services accounting for \$584,000 of the variance.

Revenue associated with some other projects is also down, with some of the variances following the lower level of related expenditure, such as the consents and compliance activity.

Note 2.3 – Dividend income from Port Otago Limited

Interim dividends are usually received in February and June followed by a final dividend in September. Dividend income in the above statement is reported on an accrual basis based on the budgeted dividend level set in the Annual Plan.

Note 2.4 – Interest and investment income

This revenue line comprises interest earned on term deposits and bank accounts of \$579,000, and an increase in fair value of the managed fund portfolio of \$917,000.

The increase in fair value of the managed fund incorporates income received, and changes in the market value of investments due to price changes, and foreign exchange rates where applicable. The overall change in fair value is subject to monthly fluctuations due to movements in the market valuation factors.

Note 2.5 – Investment property revaluation gain

Investment property is revalued annually, with the next revaluation date being 30 June 2018. Accordingly, the year to date budget and actual amounts reflect nil values.

Note 2.6 – Revaluation gain on Port Otago Ltd shares

The annual budget makes provision for an increase in the valuation of the Council's 100% shareholding in Port Otago Limited. The shares are valued annually, with the next revaluation date being 30 June 2018. Accordingly, the year to date budget and actual amounts reflect nil values.

3. Statement of Financial Position

A Statement of Financial Position follows, and shows the Council's financial position at 31 December 2017, along with budgeted amounts for the financial position at 30 June 2018, and comparative amounts as at 30 June 2017.

**Otago Regional Council
Statement of Financial Position
as at 31 December 2017**

		\$000's		
Description	Note	Budget 30 June 2018	Actual 31 December 2017	Actual 30 June 2017
Current assets				
Other financial assets	3.1	41,198	54,538	54,057
Cash and cash equivalents	3.1	3,765	3,845	4,433
Trade and other receivables	3.2	3,286	5,947	3,568
Dividends receivable	3.3	-	4,000	-
Property held for sale		1,284	674	1,093
Other current assets		207	417	261
		49,740	69,421	63,412
Non-current assets				
Shares in Port Otago Ltd	3.4	438,239	439,037	439,037
Property plant and equipment		93,922	87,762	86,313
Investment property	3.5	11,431	10,825	10,825
Intangible assets		3,357	2,349	2,066
Deferred tax asset		98	147	98
		547,047	540,120	538,339
Total assets		596,787	609,541	601,751
Liabilities – all current				
Revenue in advance	3.6	-	11,892	-
Trade and other payables		4,134	4,242	7,159
Employee entitlements		1,483	1,329	1,665
		5,617	17,463	8,824
Net assets		591,170	592,078	592,927
Public equity and revaluation reserves				
Public equity		133,746	131,606	133,549
Available-for-sale revaluation reserve	3.4	418,239	419,037	419,037
Asset revaluation reserve	3.5	9,370	8,764	8,764
		561,355	559,407	561,350
Other reserves				
Building reserve		13,770	13,839	13,614
Kuriwao endowment reserve		6,339	6,401	6,361
Asset replacement reserve		4,560	6,577	5,820
Emergency response reserve		4,168	4,109	4,033
Water management reserve		736	1,205	1,427
Environmental enhancement reserve		242	540	322
		29,815	32,671	31,577
Total equity and reserves		591,170	592,078	592,927

Note 3.1 – Other financial assets and cash and cash equivalents

Funds surplus to the Council's immediate and short-term requirements are managed on Council's behalf by the BNZ. An investment portfolio and term deposits with durations of 4-12 months are included in the classification 'Other financial assets'. Current bank balances and term deposits with durations of less than four months are included in 'Cash and cash equivalents'.

Note 3.2 – Trade and other receivables

The receivables amount at 31 December of \$5.947 million, includes rate receivables of \$1.977 million, and the accrual of \$1.700 million in transport subsidies from NZ Transport Agency.

Note 3.3 – Dividends receivable

The dividend receivable amount to 31 December reflects the accrual of expected dividends from Port Otago Limited for the six-month period to that date, less the final dividend for the 2016/17 year received in September 2017.

Note 3.4 – Shares in Port Otago Ltd and available-for-sale revaluation reserve

The shares in Port Otago Ltd are revalued annually and are included at the 30 June 2017 valuation date. The available-for-sale revaluation reserve reflects the revaluation amount of the shares as at that date.

Note 3.5 – Investment property and asset revaluation reserve

Investment property is revalued annually and is included at the 30 June 2017 valuation. The asset revaluation reserve reflects the revaluation amount of the investment property at 30 June 2017.

Note 3.6 – Revenue in advance

Rate revenue is allocated evenly over the twelve-month period to 30 June 2018. The revenue in advance amount includes \$10,462,000, being the portion of rate revenue invoiced in August 2017, that will be released to the statement of revenue and expenses over the remaining months of the financial year.

4. Activity Expenditure

The following Statement of Activity Expenditure includes capital and internal expenditure and summarises expenditure for the six months ended 31 December 2017.

The notes to the Statement identify and provide brief comment on projects that have contributed significantly to the major overall activity variances.

**Otago Regional Council
Statement of Activity Expenditure
for the six months ended 31 December 2017**

Activities	Note	\$000's			
		Annual Budget	Year to date 31 December 2017		Variance
		Budget	Budget	Actual	
Environment					
Air		423	214	201	13
Environmental Incident Response		1,412	749	816	(67)
Land Rivers and Waterway Management	4.1	4,113	2,162	1,237	925
Water	4.2	1,889	954	651	303
		9,848	5,091	3,822	1,269
		17,685	9,170	6,727	2,443
Community					
Democracy		1,570	787	780	7
Public Information and Awareness		2,012	1,015	1,086	(71)
Financial Contributions		350	175	175	-
Land Air Water Aotearoa		427	214	246	(32)
Dunedin Head Office Replacement		665	333	32	301
Regional Economic Development		0	-	9	(9)
		5,024	2,524	2,328	196
Regulatory					
Policy Development		191	96	329	(233)
Consents		1,798	934	677	257
Compliance		1,289	645	528	117
Harbour Management		406	210	469	(259)
		3,684	1,885	2,003	(118)
Flood Protection & Control Works					
Leith Scheme	4.3	2,993	1,062	2,122	(1,060)
Taieri Schemes	4.4	2,014	909	1,782	(873)
Clutha Schemes		1,977	969	705	264
Other projects		398	236	152	84
		7,382	3,176	4,761	(1,585)
Safety and Hazards					
Emergency Management		2,412	1,235	1,319	(84)
Natural Hazards		1,329	689	783	(94)
		3,741	1,924	2,102	(178)
Transport					
Regional Land Transport Planning		318	164	162	2
Public Passenger Transport	4.5	24,357	11,487	10,249	1,238
Stock Truck Effluent Disposal Sites		508	142	25	117
		25,183	11,793	10,436	1,357
Total		62,699	30,472	28,357	2,115

* Variances – bracketed variances denote expenditure in excess of budget.

Note 4.1 – Land

The most significant variance in the Land projects is the Wilding Pines project which is under-spent by \$583,000 against the budget of \$856,000. MPI funding for the project has been approved and received - further expenditure will occur as monitoring and control work proceeds.

The other two more significant variances are in the pest contracting and pest management strategy compliance monitoring activities which are under-spent by \$155,000 and \$164,000 respectively.

The pest contract work is currently "on hold" pending confirmation of the future direction of this activity. Pest management strategy compliance monitoring under-expenditure is largely attributable to the animal and rabbit work component of the project that had been constrained by resourcing issues – now alleviated.

Note 4.2 – Water

Water related projects with expenditure of \$3,822,000 are \$1,269,000 under-expended against the budget of \$5,091,000.

The rural water quality implementation activity is under-expended by \$746,000 against the budget of \$1,581,000, with the two most significant areas of under-expenditure noted below.

Delays on delivery of the Good Water Project, plus a change in approach with developing a pilot for the onsite assessments and getting this delivered by an external consultant mean that this element of the project is significantly behind budget. Dairy farm inspections were deferred following the July 2017 flood event and the Mycoplasma Bovis outbreak.

The Regional Plan: Water project is under-expended by \$326,000, against the budget of \$513,000.

A timing variance, due to a delay in commencing the policy framework for storm-water and waste-water while the urban water quality strategy was being finalised and other projects took priority, is now reducing as work is progressing on the framework. Additionally, a timing variance with the science-related work, the majority of which is yet to be incurred, will reduce following the commencement of external contracts.

The coastal strategy project is under-expended by \$280,000 against a budget of \$315,000, primarily due to a timing difference in the science component of the project. Tenders have now been awarded for external contracts, so costs will increase as the contract work is undertaken.

The minimum flows project is over-expended by \$158,000 against the budget of \$1,072,000. This is due to an acceleration of work on the project over the timing reflected in the budget, and additional unbudgeted costs to ensure sufficient hydrological information is available.

Note 4.3 – Leith Scheme

The Leith Scheme is over-expended by \$1,060,000 against the budget of \$1,062,000.

Expenditure of \$1,666,000 has been incurred on the ITS Bend section of the scheme, however the budget for all the ITS Bend work was included in the previous year's budget. In 2016/17 the budget was under-expended by \$2,622,000.

The Dundas Street Bridge section of the works is under-expended by \$654,000 against the budget of \$842,000. Work has been deferred until the following financial year.

Note 4.4 – Taieri Schemes

The Taieri Schemes are over-expended by \$873,000 against the budget of \$909,000.

The main cause for the budget variance in the three Taieri schemes is due to unbudgeted expenditure incurred in responding to the significant flood event in late July 2017 and subsequent remediation work.

Repair costs were incurred in relation to the Mill Creek and Ascog pump stations, as well as additional portable pumping being deployed. The nature of flood events of this magnitude is that there is no budgetary provision for the costs of responding to such events. The costs are allocated to the appropriate scheme reserve and will be recovered over time.

Note 4.5 – Public Passenger Transport

The Public Passenger Transport project is under-expended by \$1,238,000 against the budget of \$11,487,000.

The most significant area of under-expenditure is in the cost of bus services, with Dunedin services costing \$854,000 less than the budgeted amount of \$6,250,000 and Wakatipu services costing \$665,000 less than the budgeted amount of \$1,350,000.

As commented upon in revenue variance notes 2.1 and 2.2 above, services in Dunedin and Wakatipu commenced later in the year than provided for in the budgets, resulting in the under-expenditure referred to above.

5. Recommendation

That this report is received.

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

12.2. Documents signed under Council's Seal Sept 2017 to Feb 2018

Prepared for: Council
Activity: Governance Report
Prepared by: Nick Donnelly, Director Corporate Services
Date: 15 February 2018

1. Précis

To inform the Council of delegations which have been exercised during the period 28 September to 2 February 2018

2. Documents signed under the Council's Seal

- Certificate under S417 of the Resource Management Act 1991 – Mark II Limited; Pisa Holdings Limited; Stuart Douglas Hawker and Phillipa Mary Hawker; Robert Stanley Perriam for Water Race No. 2904C, Water Race License No. 765, Cromwell Registry of the Warden's Court.
- Certificate under S417 of the Resource Management Act 1991 – Robert Stanley Perriam for Branch Race No.2904D in substitution of branch races 6709 and 8537, Cromwell Registry of the Warden's Court.
- Certificate under S417 of the Resource Management Act 1991 – Stuart Douglas Hawker and Phillipa Mary Hawker for Branch Race No.2904E in substitution of branch races 3139 and 8746, Cromwell Registry of the Warden's Court.
- Deed of Assignment of Contract for Total Mobility Services
- Deed of Lease with University of Otago

Inspection Warrants:

Appointment as enforcement officer under S174 Local Government Act 2002 for the purposes of exercising the functions, powers and duties pursuant to the Local Government Act 2002 and the Building Act 2204:

- Mark Thomas Byrnes
- Robin Arthur Crawford
- Margaret Geraldine Dodd
- Byron Grant Pretorius
- Mark Ronald Payne

Appointment as enforcement officer under 371B Building Act 2004 for the purposes of exercising the functions, powers and duties pursuant to the Building Act 2004.

- Mark Thomas Byrnes
- Robin Arthur Crawford
- Margaret Geraldine Dodd
- Byron Grant Pretorius
- Mark Ronald Payne

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 31 JANUARY 2018

15.1. Recommendations of the Technical Committee

Director's Report on Progress

- a) That ORC enter into discussion with the Central Otago District Council (CODC) and the NZ Transport Agency (NZTA) with an aim to identifying, with acceptance by all parties, the STEDs sites for Central Otago and for the Dunstan Ward councillors to be kept informed as to progress.
- b) The report is received and noted.

Climate Change Adaptation

- a) This report is received;
- b) The findings of the climate change adaptation stocktake undertaken by the Climate Change Adaptation Technical Working Group are noted;
- c) The coastal hazards and climate change guidance for local government is noted.

Managing the use of coal for domestic heating in Otago and New Zealand

- a) Refer a paper to the Policy Committee for consideration for inclusion of Milton in Air Zone 1.
- b) That the matter of the ability to enforce the current Regional Air Plan AirZone 1 provisions be considered by the Regulatory Committee.
- c) That this report be received.

Review of surface water State of the Environment monitoring

That a paper be received on adding of Lake Dunstan to those lakes monitored by the ORC, be made available to the next committee round and include information on hydro lakes monitored in other regions.

That a paper be received on ORC's Freshwater Water Quality monitoring with details on the purpose of the monitoring to the 21 March 2018 committee meeting

That this report be noted.

Review of groundwater information and models

The report is noted.

November 2017 Roxburgh debris flow

The report is received and noted.

Attachments

Nil

15.2. Recommendations of the Communications Committee

Director's Report on progress

That the report be noted.

Attachments

Nil

15.3. Recommendations of the Policy Committee

Wilding Conifers – Amendment to the Pest Strategy

Amend Map 6.1 Central Otago Management Units, Pest Management Plan for Otago, to show the Lammermoor Management Unit, as identified in Attachment 1.

Director's Report on progress

That the report be noted.

Attachments

Nil

15.4. Recommendations of the Regulatory Committee

Director's Report on progress

That the report be noted.

**Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004
Enforcement Activities from 1 November 2017 to 11 January 2018**

That the report be received.

Consents and Building Control

That the report be noted.

Report on Deemed Water Permit Replacement

That the report be noted.

Attachments

Nil

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

Director's Report

A) *That the report is received.*

B) *That the payments summarised in the table above and detailed in the payments schedule, totalling \$13,067,682.01, be endorsed.*

Financial Report – November 2017

That the report be received.

Passenger Transport Update

That the report be 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:

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
<i>Item 16 - Dowling Street site</i>	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	Section 48(1)(a); Section 7(2)(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 follows:

16.1 - Dowling Street site

To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)

I also move that Mr Ian McCabe, Executive Officer be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of Dowling Street site investigations. This knowledge, which will be of assistance in relation to the matter to be

discussed, and relevant to that matter because of his role with the preliminary investigations and concept design work for the Dowling Street site.

17. CLOSURE