



COUNCIL MEETING PUBLIC AGENDA

WEDNESDAY 11 APRIL 2018

11:00 am Conference Room
The Gate, Barry Avenue, Cromwell

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

Attending

Sarah Gardner (*Chief Executive*)

Disclaimer

Please note that there is an embargo on agenda items until 10:30 am on Monday 9 April 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

Request for Leave of Absence:

- Cr Bell
- Cr Robertson

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

Recommendation

That the minutes of the (public portion of the) Council meeting held on 21 February 2018 be received and confirmed as a true and accurate record.

Attachments

1. Council minutes - 21 February 2018 [8.1.1]

9. ACTIONS

Status report on the resolutions of Council.

	Meeting	Resolution	Status
4.1	Confirmation of agenda Council 21/2/18	<i>That ORC contact the Minister of Tourism's office and assess the potential for ORC to be represented at the meeting with Minister in early March, to discuss freedom camping with a paper to come to the next committee round as a result of the outcomes of the meeting.</i>	
10.2	Chief Executive's Report Council 21/2/18	<i>That Council formally invite Minister David Parker and Minister Damien O'Conner to meet with Council to discuss a variety of matters.</i>	

Attachments

Nil

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: 5 April 2018

1. Queenstown Public Transport

As reported in committee, Cr Lawton, Mrs Gardner and I assisted staff update stakeholders, including Queenstown Lakes District Council, Queenstown Airport, Destination Queenstown, Downtown Queenstown, Chamber of Commerce and community associations, including Frankton and Arrowtown. Overall a positive response with questions on timing and suggestions of future enhancements and opportunities to make airport travellers more efficiently aware of public transport options covered.

2. University of Otago 150th

I, along with Mayor Cull, attended a meeting at the invite of University of Otago Chancellor Dr Royden Somerville, to be updated on plans for the University's 150th celebrations during 2019. Celebrations will occur throughout the year, with more formal celebrations to be held over Queen's Birthday weekend, including an official ceremony and banquet for alumni, an exhibition at the Otago Museum, and a church service.

3. Fire and Emergency NZ Board (FENZ)

Mrs Gardner and I, along with Emergency Management Otago Communication Manager Michele Poole, attended a stakeholder function with the Board and Executive of FENZ when they visited Dunedin. It was good to hear Chairman Hon Paul Swain and CE Rhys Jones express the need for, and commitment to, strong collaboration across emergency services and civil defence to meet the needs of community.

4. Upcoming Events

The Draft Government Policy Statement (GPS) on Land Transport has been released for comment. A Dunedin briefing will occur on the 18th of April.

Cr Lawton, Cr Laws and I are attending a Local Government New Zealand (LGNZ) Freedom Camping Symposium on the 19th of April in Nelson. The theme is "Freedom Camping – a focus on responsible camping: meeting the balance between the desire to be an attractive destination and a need to protect the environment and our communities".

The following day Zones 5 & 6 meet at the same venue. The next Zone meeting is proposed to be held on Stewart Island, 25th/26th October.

LGNZ annual conference is being hosted in Christchurch this year. The Regional Tour is being hosted by Environment Canterbury, 12th – 14th July followed by conference 15th – 17th July.

LGNZ is hosting a second water symposium in Wellington on the 30th and 31st of May.

5. Otago Anniversary Dinner

I attended the annual dinner on the 23rd of March and proposed a toast to new settlers.

6. Recommendation

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: 4 April 2018

1. Overview

My focus this past few weeks has been split between connecting with our stakeholders and communities, getting across the policy work programme, and putting building blocks in place for driving delivery and capability development across the organisation. I haven't summarised all the meeting detail below because at various other times I have provided updates to Councillors covering these areas, or because they are simply introductory meetings as I engage across the region.

2. External Meetings and Engagements

I attended the following meetings:

- a) 27 February 2018 – Predator Free Proposal for Peninsula meeting
- b) 28 February 2018 – Queenstown Bus Service Stakeholder meetings
- c) 5 March 2018 – Connecting Dunedin Governance Group
- d) 5 March 2018 – CE Port Otago
- e) 7 March 2018 – Meet and greet CE Otago Southland Employers Association
- f) 7 March 2018 – Meet and greet Catchments Otago, University of Otago
- g) 14 March 2018 – Meet and greet CE Otago Chamber of Commerce
- h) 15 March 2018 – Meeting with Manuherehia River Board
- i) 19 March 2018 – Fire and Emergency Board Stakeholder Function
- j) 20 March 2018 – Port Otago Board meet and greet
- k) 21 March 2018 – Waterfront Stakeholders Meeting
- l) 28 March 2018 – ORC and LINZ meeting
- m) 28 March 2018 – Lindis Plan Change meeting
- n) 28 March 2018 – Meet and greet CE North Otago Irrigation Company
- o) 5 April 2018 – ORC Water Reference Group meeting
- p) 6 April 2018 – Meeting with Downer re Leith Flood Protection Scheme
- q) 9 April 2018 – Spoke at Future Directions of Farm Based Food Production Workshop
- r) 10 April 2018 – Shaping our Future Water Forum Introductory Speech

3. Stakeholder / Community Engagement

As listed above, I have attended several meetings around the region with key stakeholders and with staff. In particular:

- Myself, the Chair, and several staff spent a day in Queenstown receiving feedback on the success and learnings from the Orbus roll-out, and also visited our new premises and key areas of interest. As previously reported, the overall response was very positive with ongoing support for the service being clear.
- Myself and the Chair met the Manuherehia River Board, and in particular they were interested in EPA processes for consenting as opposed to ORC consenting, the differences and similarities and advantages of each.
- Myself, the Chair, and staff met with LINZ representatives on wilding conifers, freedom camping and lagarosiphon. The meeting was productive and provided

an opportunity for us to arrange for Councillors to meet LINZ at Bendigo as part of our visit to Central Otago this round. The discussion centred around the ongoing programme and funding for wilding conifers, the challenge of providing for some freedom camping whilst not competing with existing camping grounds, and water quality issues. We agreed to meet at least quarterly in the future to keep the communication flowing and to take opportunities to work together.

- I met the CE of the North Otago Irrigation Company to gain a better understanding of that scheme and its phases, including the land use it is supporting. It was interesting to learn that intensive dairy farming is not the primary land use for the scheme, particularly stage two.

4. Policy Work Programme

The approach to our policy work programme has been laid out for me in a series of briefings over the past few weeks. This has included all minimum flow plan changes, other planned changes for the Water Plan, work on the Regional Policy Statement and proposed changes for the Coast Plan. In particular, I have been focusing on understanding the rationale for the programme's approach of consecutive changes to plans over time, dealing with small discrete chunks of policy at a time. This is an approach I understand that has previously been agreed with Council.

As I understand this area further, I would like to discuss options for progressing and delivering this work programme with Council.

5. Legal Services Procurement

Council has an opportunity to reframe the way it procures legal services and the nature of the services required. In the near future I intend to release a request for proposal across the full scope of legal services that Council requires to undertake its business. This will provide an opportunity for Council to benefit from some of the value add services providers now offer. Such initiatives can enable increased development of internal capability and learning opportunities that are not currently part of the services we procure. It is possible this approach will expand to other procurement areas where there are no impediments to new arrangements.

6. National and Sector Contributions

Of recent times a number of opportunities have become open for staff to undertake work at a national level through working groups, governance groups and other such fora. Where these present strategic or operational opportunities for the region, I am encouraging participation. Examples of these are new groups forming around the implementation of the national review of Civil Defence, particularly where the focus is regionalisation and groups coming together around PFAS (per- and poly-fluorinated alkyl substances) and its national response. Tanya Winter and Gavin Palmer are likely to be involved in the Civil Defence work, and I have been approached by the Ministry for the Environment to assist on a national group on PFAS.

7. Dunedin Harbour Stakeholder Arrangements

Some time ago a commitment was made to develop a stakeholder group with ourselves, DCC and Port Otago Ltd on harbour related matters and development of a Harbour Plan. I have discussed this with my peers and ORC will lead on this initiative with a view to having something in place before Spring. I understand there is considerable community interest in this initiative.

8. Philip Laing House

Works at Philip Laing House continue, and at this stage we anticipate a small (matter of days) delay in delivery of the new chamber. This means the next committee round will not be in the chamber, but the next Council meeting will be. In addition, there is room on the floor for some staff to relocate from Stafford Street, which largely means that we could vacate the basement of Stafford Street for the foreseeable future. While initial thoughts were that the ORC-based Emergency Management Otago Team would relocate, various factors have caused us to reconsider this. As such, the Transport team and potentially the ticketing project will be housed at Philip Laing House.

Other ways of working may be necessary to accommodate staff at Stafford Street in the medium term. It is highly likely that before we are able to deliver new accommodation, we will need to change the way we work to provide for activity-based working that may include hot desking.

9. Queenstown Office

The office will become operational in mid-April to coincide with the commencement of our new staff member, Stephen Patience, dedicated to Queenstown public transport matters. In time the office will have both a working space of approximately 6-8 desks and a meeting room. Please feel welcome to call into the office and meet Stephen if you are in Queenstown.

10. Recommendation

That the report be received.

Endorsed by: Sarah Gardner
Chief Executive

Attachments

Nil

11. MATTERS FOR COUNCIL DECISION

11.1. Draft Long Term Plan (LTP) Infrastructure Strategy

Prepared for: Council
Activity: Community – Long Term Planning and Annual Plan Report
Prepared by: Ian McCabe, Executive Officer
Date: 6 April 2018

1. Précis

The purpose of this report is to present the draft Infrastructure Strategy to Council and to seek for Council to adopt it for public consultation as part of the supporting information for the “*For Our Future – Consultation Document for our Long Term Plan 2018 – 2028*”, the consultation document for the Long Term Plan 2018-28.

2. Background

Under the Local Government Act 2002, Council is required to prepare and adopt an Infrastructure Strategy as part of the process for preparing a long term plan.

The Infrastructure Strategy is made available for public consultation as part of the supporting information for the long term plan Consultation Document.

Section 101B of the Local Government Act 2002 requires that the Infrastructure Strategy outline how Council intends managing its infrastructure assets taking into account the need to:

- renew/replace existing assets
- respond to growth or decline in demand for services
- allow for planned changes in levels of services
- maintain or improve public health and environmental outcomes
- identify and manage risks relating to natural hazards.

The strategy also outline the most likely scenario for managing assets over the period of the strategy, and in that context, must:

- show indicative estimates of capital and operating expenditure
- identify expected significant capital expenditure decisions and discuss likely timing, options and cost of those decisions
- include assumptions about life cycle of significant infrastructure, growth or decline in demand and increases and decreases in levels of service.

The Infrastructure Strategy must cover a period of at least 30 years.

The Consultation Document must include a summary of the purpose and key points of the Infrastructure Strategy.

3. Discussion

Councillors workshopped the Infrastructure Strategy with staff in December 2017. The workshop covered off the purpose of the strategy, key assumptions influencing how Council manages its assets, priorities and direction and the proposed capital and operational expenditure for each of Council’s flood protection and drainage schemes over the next 30 years.

Over the next 30 years, Council anticipates spending approximately \$62 million on new capital items, either replacing what is there or providing new assets across each of Council's flood protection and drainage schemes.

Council proposes spending further \$154 million maintaining its assets.

Council is proposing to maintain the current levels of service across all of its flood protection and drainage assets. However, levels of service have not been reviewed for some time, so Council is signalling an intent to revisit levels of service with the various communities of interest over the next three years.

Council's major capital investment over the next 10 years involves completing construction of the Leith Flood Protection Scheme in Dunedin. Other capital investment will include replacing/renewing a number of assets associated with pump stations, and works on a number of bridges, culverts, pipes and other associated structures.

4. Recommendation

That Council:

- 1) **Receive** this report.
- 2) **Adopt** the draft *Infrastructure Strategy for public consultation as part of the supporting information for "For Our Future – Consultation Document for our Long Term Plan 2018 – 2028"*.

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

11.1.1 Infrastructure Strategy 2018

11.2. Draft Long Term Plan (LTP) Financial Strategy

Prepared for: Council
Activity: Community – Long Term Planning and Annual Plan Report
Prepared by: Ian McCabe, Executive Officer
Date: 6 April 2018

1. Précis

The purpose of this report is to present the draft Financial Strategy to Council and to seek for Council to adopt it for public consultation as part of the supporting information for the “*For Our Future – Consultation Document for our Long Term Plan 2018 – 2028*”, the consultation document for the Council’s Long Term Plan 2018-28.

2. Background

Under the Local Government Act 2002, Council is required to prepare and adopt a Financial Strategy as part of the process for preparing a long plan.

The Financial Strategy is made available for public consultation as part of the supporting information for the long term plan Consultation Document.

Section 101A of the Local Government Act 2002 sets out the purpose of the Financial Strategy and what it must contain.

The purpose of the Financial Strategy is to:

- facilitate prudent financial management by providing a guide for Council to consider proposals for funding and expenditure against; and,
- provide a context for consulting on proposals for funding and expenditure by making the overall effects of proposals on services, rates, debt and investments transparent.

The Financial Strategy is required to include:

- a statement of the factors expected to have a significant impact including:
 - expected changes in population and land use and the costs of providing these changes
 - expected capital expenditure on network infrastructure, flood protection and flood control work required to maintain existing levels of service
 - other significant factors affecting the ability to maintain and meet additional demand for services.
- a statement of:
 - limits of rates, rate increases and borrowing
 - assessment of ability to provide and maintain services within those limits
 - policy on securities for borrowing
 - objectives for holding and management financial investments and equity securities and targets for returns.

The Consultation Document for the long term plan must include a summary of the purpose and key points of the Financial Strategy.

3. Discussion

Councillors started work specifically on the Financial Strategy in September 2017 with discussion on purpose of the strategy and critical factors likely to impact on the strategy such as population and land use change, and anticipated capital expenditure.

Councillors also discussed quantified limits on rates, rates increases, borrowing and expectations around levels of service and returns on investments.

Councillors discussed quantified limits on rates, rates increases and borrowing again in February 2018, when staff came back with recommendations for inclusion in the strategy. Recommended limits have subsequently been modified to reflect the position reached by Councillors on the proposed activities includes in the long term plan, and in response to advice provided by Council's auditors.

The draft Financial Strategy remains largely consistent with the strategy prepared in 2015 for the Long Term Plan 2015-25. There are no significant overall changes proposed in this financial strategy to way Council will manage its finance for the next 10 years.

However, there are a small number of key points for Councillors to note.

Council is required to set quantified limit on rates increases as one of a number of benchmarks on rates affordability and is required to report its annual performance against those benchmarks. Rate increases for this long term plan are proposed to be limited to 12% per annum for the first two years, and subsequently transition from 7% to 3.5% for the remaining eight years, reducing 0.5% per annum.

Rates are also proposed to be no more than \$35 million per annum or will not exceed 50% of total revenue in any given year.

Council is also required to ensure that its estimated revenue is sufficient to cover its estimated operating costs. Council can however, set its revenue at a different level if doing so is considered financially prudent.

The draft Financial Strategy signals that Council's estimated revenue will not cover its estimated operating costs for the first three years of this long term plan. Council proposes covering the shortfall by using reserves to fund certain one-off operating expenditures such as environmental enhancement initiatives, climate change adaptation, flood protection, lakes monitoring equipment and public transport improvements.

Council has no plans for external borrowing during the 10 year period of the long term plan.

4. Recommendation

That Council:

- 1) **Receive** *this report.*
- 2) **Adopt** *the draft Financial Strategy for public consultation as part of the supporting information for “For Our Future – Consultation Document for our Long Term Plan 2018 – 2028”.*

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

11.2.1 Financial Strategy 2018

11.3. Draft Long Term Plan (LTP) and consultation document

Prepared for: Council
Activity: Community – Long Term Planning and Annual Plan Report
Prepared by: Ian McCabe, Executive Officer
Date: 6 April 2018

1. Précis

The purpose of this report is to seek for Council to adopt the Consultation Document for the draft Long Term Plan 2018 – 2028 and approve it release for public consultation.

2. Background

Council's long term planning process sets out to provide a clear, concise and compelling story about what Council does, why Council does it, who does Council do it with, how much is will likely cost and how Council knows it will make a difference.

Council has proposed future levels of services, resource requirements, funding, strategy and policy to meet the statutory requirements of the Local Government Act 2002.

This work has culminated in a Consultation Document that conveys the key elements of Council long term planning proposals. The Consultation Document is the principal means of communicating and consulting with the community about the Long Term Plan.

Councillors started work on the long term planning process in July 2017 with discussions about Council's strategic priorities and priority activities. Then followed a serious workshops and briefings with staff to cover off the following:

- Activity framework (clarifying key issues and significant assumptions);
- Financial strategy and community outcomes;
- Revenue policy;
- Specific activities and projects (without financials);
- Estimates (three separate workshops as projects and activities were refined and prioritised);
- Fees and charges;
- Draft consultation document; and,
- Communications and engagement plan.

The Consultation Document is supported by a range of strategy and policy documents, which form the basis of what could become the Long Term Plan 2018 – 2028.

The Consultation Document has been audited by Council's auditors, Deloitte, and has undergone a "hot review" by the Office of the Auditor General to ensure it complies with the requirements of the Local Government Act 2002.

The Consultation Document is now ready to be formally adopted by Council for public consultation.

3. Financial implications

Proposed rate increases are included in the Financial Strategy, which is to be adopted at this meeting and is included in the long term plan supplementary information.

An average of 9.4% of rate increase is proposed for the first three years of this Long Term Plan. Rate increases after 2019/20 will be modest averaging 2.2% for the remaining seven years of this Long Term Plan.

4. Balancing the budget

Council is required under section 100(2) of the Local Government Act 2002 to ensure that its estimated revenue is sufficient to cover its estimated operating costs for each year. Council can however, set its revenue at a different level if Council resolves that it is financially prudent to do so.

It is estimated that in the first three years of this Long Term Plan, estimate revenue will not cover estimate operating costs. The primary reason for the shortfall in revenue is that Council proposed using reserves to fund “one-off” operating expenditure. This is planned for several activities of Council in the following areas:

- Environmental Enhancement Fund
- Designations
- Climate Change Adaptation; and
- Water Quality Research.

5. Risk assessment and legal compliance

The risk that the proposals in the consultation document and the Long Term Plan supplementary information are unacceptable to ratepayers will be managed through the submission and hearings process.

Compliance with the requirements of the Local Government Act 2002 has been followed and audited by Council’s auditors.

6. Significance and engagement

The Long Term Plan process is a significant activity and the Local Government Act 2002 requires that Council uses the statutory special consultative procedure for it to be adopted. The special consultative procedure imposes mandatory steps that Council is required to take, all of which staff are providing for.

7. Consistency with council policy

The work programme proposed gives effect to a range of Council’s statutory obligations, planning and regulatory policies.

8. Consultation process and hearings

The consultation process involving engaging with the community, submission and hearing is scheduled as follows:

- **11 April 2018** – Consultation begins on the Council website with online form response being the preferred method of providing a submission.
- **11 May 2018** – Consultation closes – submissions to be with the Council by 5pm.
- **23 May – 29 May 2018** – Public hearings.
- **27 June 2018** – Long Term Plan 2018-28 adopted.

9. Recommendation

That Council:

- 1) **Receive** this report
- 2) **Approve** the signing of the Audit representation letter
- 3) **Receive** the audit clearance on the “For Our Future – Consultation Document for our Long Term Plan 2018 – 2028” prepared in accordance with section 93C(4) of the Local Government Act 2002 (tabled at this meeting)
- 4) **Adopt** for public consultation the Long-Term Plan 2018 – 2028 supplementary information that is relied on for the content of the Consultation Document
- 5) **Resolve** that the Long Term Plan is financially prudent per section 100(2) of the Local Government Act 2002 and that it is appropriate to have operating deficits for the first three years of the Long Term Plan
- 6) **Adopt** the “For Our Future – Consultation Document for our Long Term Plan 2018 – 2028” consultation document as detailed in Attachment 1 for public consultation.

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

- 11.3.1 Audit representation letter
- 11.3.2 For Our Future – Consultation Document for our Long Term Plan 2018 – 2028
- 11.3.3 Draft Long-Term Plan 2018 – 2028

11.4. Appointment of Hearing Panel for Draft Long Term Plan (LTP)

Prepared for: Council
Activity: Community – Long Term Planning and Annual Plan Report
Prepared by: Ian McCabe, Executive Officer
Date: 6 April 2018

1. Précis

This report seeks for Council to appoint the hearings sub-committee to hear submissions, deliberate and to make recommendations to the Finance and Corporate Committee on the Long Term Plan 2018-28 in accordance with Section 83 and Schedule 7 of Local Government Act 2002.

2. Background

Section 93A of the Local Government Act 2002 required Council to use the special consultative procedure under section 83 of the Act when considering and adopting a long term plan.

Section 83(1)(d) of the Act requires Council to provide an opportunity for persons who have submitted on the long term plan to present their views in a manner that enable spoken interaction with Council or any representatives to whom Council have provided an appropriate delegation.

Council may appoint representatives with an appropriate delegation in accordance with Schedule 7 of the Act.

Council has historically appointed a hearings sub-committee as representatives of the Council to hear the views of persons who have submitted to previous long term plans and annual plans. The hearings sub-committee is appointed as a sub-committee of the Finance and Corporate Committee and is delegated with the power and duty to hear views, deliberate on submissions and make recommendations to the Finance and Corporate Committee on Council's response. At that point, the hearings panel is deemed to have discharged its powers and duties and is disestablished.

3. Discussion

Public hearings on the Long Term Plan 2018-28 are currently scheduled to begin on 23 May 2018 and will be held at various locations around the region.

The final schedule for hearings and locations will likely be depended on the number of submitters who ask for the opportunity to present their views and their locations around the region.

Hearings and the bulk of the sub-committee's deliberations should be concluded by 29 May 2018.

Cr Brown has provided a suggested a potential make-up for the sub-committee based on where they fit in the rotation for this triennium and their potential available. To that end, staff recommend to Council that the following Councillors be appointed to the hearings sub-committee (subject to their availability):

- Cr Brown (Chair);
- Cr Deaker;
- Cr Lawton;
- Cr Neill;
- Cr Scott; and,
- Cr Woodhead.

Once appointed, the sub-committee can then be formally delegated the powers and duty to hear the views of submitters, deliberate on submissions and make recommendations to the Finance and Corporate Committee when it meets on 13 June 2018.

4. Recommendation

That Council:

- 1) **Receive** this report.
- 2) **Appoint** a sub-committee of the Finance and Corporate Committee to hear the views of submitters, deliberate on submissions and make recommendations to the Finance and Corporate Committee on the Long Term Plan 2018-28 in accordance with Clause 30, Schedule 7 of the Local Government Act 2002 comprising the following members:
 - Cr Brown (Chair);
 - Cr Deaker;
 - Cr Lawton;
 - Cr Neill;
 - Cr Scott; and,
 - Cr Woodhead.
- 3) **Delegate** to the sub-committee appointed in recommendation 2 above the powers and duties to hear the views of submitters, deliberate on submissions and make recommendations to the Finance and Corporate Committee on the Long Term Plan 2018-28 in accordance with Clause 32, Schedule 7 of the Local Government Act 2002.

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

11.5. Otago Navigational Bylaws 2018

Prepared for: Council
Activity: Regulatory - Harbour Management
Prepared by: Steve Rushbrook, Harbourmaster
Date: 28 March 2018

1. Précis

ORC need to renew the Navigational Bylaws that have previously expired.

2. Background

Navigational bylaws were last put in place in 2003 and are technically valid for 10 years. The new proposed navigational bylaws are designed to be clear, concise and cover the entire Otago region and they need to be fit for purpose for the next 10 years and beyond.

3. Proposal

Following workshop discussions Council are requested to approve the amended and attached Navigational Bylaws in order that they can then go to public consultation for further review.

Consultation will be undertaken through the Special consultative procedure within the LGA (83) and is proposed to be for the minimum period of 1 month. The Stakeholder Engagement team at ORC will lead this. There may be a requirement for a hearing process following any feedback that requires it. It is proposed that the bylaws would become legal as of the 1st August 2018, although this is subject alteration.

4. Recommendation

a) *That Council approve the proposed Navigational Bylaws.*

Endorsed by: Scott MacLean
Director Environmental Monitoring & Operations

Attachments

1. 180404- ORC Navigation Safety Bylaw 2018 Draft for Council Sign Off [11.5.1]

11.6. Water Reference Group

Prepared for: Council
Activity: Governance Report
Prepared by: Sarah Gardner, Chief Executive
Date: 5 April 2018

1. Précis

To reframe the Urban Water Quality Reference Group as a Water Quality Reference Group to take provide for all water quality matters in the Otago Region, and to increase the Group's membership with the addition of one Councillor.

2. Background

Councillors (Cr Scott (Chair), Cr Hope, Cr Lawton, Cr Robertson and Cr Woodhead) have participated in an Urban Water Quality Reference Group for some time. The Group reports to the Policy Committee and has worked on matters that have included the scale and significance of urban water quality issues, water quality strategy, principles of water management and water programme prioritisation.

The terms of reference for the Group are attached.

3. Proposal

It is proposed that the Urban Water Quality Reference Group become the Water Quality Reference Group and expand its current mandate to cover all water quality for the Otago Region. In particular this Group would assist in the implementation of Plan Change 6A and other water quality strategy and management, its evaluation and potential change and in the championing of this work with governance and our communities.

To ensure representation is region wide, it is proposed that Councillor Doug Brown be appointed to the Group's membership.

The terms of reference for the Group will be developed using the attached terms of reference from the Urban Water Quality Reference Group.

For administrative ease the staff membership of the Group is proposed to become the Chief Executive of Otago Regional Council and/or her representative(s). This will provide flexibility and resolve the issue of having to update the Terms of Reference each time someone leaves the organisation or joins a meeting.

4. Recommendation

- a) *That the Urban Water Quality Reference Group become the Water Quality Reference Group.*
- b) *That the membership of the Water Reference Group be: Councillor Scott (Chair), Councillor Hope, Councillor Lawton, Councillor Robertson, Councillor Woodhead, Councillor Brown and the Chief Executive of Otago Regional Council and/or her representative(s).*
- c) *That the Water Quality Reference Group draft a new Terms of Reference for consideration at a future Policy Committee meeting*

Endorsed by: Sarah
Chief Executive

Gardner

Attachments

1. Terms of Reference - Urban Water Quality Reference Group **[11.6.1]**

12. MATTERS FOR NOTING

12.1. 8 Month Review to 28 February 2018

Prepared for: Council
Activity: Governance Report
Prepared by: Nick Donnelly, Director Corporate Services
Date: 5 April 2018

1. Précis

Formal reviews of progress on all projects are undertaken at four, eight and 12 months and reported to Council. These reports form part of each year's Annual Report. The attached "8 Month Review to 28 February 2018" summarises the project progress for the eight months to 28 February.

2. Background

Council's 2017/18 Annual Plan includes levels of service to be met for the significant activities undertaken by Council and specific areas of work for projects within each significant activity. Progress in achieving the levels of service and specific areas of work are reported against in each year's Annual Report.

A report showing financial and non-financial results compared with the Annual Plan levels of service, specific areas of work and budgets for the eight months to 28 February 2018 is attached.

The report provides commentary on variations between actual and estimated expenditure and revenue, along with a forecast of expenditure to 30 June 2018.

3. Recommendation

- a) *That this report and the "8 Month Review to 28 February 2018" report be received.*

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

8 Month Review to 28 February 2018 (A1101339)

12.2. Financial Report to 28 February 2018

Prepared for: Council
Activity: Financial report to 28 February 2018
Prepared by: Stuart Lanham, Finance Manager
Date: 5 April 2018

1. Précis

The purpose of this report is to provide a summary of the Council's financial performance compared to budget for the eight months ended 28 February 2018, 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 eight months ended 28 February 2018					
<i>\$000's</i>					
Description	Note	Annual Budget	Year to date 28 February 2018 Budget	Actual	Variance
Revenue:					
Rate revenue		20,910	13,940	13,934	(6)
Government subsidies	2.1	11,926	8,135	5,832	(2,303)
Other revenue	2.2	11,449	7,327	6,292	(1,035)
Dividend from Port Otago Ltd	2.3	9,000	6,000	6,000	0
Interest & investment income	2.4	1,512	1,008	1,445	437
Rental income		1,002	668	706	38
Investment property revaluation gain	2.5	333	0	0	0
		56,132	37,078	34,209	(2,869)
Less expenses:					
Operating expenses	2.6	39,748	26,478	24,394	2,084
Employee benefits expense		15,311	10,207	10,118	89
Depreciation & amortisation		2,014	1,342	1,343	(1)
Finance expenses		2	1	2	(1)
		57,075	38,028	35,857	2,171
Surplus/(deficit)		(943)	(950)	(1,648)	(698)
Income tax benefit		115	77	65	(12)
Surplus/(deficit) after tax		(828)	(873)	(1,583)	(710)
Other comprehensive revenue and expense:					
Revaluation gain on POL shares	2.7	10,000	0	0	0
Net Comprehensive Revenue and Expense		9,172	(873)	(1,583)	(710)

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 \$1,220,000 on the budget of \$6,723,000.

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. This is a complex project involving a consortium of nine regional councils and the project is running behind the budgeted timeline. Consequently, revenue from government subsidies is down \$1,023,000 on the year to date budget of \$1,335,000.

The Dunedin bus contracts activity also has a lower level of subsidy than budgeted, with a variance of \$151,000 against a budget of \$2,890,000. 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 \$140,000 against the budget of \$1,100,000 resulting in a variance of \$960,000. 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 running behind the budgeted timeline.

Note 2.2 – Other revenue

The amount of other revenue earned of \$6,292,000 is \$1,035,000 less than the budgeted amount of \$7,327,000.

The budgeted other revenue income category largely comprises revenue that is directly related to the level of activity undertaken. The majority of the revenue variance is due to a lower level of activity performed within projects than was provided for in the budgets.

The projects contributing significantly to the variance, and being largely due to lower levels of activity, are the resource consents and compliance monitoring projects, with a combined variance of \$739,000 against budgets totaling \$1,561,000, and the external contracting project with a variance of \$214,000 against the budget of \$293,000 due lower demand in that 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 \$761,000, and an increase in fair value of the managed fund portfolio of \$684,000.

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 – Operating expenses

Operating expenses are \$2.084 million less than the budgeted amount of \$26.478 million. Commentary on the operating expenditure variance is included in the overall project variances reported upon in the eight-month review report presented to Council.

Note 2.7 – 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 28 February 2018, 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 28 February 2018**

Description	Note	\$000's		
		Budget 30 June 2018	Actual 28 February 2018	Actual 30 June 2017
Current assets				
Other financial assets	3.1	41,198	50,791	54,057
Cash and cash equivalents	3.1	3,765	4,393	4,433
Trade and other receivables	3.2	3,286	5,943	3,568
Dividends receivable	3.3	-	2,000	-
Property held for sale		1,284	384	1,093
Other current assets		207	381	261
		49,740	63,892	63,412
Non-current assets				
Shares in Port Otago Ltd	3.4	438,239	439,037	439,037
Property plant and equipment		93,922	88,323	86,313
Investment property	3.5	11,431	10,825	10,825
Intangible assets		3,357	2,437	2,066
Deferred tax asset		98	163	98
		547,047	540,785	538,339
Total assets		596,787	604,677	601,751
Liabilities – all current				
Revenue in advance	3.6	-	8,219	-
Trade and other payables		4,134	3,592	7,159
Employee entitlements		1,483	1,545	1,665
		5,617	13,356	8,824
Net assets		591,170	591,321	592,927
Public equity and revaluation reserves				
Public equity		133,746	130,644	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	558,445	561,350
Other reserves				
Building reserve		13,770	13,915	13,614
Kuriwao endowment reserve		6,339	6,410	6,361
Asset replacement reserve		4,560	6,706	5,820
Emergency response reserve		4,168	4,133	4,033
Water management reserve		736	1,169	1,427
Environmental enhancement reserve		242	543	322
		29,815	32,876	31,577
Total equity and reserves		591,170	591,321	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 28 February of \$5.943 million, includes rate receivables of \$1.305 million, and the accrual of \$2.468 million in transport subsidies from NZ Transport Agency.

Note 3.3 – Dividends receivable

The dividend receivable amount to 28 February 2018 reflects the accrual of expected dividends from Port Otago Limited for the eight-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 \$6.974 million 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

Financial information on the Council's activity expenditure to 28 February 2018 is included within the eight-month review report presented separately to this Council meeting.

5. Recommendation

- a) *That this report is received.*

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

13. REPORT BACK FROM COUNCILLORS

14. NOTICES OF MOTION

15. RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS HELD ON 21 MARCH 2018

15.1. Recommendations of the Policy Committee

Regional Swimming Targets

Resolution

a) Publish the following draft regional swimming targets for Otago on the Council website by 31 March 2018, that:

- *95 percent of rivers and 100 percent of lakes are swimmable by 2030;*
- *100 percent of rivers and 100 percent of lakes are swimmable by 2040.*

b) Report the proposed final regional swimming targets for Otago, and options to improve bacterial water quality in areas that are not currently swimmable under the National Policy Statement for Freshwater Management, by the end of 2018.

Moved: Cr Laws

Seconded: Cr Scott

CARRIED

Draft Biodiversity Strategy

Resolution

That Council approve the Draft Biodiversity Strategy for consultation as part of the Proposed Long Term Plan 2018-28 consultation process.

Moved: Cr Deaker

Seconded: Cr Noone

CARRIED

Director's Report on Progress

Resolution

That this report be noted.

Moved: Cr Woodhead

Seconded: Cr Hope

CARRIED

Directors Report on Progress

Resolution

That this report be noted.

Moved: Cr Woodhead

Seconded: Cr Hope

CARRIED

Attachments

Nil

15.2. Recommendations of the Regulatory Committee

Directors Report on Progress

Resolution

That this report is received.

Moved: Cr Woodhead
Seconded: Cr Hope
CARRIED

Consents & Building Control

Resolution

That this report is noted.

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

Report on Deemed Water Permits

Resolution

That the report is noted.

Moved: Cr Hope
Seconded: Cr Deaker
CARRIED

Enforcement Process

Resolution

That the report be noted

Moved: Cr Woodhead
Seconded: Cr Robertson
CARRIED

Enforcement Reporting

Resolution

- a) That this report be noted.*
- b) Reports be placed on website with Legal Counsel to consider the wording*
- c) Provide a learnings report on prosecutions on an annual basis to Council.*
- d) Be proactive on release of prosecution outcomes and diversion outcomes in the enforcement activities report.*
- e) proactive releasing of prosecution outcomes*
- f) This enforcement process be added to the ORC website.*

Moved: Cr Deaker
Seconded: Cr Hope
CARRIED

Enforcement Activities from 31 January to 28 February 2018 Resolution

Resolution

That this report be noted.

Moved: Cr Woodhead
Seconded: Cr Scott

CARRIED

The working relationship between Regional Councils and the Department of Conservation

Resolution

That this report is received.

Moved: Cr Kempton
Seconded: Cr Hope
CARRIED

Attachments

Nil

15.3. Recommendations of the Communications Committee

Director's report to 28 February 2018

Resolution

That this report is noted.

Moved: Cr Woodhead
Seconded: Cr Hope
CARRIED

Attachments

Nil

15.4. Recommendations of the Technical Committee

Floodbank Structural Integrity Assessment

Resolution

That this report be noted.

Moved: Cr Woodhead
Seconded: Cr Scott
CARRIED

Review of surface water State of the Environment Monitoring Resolution

Resolution

That this report is noted.

Moved: Cr Woodhead
Seconded: Cr Hope
CARRIED

Directors Report on Progress

This report is received and noted.

Moved: Cr Hope

Seconded: Cr Lawton
CARRIED

Council Appointments Resolution

- a) *That the appointment of Mandy Bell to the Lake Wanaka Trust be endorsed*
- b) *That Councillor Michael Deaker be appointed to the Central City Advisory Panel.*

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

Attachments

Nil

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

Council Appointments Resolution

- a) *That the appointment of Mandy Bell to the Lake Wanaka Trust be endorsed*
- b) *That Councillor Michael Deaker be appointed to the Central City Advisory Panel.*

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

Passenger Transport Update Resolution

- a) *That this report be received,*
- b) *That the changes to the Wakari and Helensburgh services outlined in Option 5 are endorsed and to be implemented as soon as practicable.*

Moved: Cr Noone
Seconded: Cr Brown
CARRIED

Director's Report Resolution

- a) *That this report is received.*
- b) *That the payments summarised in the table above and detailed in the payments schedule, totalling \$10,399,224.80, be endorsed.*

Moved: Cr Noone
Seconded: Cr Woodhead
CARRIED

Financial Report to 31 January 2018 Resolution

That this report is received.

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

Treasury Report

Resolution

That this report be received

Moved: Cr Neill
Seconded: Cr Brown
CARRIED

Implementation of distance technology for governance meetings

Resolution

That Council receive this report.

Moved: Cr Brown
Seconded: Cr Deaker
CARRIED

Attachments

Nil

16. RESOLUTION TO EXCLUDE THE PUBLIC

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

Item 11.1 Disposal and Acquisition of Property

Item 11.2 Stock Effluent Site

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 11.1 Disposal and Acquisition of Property</i>	To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)	Section 48(1)(a); Section 7(2)(b)(ii); 7(2)(h); 7(2)(i)
<i>Item 11.2 Stock Effluent Disposal Central Otago</i>	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities Section 7 (2)(i) To enable any local authority holding the information to carry out, without	

	<p>prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities Section 7 (2)(i)</p>	
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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:

Minutes of the public excluded portion of the Council meeting of 21 February 2018

11.1 Disposal and Acquisition of Property

To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)

To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)

Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities
Section 7 (2)(i)

11.2 Stock Effluent Disposal Central Otago

To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)

Enable any local authority holding the information to carry on, without prejudice or disadvantage, commercial activities
Section 7 (2)(i)

That Mr McCabe be permitted to remain at this meeting, after the public has been excluded, for Item 11.1, because of his knowledge of the commercial property matters. This knowledge, will be of assistance in relation to the matter to be discussed.

17. CLOSURE