

Finance Committee 10 June 2020

Meeting is held in the Council Chamber, Level 2, Philip Laing House
144 Rattray Street, Dunedin



Members:

Cr Hilary Calvert, Co-Chair	Cr Gary Kelliher
Cr Andrew Noone, Co-Chair	Cr Michael Laws
Cr Michael Deaker	Cr Kevin Malcolm
Cr Alexa Forbes	Cr Gretchen Robertson
Hon. Marian Hobbs	Cr Bryan Scott
Cr Carmen Hope	Cr Kate Wilson

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Liz Spector, Committee Secretary

10 June 2020 11:00 AM

Agenda Topic

Page

1. APOLOGIES

No apologies have been submitted.

2. ATTENDANCE

Staff present will be identified.

3. 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.

4. 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.

5. PUBLIC FORUM

Requests to speak should be made to the Committee Secretary on 0800 474 082 or liz.spector@orc.govt.nz at least 24 hours prior to the meeting; however, this requirement may be waived by the Chairperson.

No requests have been received.

6. CONFIRMATION OF MINUTES

Minutes of the 3 June 2020 Finance Committee meeting will be considered as a true and accurate record with or without corrections.

6.1 [Minutes - 3 June 2020 Finance Committee](#)

7. [ACTIONS](#)

The Committee will review outstanding actions of resolutions of the Finance Committee.

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8.	MATTERS FOR DECISION	11
8.1	ANNUAL PLAN 2020 - 2021	11
	The purpose of this report is to provide the Finance Committee with staff feedback on Councillor motions from the 3 June 2020 Finance Committee meeting regarding service and funding requests submitted by the community to the Annual Plan 20-21 process.	
9.	RECOMMENDATIONS OF SUBCOMMITTEE MEETINGS	16
	The recommendations of the Audit and Risk Subcommittee from its 3 June 2020 Meeting will be considered for adoption.	
10.	CLOSURE	



Minutes of a meeting of the
Finance Committee held in the
Council Chamber on Wednesday 3 June 2020,
commencing at 1:00 pm

Membership

Cr Hilary Calvert (Co-Chair)
Cr Andrew Noone (Co-Chair)
Cr Michael Deaker
Cr Alexa Forbes
Hon Marian Hobbs
Cr Carmen Hope
Cr Gary Kelliher
Cr Michael Laws
Cr Kevin Malcolm
Cr Gretchen Robertson
Cr Bryan Scott
Cr Kate Wilson

Welcome

Cr Noone, Co-Chair Finance, welcomed the Councillors, members of the public and staff to the meeting at 01:02 pm.

For our future

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1. APOLOGIES

No apologies were made. Cr Laws and Cr Scott attended the meeting remotely.

2. ATTENDANCE

Sarah Gardner (Chief Executive) (attended remotely)
Nick Donnelly (General Manager Corporate Services and CFO)
Gavin Palmer (General Manager Operations)
Sally Giddens (General Manager People, Culture and Communications)
Gwyneth Elsum (General Manager Policy, Strategy and Science)
Amanda Vercoe (Executive Advisor)
Liz Spector (Committee Secretary)

Also present were Mike Roesler (Manager Corporate Planning), Sarah Munro (Manager Finance - Reporting), Ryan Tippet (Media Communications Lead).

3. CONFIRMATION OF AGENDA

The agenda was confirmed as circulated. Cr Noone requested an extra Finance Committee meeting be confirmed for Wednesday, 10 June, to be followed by workshops to receive information on rabbit control and the Pest Plan, a wrap up of the Port Otago strategic review and potential changes to the governance structure.

4. CONFLICT OF INTEREST

No conflicts of interest were advised at this point of the meeting.

5. PUBLIC FORUM

No public forum was held.

6. CONFIRMATION OF MINUTES

Resolution

That the minutes of the (public portion of the) meeting held on 26 February 2020 be received and confirmed as a true and accurate record.

Moved: Cr Noone

Seconded: Cr Hope

CARRIED

7. ACTIONS

Nick Donnelly (GM Corporate Services) updated the Committee on the outstanding action on the Port Otago Constitution item from the 26 February Finance Committee meeting. He noted that the review was planned to be presented at the current meeting, however, as the focus of the meeting was primarily on the Annual Plan, he decided to defer the review to an upcoming meeting.

8. MATTERS FOR COUNCIL DECISION

8.1. Annual Plan Deliberations and Recommendations

Nick Donnelly (GM Corporate Services) and Mike Roesler (Manager Corporate Planning) were present to speak to the Annual Plan deliberations report. Mr Donnelly said after the public submissions, there was a clear direction from Council members that the ORC should work towards a 0% general rate increase. Keeping that in mind, he said staff had put together funding options for the upcoming year. The Committee members then reviewed the summary of submissions put together by the Corporate Planning team. Mr Donnelly noted that most of the submissions supported unchanged activity levels but preferred that the ORC consider alternative funding sources. The summary of submissions was subdivided into headings that the submissions centred around, including Freshwater, Biodiversity and Biosecurity, Urban Environment, Climate Change and "other" and the Committee members reviewed each category.

Following deliberations, the following motions were made, seconded and carried:

Resolution

That the Otago Regional Council shall:

Meet the concerns of Predator Free Dunedin and Landscape Connections Trust in relation to timing issues raised in their submissions regarding timing of possum control work given the withdrawal of OSPRI and quantify financial implications.

Moved: Cr Wilson

Seconded: Cr Forbes

CARRIED

Resolution

That the Otago Regional Council:

Appoint an additional 0.5 FTE Civil Defence staff member to be based in Queenstown.

Moved: Cr Hobbs

Seconded: Cr Hope

CARRIED

Resolution

That the Finance Committee:

Requests a report by September 2020 outlining opportunities to assist development of an integrated trail network throughout Otago to inform development of the Long Term Plan.

Moved: Cr Scott

Seconded: Cr Forbes

CARRIED

Resolution

That the Finance Committee:

Requests staff to investigate options to contribute \$100,000 from Council or its subsidiary companies towards construction of a fence at Orokonui Ecosanctuary and report back by 10 June 2020.

Moved: Cr Wilson

Seconded: Cr Calvert

CARRIED

Resolution

That the Finance Committee:

Requests staff to investigate options towards funding a climate carbon footprint model as suggested by WISE Response for Otago in partnership with Dunedin City Council and other local Territorial Authorities and report back by 10 June.

Moved: Cr Wilson

Seconded: Cr Malcolm

CARRIED

Resolution

That the Finance Committee:

Note the doubling of its contribution to the control of lagarosiphon from \$25,000 in 2019/20 to \$50,000 in the 2020/21 annual plan, and review the effectiveness of the current operational plan with an eye towards utilising potential government funds for a stronger approach to lagarosiphon control in Lakes Wanaka and Dunstan, and the Clutha and Kawarau rivers.

Moved: Cr Laws

Seconded: Cr Kelliher

CARRIED

Resolution

That the Finance Committee:

Requests a staff report by February 2021 to inform cost considerations of including a Tomahawk Management Plan in the Long Term Plan.

Moved: Cr Scott

Seconded: Cr Malcolm

CARRIED

Resolution

That the Otago Regional Council:

Ensures as part of finalisation of infrastructure on drainage schemes in 2020/21 year that the community are consulted with as to design, cost and intended outcomes, as per the infrastructure strategy.

Moved: Cr Wilson

Seconded: Cr Hope

CARRIED

Resolution

That the Finance Committee:

Consider the submission from Wakatipu Transport for a one-off funding request be reconsidered as part of the Long Term Plan.

Moved: Cr Forbes

Seconded: Cr Hobbs

CARRIED

Following the discussions on the public submissions and detailed deliberations on the recommendations for the Annual Plan it was decided that the Committee would recommend staff Option 2 which proposed 0% general rates increase with unchanged activity expenditure. It was also noted that while the general rate would have no increase, targeted rates will continue to be rated as planned. Cr Noone then moved:

Resolution

That the Finance Committee:

- 1) **Notes** the options for funding the Otago Regional Council Annual Plan 2020-21.
- 2) **Directs** Council staff to apply option two for funding the Otago Regional Council Annual Plan 2020-21.
- 3) **Receives** the public submissions to the Otago Regional Council Annual Plan 2020-21 process and Wakatipu Ferry Service Trial Proposal as previously distributed to Councillors and as posted on the Council's website.
- 4) **Deliberates** on the consultation feedback on the Wakatipu Ferry Service Trial Proposal.
- 5) **Confirms** the trial in the 2020/21 year subject to QLDC and NZTA funding as per the original report.
- 6) **Deliberates** on the requests for service made in the public submissions to the ORC Annual Plan 2020-21 process as listed in Attachment 1.
- 7) **Directs** Council staff on changes to the draft Financial Forecasts 2020-21 for inclusion in Annual Plan 2020-21 to be presented for Council adoption at its 24 June 2020 meeting.
- 8) **Notes** COVID-19 related activity or funding has not been provided for in the Annual Plan 2020-21 and Council intends to progress and consider these proposals and activities separately from the Annual Plan through the 2020-21 year.

Moved: Cr Noone
Seconded: Cr Calvert
CARRIED

9. MATTERS FOR NOTING

9.1. Activity Review 2019-20, 1 July 2019 to 31 March 2020 (Q3)

Mike Roesler (Manager Corporate Planning) was present to speak to the Activity Review Report which includes financial and non-financial performance information relating to service delivery through the third quarter of the 2019-20 financial year. The Committee members reviewed the report and thanked Mr Roesler for the work. Co-Chair Noone then asked for a motion.

Resolution

The Finance Committee:

- 1) **Receives** the Council Activity Performance Report for the period 1 July 2019 to 31 March 2020 (Q3).

Moved: Cr Hope
Seconded: Cr Hobbs
CARRIED

9.2. Quarterly Report - Finance

Nick Donnelly (GM Corporate Services) was present to speak to the third quarter financials. Cr Kelliher requested a report detailing the annual spend on consultants and external legal counsel. Chief Executive Gardner said she would ask staff to compile that information and provide to the Councillors by the 22 July Council meeting. After Mr Donnelly responded to Committee members' questions, Co-Chair Noone asked for a motion.

Resolution

That the Finance Committee:

- 1) **Receives** this report.

Moved: Cr Hobbs
Seconded: Cr Calvert
CARRIED

10. CLOSURE

There was no further business and Cr Noone declared the meeting closed at 05:08 pm.

Chairperson

Date

Status report on the resolutions of the Finance Committee

MEETING AND DATE	ITEM	ACTION	ASSIGNEE / STATUS	ACTION TAKEN
Finance Committee 26 Feb 2020	CS1929 Port Otago Constitution	The CEO should contact the Board of Directors of Port Otago Ltd and request the company undertake a review of its constitution, noting specific items to be considered: 1)70 yr age limit for board members, 2) ensure constitution is current and fit for purpose; 3) consider staggering board member terms; 4)consider maximum terms for board members; 5) have a critical look at cl 10.1(c).	CORPORATE SERVICES - IN PROGRESS	The Port has undertaken its review and a draft constitution has been provided to Council for review at the 3 June 2020 Finance Committee meeting. UPDATE 3 June 2020: This will be included on the 24 June Council Meeting agenda.
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Prepare a report by Sept 2020 outlining opportunities to assist development of an integrated trail network throughout Otago to inform development of the LTP.	OPERATIONS - ASSIGNED	
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Investigate options to contribute \$100,000 from Council or its subsidiary companies towards construction of a fence at	CORPORATE SERVICES – COMPLETE	WILL BE REPORTED BACK TO FINANCE ON 10 JUNE 2020.

Finance Committee 10 June 2020 - ACTIONS

		Orokonui Ecosanctuary and report back by 10 June 2020.		
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Requests staff to investigate options towards funding a climate carbon footprint model as suggested by WISE Response for Otago in partnership with Dunedin City Council and other local Territorial Authorities and report back by 10 June.	STRATEGY, POLICY AND SCIENCE - ASSIGNED	WILL BE REPORTED BACK TO FINANCE ON 10 JUNE 2020
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Requests staff to report by February 2021 to inform cost considerations of including a Tomahawk Management Plan in the LTP	OPERATIONS - ASSIGNED	
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Include the Wakatipu Transport request for funding be included in LTP considerations.	OPERATIONS (TRANSPORT) - ASSIGNED	
Finance Committee 3 June 2020	GOV1919 Annual Plan Deliberations and Recommendations	Provide a report detailing annual spend on consultants and external legal counsel to the 22 July Council Meeting.	CORPORATE SERVICES - ASSIGNED	

Prepared for:	Finance Committee
Report No.	CS1943
Activity:	Governance
Author:	Mike Roesler, Manager Corporate Planning
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	5 June 2020

PURPOSE

- [1] To provide the Finance Committee with staff feedback on Councillor motions from the 3 June 2020 Finance Committee meeting regarding service and funding requests submitted by the community to the Annual Plan 20-21 process.

RECOMMENDATION

That the Finance Committee:

- 1) **Notes** the feedback on the 3 June 2020 motions and the recommended changes to the draft 20-21 financial forecasts and direction to staff on the 20-21 work programme as created at the 3 June 2020 Finance Committee meeting.
- 2) **Confirms** the inclusion of each individual motion as listed in table 1 of this report in the Annual Plan for adoption at the 24 June 2020 Council meeting.
- 3) **Notes** the cumulative funding impact of including the motions to the draft 20-21 financial forecasts as tabled at the meeting.

BACKGROUND

- [2] The Finance Committee deliberated at its 3 June 2020 meeting on the submissions to the Annual Plan 20-21 process.
- [3] The Finance Committee expressed support for the draft expenditure and associated programme as consulted and, resolved to include the Wakatipu water ferry trial in the Annual Plan 20-21 (AP). It also resolved to fund the consulted programme in a way that reduced the rating impact on the Otago community. This was presented as an alternative funding option resulting in a zero movement in general rates and a 1.6% increase in total rates.
- [4] The Finance Committee considered and discussed service and funding requests across the five consultation topics. The discussion resulted in motions recommending either change to the draft 20-21 financial forecast or direction to staff on the work programme for 20-21.
- [5] The Finance Committee requested council staff to report back on the motions to its 10 June 2020 meeting.

DISCUSSION

- [6] The table below lists the motions supported at the 3 June Finance Committee meeting. Council staff have provided commentary and where appropriate have provided a recommendation.
- [7] The direction that council staff receive on the motions listed below will be included in the Annual Plan 20-21 and underlying work planning.

3 June Finance Committee meeting motions	
1	Cr Wilson/ Cr Forbes: To meet the concerns of Predator Free Dunedin and Landscape Connections Trust for the timing issues raised in their submissions regarding timing of possum control work given the withdrawal of OSPRI and quantify financial implications.
	<p>Staff comment: Verbal comment to be provided at the 10 June meeting</p> <p>Financial impact: No change to financials has been made – assumed this will be included within the existing \$1.9m pest activity budget.</p>
2	Cr Hobbs / Cr Hope: That additional Civil Defence personnel of around 0.5 FTE is employed and based in Queenstown.
	<p>Staff comment: Michele to comment – wants this to be full FTE on one-year fixed term.</p> <p>Financial impact: 0.5 FTE will be added to budget. This will increase the Civil Defence targeted rate.</p>
3	Cr Scott/Cr Forbes: Seek a report by September 2020 outlining opportunities to assist development of an integrated trail network throughout Otago to inform development of the Long-term Plan 2021-31.
	<p>Staff comment: Report requirement and associated consideration is noted and will be considered as part of the next LTP cycle.</p> <p>Financial impact: None.</p>
4	Cr Wilson/ Cr Calvert: Council ask staff to look at options from Council or its subsidiary companies for a \$100,000 contribution to the fence at Orokonui and report back by 10 June 2020.
	<p>Staff comment: This should be included as an additional environmental enhancement activity.</p> <p>Financial impact: Environmental enhancement via the ECO Fund is funded through a \$250,000 annual transfer from general reserves. An additional \$100,000 will be transferred from general reserves to accommodate this contribution.</p>

	<p>Discussion will occur with Port Otago to see if they can participate in this initiative and if that occurs, Council's contribution and the general reserve transfer will reduce.</p> <p>It should be noted the Annual Plan already includes a \$2.2M increase in dividends which has been flagged as a significant risk to Council's funding.</p>
5	<p>Cr Wilson/ Cr Malcolm: That Council Seek staff options on funding the climate carbon footprint model as suggested by WISE response for Otago in partnership with DCC and the other Councils and report back by 10 June.</p>
	<p>Staff comment:</p> <p>The Council is entering a phase of accounting for its own carbon emissions and the Otago Regions. This is being driven off existing work advancing a climate change programme. A work stream to develop a climate change action plan has yet to be developed – the emissions accounting will inform this.</p> <p>This submission while jumping ahead of ORC's position, does identify a carbon accounting tool that is of interest to the ORC and could be used in terms of influencing individuals/the community on behaviours that impact emissions.</p> <p>There is capacity within the 20/21 budgets for Council to accelerate 'Action Plan' type work and to consider this tool in depth and identify options for potentially deploying it. For example, one option could be to trial it in-house regarding our own staff behaviours and with a view to learning about the tool and how we deal with our organisation's emissions.</p> <p>Recommendation: That staff review the 'carbon accounting tool' and consider options for its potential deployment.</p> <p>Financial impact: None.</p>
6	<p>Cr Laws/Cr Kelliher : That the ORC note the doubling of its contribution to the control of lagarosiphon from \$25,000 in 2019/20 to \$50,000 in the 2020/21 annual plan, and review the effectiveness of the current operational plan with an eye towards utilising potential government funds for a stronger approach to lagarosiphon control in Lakes Wanaka and Dunstan, and the Clutha and Kawarau rivers.</p>
	<p>Staff comment:</p> <p>This change has been actioned</p> <p>Financial impact:</p> <p>This results in a small impact in general rates. Staff are looking at reductions that can be made to offset this. If that can't be achieved the general rate offset will be used to ensure the zero general rate movement remains.</p>
7	<p>Cr Scott/Cr Malcolm: Council seek a report by February 2021 informing the cost considerations of including a Tomahawk Management plan in the Long-term Plan 2021-31.</p>
	<p>Staff comment:</p> <p>Report requirement and consideration in LTP noted.</p>

	Financial impact: None.
8	Cr Wilson/ Cr Hope: That Council ensure as part of finalisation of infrastructure on drainage schemes in the 2020/21 financial year that the community are consulted with as to design, cost and intended outcomes, as per the Infrastructure Strategy.
	Staff comment: Consultation and engagement requirement noted. Financial impact: None.
9	Cr Forbes/Cr Hobbs: That the submission from Wakatipu Transport for a one-off funding request be reconsidered as part of the Long-term Plan 2021-31
	Staff comment: Consideration of this matter in the next LTP plan cycle is noted. Financial impact: None.

Table 1: Motions from 3 June 2020 Finance Committee

CONSIDERATIONS

Policy Considerations

- [8] The Council at its 11 March 2020 meeting approved a draft Revenue and Financing Policy. The draft reflected minor administrative adjustments to the policy and were included in the Annual Plan consultation material. No community feedback was received on the adjustments.
- [9] This Policy is scheduled for adoption at the 24 June 2020 Council meeting. It is a statutory requirement that it is adopted prior to the Annual Plan.

Financial Considerations

- [10] The financial impact of each motion is listed in Table 1.
- [11] The cumulative impact of these adjustments and the funding position including the water ferry trial will be provided at the meeting.

Significance and Engagement

- [12] There are no considerations regarding the 'Significance and Engagement Policy'.

Legislative Considerations

- [13] There are no additional or specific legislative considerations.

Risk Considerations

- [14] The risk of material error to statements contained in the Annual Plan increases as the time available to staff to finalise the plan reduces. Council staff have six working days to complete the Annual Plan and rating resolution to meet the programmed 24 June 2020 Council adoption. A minimum of ten days is typically programmed.

NEXT STEPS

- [15] The Annual Plan 2020-21 reflecting the changes above will be presented to Council on 24 June for adoption along with the Revenue and Financing Policy and Rates Resolution.
- [16] Following Council adopting the plan, submitters to the Annual Plan process will receive a communication outlining the Council's decisions.

ATTACHMENTS

Nil

9.1. Recommendations of the Audit and Risk Subcommittee

That the Finance Committee:

- 1) *Adopt the recommendations of the public portion of the Audit and Risk Subcommittee meeting held on 3 June 2020.*

8.1 Deloitte ORC Audit Plan

Resolution

That the Audit and Risk Subcommittee:

- 1) Receives this report and the attached Deloitte Audit Planning Report.

Moved: Cr Noone

Seconded: Cr Kevin Malcolm

CARRIED

8.2 Annual Report timetable and matters under consideration

Resolution

That the Audit and Risk Subcommittee:

- 1) Receives this report.

Moved: Cr Wilson

Seconded: Cr Kevin Malcolm

CARRIED

9.1 Health & Safety Report - June 2020

Resolution

That the Audit and Risk Subcommittee:

- 1) Receives this report.

Moved: Cr Wilson

Seconded: Cr Noone

CARRIED