

Otago Regional Council meeting 30 October 2014

Attached is the agenda for the next meeting of the Otago Regional Council, which is to be held on Thursday 30 October commencing at 9.00 am. The venue is the Central Otago District Council Chamber, 1 Dunorling Street, Alexandra. Members of the public are welcome to attend. Copies of attachments are available from the Committee Secretary (see contact details below) or online at

<http://www.orc.govt.nz/Meetings-Consultations-and-Events/Council-meetings-and-Agendas/>.



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Committee Secretary.

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OTAGO REGIONAL COUNCIL

**Agenda for an Ordinary meeting of the Council to be held in the
Central Otago District Council Chamber, 1 Dunorling Street,
Alexandra on Thursday 30 October 2014 commencing at 9.00 am**

Membership:

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

Apologies:

Leave of Absence:

In attendance:

Please note that there is an embargo on agenda items until 8.30 am on Tuesday 28 October.

CONFIRMATION OF AGENDA

PUBLIC FORUM

MINUTES

Page Nos.

The minutes of

- (a) the meeting held on 17 September 2014, and
 - (b) the additional meeting held on 15 October 2014
- having been circulated, for adoption.

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Matters arising from the minutes

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OTAGO REGIONAL COUNCIL**Minutes of a meeting of the Council held in the
Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 17 September 2014 commencing at 1.30 pm**

Present:

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

Leave of Absence:

Cr Trevor Kempton
The leave of absence was noted.

In attendance:

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

CONFIRMATION OF AGENDA

The minutes of the joint ORC/Environment Southland Regional Transport Committee meeting held on 25 August 2014 were received after the agenda was circulated and were added to the agenda as Item 12. There were no other changes to the agenda.

PUBLIC FORUM

Matt Hickey, Marian Weaver, Matt Dale and Dale Meredith were present for this item.

Six members of the Lindis Catchment Group attended to provide the Council with an update on irrigation matters in the Tarras region.

Robbie Gibson

Mr Gibson spoke about the development of Lindis irrigation from the early 1900s to the present, to meet water requirements for changed land uses. He stated that the group had appealed to ORC to balance all uses when minimum flows for the Lindis River were considered.

Matt McCaughan, Geordie Hills

Mr McCaughan was concerned about the true impact of the proposed minimum flows. He noted that LCG members had commissioned BTW Company to carry out an assessment of Lindis River flows, and had shared the report with ORC.

Cr Robertson left the meeting because of a conflict of interest with her position as Chair of the Lindis minimum flow hearing.

Jayne Rive, Cloudy Peak

Ms Rive advised that a minimum flow of 450 l/s would give 100% water supply reliability, 60% reliability in a dry year. Their property was very vulnerable, with no space for storage, and the cost of water from the Clutha River/Mata-Au was prohibitive. A high minimum flow would have a devastating effect on the family farms, of which there were a number in the area.

Alastair Rutherford, The Point

Mr Rutherford was concerned about the length of time being taken to determine the minimum flow, which created uncertainty for landholders. He commented that landholders had made investment decisions based on a minimum flow of 450 l/s. There was also uncertainty about water rights post 2021. He asked where the boundary of the catchment would be set, and requested clarity on whether water would be allowed to be taken out of a dry catchment when there was no alternative source.

Tim Davis, Long Acre

Mr Davis considered that the median should be used rather than the average, which did not give an accurate picture. He noted seasonal variation: 2008-09 80% reliability, 2005-06 23% reliability. He also commented that the quantity of water lost to groundwater was not known. A minimum flow of 450 l/s would be viable for farming operations, recreational uses, fish habitat, and maintenance of existing good water quality. In response to a question he advised that property size, cost to pump water, and terrain meant the necessary three weeks storage was not viable, so storage would have to be run of the river.

John Perriam, Bendigo Station

Mr Perriam noted the multiple land use changes in the area, citing the benefit to the region from wine production. He commented that the close proximity of his property to the Clutha River/Mata-Au had allowed him to invest in alternatives. Those on the Lindis did not have alternatives. They were aware water resources were limited, but needed to be able to support

their families. A minimum flow of 450 l/s would be difficult, but the community could live with it. A higher minimum flow would cause huge stress.

In response to a question Mr Gibson advised that the group represented every water user in the Lindis catchment, including boreholders and irrigators.

The group left at 2.13 pm, and Cr Robertson returned to the meeting.

MINUTES

The minutes of the meeting held on 6 August 2014, having been circulated, were adopted on the motion of Crs Croot and Bell.

Matters arising from minutes

There were no matters arising from the minutes.

PART A - REPORTS FROM CHAIRPERSON AND CHIEF EXECUTIVE

Item 1

2014/1386 **Chairperson's Report.** Chair, 12/9/14

The report provided an overview of the Chairperson's activities for the period to 12 September 2014.

In response to a question about regional economic development, Cr Woodhead explained that international education was important across the region at both secondary and tertiary levels.

Cr Woodhead displayed the scroll presented to the Council by the Shanghai delegation which visited the region recently.

The report noted a report by Mr Scott on Maori representation presented to a recent Te Roopu Taiao meeting. Mr Scott explained that this year the Otago population proportions had reached the point at which an option for Maori constituencies could be considered. This issue had been discussed with Iwi who traditionally had not requested Maori representation but now indicated a possible change of view. The deadline for a request for change would be required by 23 November, and would trigger a full representation review. Mr Bodeker advised that the four rünanga had been asked for their collective consideration and recommendation.

In response to a question Cr Woodhead advised that the Otago Rural Fire Authority (ORFA) had commenced operation recently and incorporated six previous rural fire authorities – five districts, and DoC. Mr Scott advised that in the past the national RFA had provided a subsidy for local rural fire authorities, and he assumed that this ratio would be continued.

Cr Deaker moved
Cr Brown seconded

That the Chairperson's report be received.

Motion carried

Item 2
2014/1369 **Chief Executive's Report.** CE, 9/9/14

The report provided an overview of the Chief Executive's activities for the period to 9 September 2014.

Mr Bodeker explained that the Regional CEO group comprised CEs of regional councils and unitary authorities. The meetings were wide-ranging and of significant use. The CEEF group comprised chief executives of government departments and regional councils. The review of Special Interest Groups (SIGs) within the regional sector looked at how valuable the Groups were and what their Terms of Reference should be.

A question was raised about provision of consents support to Environment Southland. Mr Bodeker explained that this arrangement enabled ORC to provide assistance while there was surplus staff capacity, and meant staff could be retained. Mr McRae explained that consents were processed in the order they were received, regardless of where they came from, and that the work was fully cost recovered. Mr Bodeker pointed out that an anticipated surge in consent applications following the introduction of Plan Changes 1C and 6A could mean that ORC had to seek similar support from elsewhere.

Cr Woodhead moved
Cr Neill seconded

That the Chief Executive's report be received.

Motion carried

PART B – RECOMMENDATIONS

Item 3

2014/1291 **Request to vary the Regional Land Transport Programme 2012–2015: HPMV route – Dunedin to Queenstown – bridge strengthening.**
DPPRM, 26/8/14

The report explained that NZ Transport Agency's Highway and Network Operations had requested a new project be added to the Otago Regional Land Transport Programme 2012–15. The project related to the strengthening of bridges (specifically the Alexandra and Beaumont bridges), as required, to enable the whole of the route between Dunedin and Queenstown to be capable of carrying High Productivity Motor Vehicles.

In response to a question Cr Bell explained that adding this project to the RLTP would not bring the work forward.

Cr Bell moved
Cr Eckhoff seconded

That the Council approve as a variation to the Regional Land Transport Programme 2012 – 2015, the addition of the HPMV route – Dunedin to Queenstown – bridge strengthening activity, set out in the attachment.

Motion carried

PART C – ITEMS FOR NOTING

Item 4

2014/1373 **Financial Report.** DCS, 11/9/14

The report provided information in respect of overall Council finances for the month of July 2014.

Cr Shepherd moved
Cr Kelliher seconded

That the report be received.

Motion carried

Item 5

2014/1371 **Documents signed under Council's Seal.** DCS, 10/9/14

The report listed documents signed under the Council's seal.

Cr Croot moved
Cr Scott seconded

That the report be noted.

Motion carried

Item 6 **Reports from Councillors**

Cr Bell – combined meeting Otago and Southland Regional Transport Committees, 25 August, Gore

Cr Bell advised that the meetings alternated between Gore and Alexandra, and Councillors and staff of the two councils were working well together. Work was progressing on collating and prioritising transport projects for the next six years.

PART D - MINUTES OF MEETINGS

Item 7 **Recommendations of the Communications Committee meeting** held on 4 September 2014, for adoption

Cr Kelliher moved
Cr Eckhoff seconded

That the recommendations of the Communications Committee meeting held on 4 September 2014 be adopted.

Motion carried

Item 8 **Recommendations of the Finance and Corporate Committee meeting** held on 4 September 2014, for adoption

Cr Shepherd moved
Cr Kelliher seconded

That the recommendations of the Finance and Corporate Committee meeting held on 4 September 2014 be adopted.

Motion carried

- Item 9 **Recommendations of the Policy Committee meeting** held on 4 September 2014, for adoption

Cr Robertson moved
Cr Deaker seconded

That the recommendations of the Policy Committee meeting held on 4 September 2014 be adopted.

Motion carried

- Item 10 **Recommendations of the Regulatory Committee meeting** held on 4 September 2014, for adoption

Cr Neill moved
Cr Eckhoff seconded

That the recommendations of the Regulatory Committee meeting held on 4 September 2014 be adopted.

Motion carried

- Item 11 **Recommendations of the Technical Committee meeting** held on 4 September 2014, for adoption

Cr Scott moved
Cr Brown seconded

That the recommendations of the Technical Committee meeting held on 4 September 2014 be adopted.

Motion carried

Late Item

- Item 12 **Recommendations of the joint ORC and Environment Southland Regional Transport Committee meeting** held on 15 August 2014, for adoption

Cr Bell moved
Cr Shepherd seconded

That the recommendations of the joint ORC and Environment Southland Regional Transport Committee meeting held on 15 August 2014 be adopted.

Motion carried

The meeting closed at 2.40 pm

Chairperson

OTAGO REGIONAL COUNCIL**Minutes of an Ordinary meeting of the Council held in the
Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 15 October 2014 commencing at 1.40 pm**

Present:

Cr Stephen Woodhead (Chairperson)
Cr Graeme Bell
Cr Louise Croot MNZM
Cr Michael Deaker
Cr Gerrard Eckhoff
Cr Gary Kelliher
Cr Trevor Kempton
Cr Sam Neill
Cr Bryan Scott
Cr David Shepherd

Apologies:

Cr Doug Brown
Cr Gretchen Robertson
The apologies were accepted on the motion of Crs Bell and Croot.

In attendance:

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

CONFIRMATION OF AGENDA

There were no changes to the agenda.

PART A – RECOMMENDATIONS

Item 1
2014/1498 **Annual Report 2013-14.** DCS, 30/9/14

Auditor Brett Tomkins, Sharon de Vries and Stuart Lanham were present for this item.

The Council's Annual Report for the period 1 July 2013 to 30 June 2014 was presented to the Council for adoption, and the full Annual Report document was circulated separately with the agenda. The auditor's report was circulated, and Mr Scott explained that the report could not be signed until Council had adopted the Annual Report.

Auditor Brett Tomkins explained that Deloitte had audited the Otago Regional Council's financial statement, statement of service provision, and disclosures. The auditor had also considered whether ORC and group's annual report complied with the other requirements of schedule 10 of the Local Government Act.

A question was raised as to whether there were any concerns Council should be made aware of. Mr Tomkins explained that the scope of the audit was defined in auditing standards, and the auditors did not scrutinise every transaction. In the course of their work they had not identified any areas Council should be concerned about, although some areas of suggested improvement had been identified and advised to management.

Mr Tomkins advised in response to questions about the Council's surplus and contractor protocols that these were outside the auditor's scope of work.

Cr Woodhead in summing up the year's work highlighted the following achievements:

- successful conclusion of Plan Change 6A with completion of the mediation process in February 2014, which marked the culmination of a number of years' work;
- ongoing significant work around a water quantity;
- Leith Flood Protection Scheme;
- air quality;
- Regional Public Transport Plan;
- river management.

Cr Woodhead extended Councillors' thanks to Mr Bodeker and staff for their work during the year and commented that the strong balance sheet was the result of good management and sound financial skills.

In response to a question about the surplus for the year, Mr Scott explained that some resulted from accounting reporting in relation to capital expenditure, revaluation of properties, and unexpected receipt of subsidy on public transport.

It was suggested that, given the strength of the balance sheet, consideration be given to funding of appropriate projects presented at Annual Plan hearings. Cr Woodhead responded that that approach could be discussed during development of the Long Term Plan.

Cr Woodhead moved
Cr Eckhoff seconded

1. *That the report be received.*
2. *That the Annual Report and Financial Statements for the year ended 30 June 2014, together with the report of the auditors, be adopted.*

Motion carried

Item 2

2014/1487 **Chief Executive's Report – Strategic Plan.** CE, 29/9/14

The report noted that through a series of workshops Councillors and directors had developed the Strategic Plan, which was presented at this meeting for formal discussion and adoption. Mr Bodeker saw the Plan as an enabling document to allow the Council to achieve its aims. The Plan was circulated with the agenda and had now been made available to all staff.

Councillors were pleased to see the completion and presentation of the Strategic Plan, which opened the door to a more positive approach.

Comments:

- Section VIII Air should refer to Alexandra, not Dunedin.
- Section I Land Use Change – it was not the responsibility of the ORC to prepare land use plans. It was suggested that this wording be clarified.
- Values (page 10) and themes (page 11) – it was important that good consenting and enforcement processes were in place.
- Section IV Biodiversity Policy – care needed to be taken with the implementation of the policy, and the wording in this section of the Strategy needed to be unambiguous.
- Heritage location theme – a question was raised as to whether there was reference to the Oamaru and Dunedin heritage precincts in the Plan.

Cr Woodhead thanked Mr Bodeker and Mr Geoff Henley for their work in preparing the Strategic Plan.

Cr Woodhead moved
Cr Deaker seconded

That the Strategic Plan be adopted.

Motion carried

The meeting closed at 2.40 pm.

Chairperson

REPORT

Document Id: A687936

Report Number: 2014/1666
Prepared For: Council
Prepared By: Chairperson
Date: 22 October 2014

Subject: **Chair's Report to Council - October 2014**

1. National Council 2/3 October

The annual strategic planning day was added to normal National Council meeting. This is the third year LGNZ has undertaken a stakeholder and communications survey. Results have improved markedly from 2012 with further improvements in perceptions of LGNZ strategy, policy priorities, communications and overall effectiveness and performance. There is good membership support, and positive relationships with central government and stakeholders. One issue still identified by central government and stakeholders is that the overall performance of the sector is variable, and the sector is not always able to implement policy.

To further assist public and business understanding of the whole of local government, and assist shape our business plan to lift both the performance of the sector and community perceptions, this year for the first time LGNZ contracted Colmar Brunton to run a reputation survey.

The result of 2,400 public, 594 business, 514 staff and 275 elected members' views has been shown in a reputation index. The results show there is a lot of work to do. There is a large gap between the perceptions of those involved in local government and the business sector and wider community. The detail will be presented at the zone and sector meetings during October and November, with a road show to all Councils to ensure the results are clearly understood. National Council will sign off on the business plan, which includes a revised communication plan, in early December.

National Council has set up four advisory groups as subcommittees to provide advice to National Council. They are Governance and Strategy, which Mr Bodeker is a member of, Economic and Social Policy, Environmental Policy which I chair, and Sector Performance Group.

The rest of the meeting was an update on issues such as the Three Waters Project, etc.

2. Zone 5 and 6

Held in Christchurch on 24 October, I will give a verbal report.

3. Other meetings

- Mr Bodeker and I received a petition from Ms Judith Hewitt supported by Dr Lynley Hood with regard to the Corstophine passenger transport services. The petition with approximately 300 signatures focused on two issues, the bus waiting times at stops and extra cost to passengers who wanted to travel past the end of journey point. I have responded in writing addressing the points raised during our discussion.

- I presented to a combined Balclutha/Mosgiel Rotary meeting.
- General discussion with new MP for Clutha Todd Barclay.
- Mr Bodeker and I had lunch with MfE under Secretary, James Palmer.
- QLDC Queenstown/Glenorchy meetings.

Stephen Woodhead
Chairperson

REPORT

Document Id: A688241

Report Number: 2014/1670
Prepared For: Council
Prepared By: Chief Executive
Date: 22 October 2014

Subject: **Chief Executive's Report to Council - October 2014**

1. Strategic Plan

The Strategic Plan has been well received by ORC staff. A briefing was held after the Council decision supporting its adoption with managers, and I have met with staff from the Policy directorate to discuss how they will use it in their work.

The LTP development is using the four quadrants of Facilitation, Investment, Information and Certainty as a basis for developing activity plans.

2. Wilding Conifer Management Strategy

The Ministry of Primary Industries (MPI) and Department of Conservation (DOC) have released a discussion document titled "*NZ Wilding Conifer Management Strategy 2015-30*" as a non-regulatory strategy for the management of wilding conifers. The document was discussed by regional council CEO's as it is intended to bind regional councils and government to a funding model.

A working group of regional council staff has been formed to review the document led by an Environment Canterbury director and sponsored by myself, and it will report into the Regional CEO's meeting. The group's brief is to consider the document including determining the cost of the strategy to each region and to reconnect to MPI and DOC regional council support.

3. Glenorchy Waste Water Proposal

The Chair and I represented ORC at a QLDC called meeting on a proposed waste water treatment plant at Glenorchy.

Glenorchy is currently using septic tanks and QLDC is proposing a community waste water scheme which would cost about the same per household as a modern three chamber tank process used for individual dwellings.

At the meeting both the Chair and I supported the community buy-in to the scheme on the basis of its ease of use and relative cost comparison to an individual system.

4. Rabobank Sheep and Beef Seminar

Recently I spoke at a Rabobank Sheep and Beef Seminar in Oamaru. Rabobank clients were invited to listen to three speakers talk about environmental requirements focusing on Plan Change 6A.

I was impressed with how much farmers knew about what is required of them. There is no doubt the 60 or so farmers at that meeting had got the message about the requirements, and while the details were not fully understood, they are very much aware that on-farm monitoring by ORC is going to occur and that they may have to make changes to farm management practice to be compliant.

Peter Bodeker
Chief Executive

REPORT

Document Id: A688400

Report Number: 2014/1677

Prepared For: Council

Prepared By: Finance Manager

Date: 24 October 2014

Subject: **Financial Report to 30 September 2014**

The following information is provided in respect of the overall Council finances for the three months to 30 September 2014.

1. Activity Expenditure

Expenditure for the Council's activities, including capital expenditure and internal charges, is summarised as follows:

	Annual Budget \$000's	Budget September YTD \$000's	Actual September YTD \$000's	Variance (unfav) \$000's
Air Quality	753	192	154	38
Emergency management	415	106	83	23
Environmental Incident response	961	249	269	(20)
Flood protection & control works Note 1	7,983	925	1,789	(864)
Governance & Community	3,618	917	820	97
Land	2,514	722	558	164
Regional Policy Statement	899	233	237	(4)
Regulatory Note 2	3,115	816	619	197
Rivers & Waterway Management	986	247	280	(33)
Natural hazards	1,040	268	245	23
Transport Note 3	11,119	2,502	2,199	303
Water Note 4	5,187	1,354	1,065	289
	38,590	8,531	8,318	213

Significant variances are commented upon in the notes below.

Note 1 – Flood Protection

The unfavourable variance in the Leith Flood Protection project of \$861,000 comprises the majority of this variance. The variance reflects a difference in the timing of project work performed against the timing anticipated in the budget.

Note 2 - Regulatory

This favourable variance reflects a lower level of activity than was provided for in the budget, with the Resource Consent project being down \$79,000 on the budget of \$303,000 and the Compliance Monitoring project being down \$59,000 on the budget of \$329,000.

Note 3 Transport

The prime reason for this favourable variance is lower than budgeted expenditure in the transport projects, reflecting a lower level of activity undertaken in the projects primarily due to timing differences.

Note 4 Water

This net favourable variance is mainly related to timing issues, including a favourable variance of \$151,000 in the 1C Water Plan Implementation project, a favourable variance of \$71,000 in the Water SOE Monitoring project and a favourable variance of \$63,000 in the Regional Plan: Water project.

2. Income Statement and Balance Sheet

An Income Statement for the three months to 30 September 2014 and a Balance Sheet as at 30 September 2014 are attached.

3. Recommendation

That this report be received.

R W Scott

Director Corporate Services

Otago Regional Council

 Income Statement
 For the three months to 30 September 2014

	Annual Budget \$000's	Budget September YTD \$000's	Actual September YTD \$000's	Variance (unfav) \$000's
Income:				
Rate income	13,543	3,386	3,390	4
Grant and subsidy income	Note 1 6,030	1,508	1,196	(312)
Interest received	2,137	534	492	(42)
Other income	Note 2 4,682	1,171	984	(187)
Dividend income	7,400	1,850	1,850	-
Rental income	921	230	301	71
Gain in value of investment Property	Note 3 294	-	-	-
Other gains	Note 4 -	-	115	115
Total Income	35,007	8,679	8,328	(351)
Less Expenditure:				
Operating expenses	Note 5 30,177	7,619	7,145	474
Finance costs	1	-	-	-
Depreciation expense	1,515	379	417	(38)
Total Expenditure	31,693	7,998	7,562	436
Surplus	3,314	681	766	85

Note 1 Grant and Subsidy Income

The majority of the variance in subsidy income is related to transport activity expenditure being less than budgeted, primarily due to timing variances.

Note 2 – Other Income

This unfavourable variance mainly comprises timing variances and a lower level of income associated with a lower level of activity in related projects.

Note 3 – Gain in the value of Investment Property

Investment Property is revalued annually at 30 June. Accordingly the year to date budget and actual gain are reported as nil amounts to 30 September 2014.

Note 4 – Other Gains

The gain recorded of \$115,000 reflects the increase in the value of the BNZ Managed Investment Portfolio for the three months to 30 September 2014.

Note 5 – Operating expenses

Operating expenses are down \$474,000 on the budgeted amount, mainly attributable to favourable project variances reflected in the activity expenditure section above.

Otago Regional Council

 Balance Sheet
 As at 30 September 2014

	30 September 2014 \$000's	30 June 2014 \$000's
Public Equity		
Public equity	138,931	140,968
Available-for-sale revaluation reserve Note 1	350,535	350,535
Asset revaluation reserve	7,963	7,963
Asset replacement reserve	4,451	4,403
Building reserve Note 2	7,793	5,214
Emergency response reserve	3,610	3,571
Water management reserve	1,479	1,463
Kuriwao endowment reserve	6,052	6,020
	520,814	520,137
Current Liabilities		
Accounts payable and accruals	5,531	5,824
Revenue in advance Note 3	10,452	-
	15,983	5,824
Total Equity and Liabilities	536,797	525,961
Non-Current Assets		
Operating assets	84,810	83,810
Intangible assets	1,726	1,820
Investment Property	10,024	10,024
Deferred tax asset	98	98
Shares in Port Otago Ltd Note 1	370,535	370,535
	467,193	466,287
Current Assets		
Cash and cash equivalents Note 4	2,792	3,911
Other financial assets Note 4	48,861	52,053
Receivables	17,470	3,236
Other current assets	146	89
Inventories – stock and property held for sale	385	385
Dividends Receivable Note 5	(50)	-
	69,604	59,674
Total Assets	536,797	525,961

Note 1 – Available-for-Sale Revaluation Reserve and Shares in Port Otago Ltd

The Shares in Port Otago Ltd are included at the June 2014 valuation, and the available-for-sale revaluation reserve reflects the revaluation amount of the shares.

Note 2 – Building Reserve

The budgeted transfer to the reserve for the year of \$2,500,000 is reflected in the balance to 30 September, along with interest earned on the reserve balance.

Note 3 – Revenue in advance

Revenue in advance of \$10,452,000 includes rate revenue of \$10,161,000, which will be released to the income statement over the remainder of the year.

Note 4 - Cash and Cash Equivalents and Other Financial Assets

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 4 months are included in Cash and Cash Equivalents.

Note 5 – Dividends Receivable

Dividend income of \$1,850,000 for the 2014/2015 year has been provided for in the income statement and is recorded as a dividend receivable in the balance sheet. In September 2014, the final dividend for the 2013/2014 year of \$1,900,000 was received, resulting in a temporary credit balance in the dividend receivable account.

Report back from Councillors

OTAGO REGIONAL COUNCIL**Minutes of a meeting of the Communications Committee held in the
Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 15 October 2014 commencing at 11.50 am**

Present: Cr Trevor Kempton (Chairperson)
Cr Graeme Bell (Deputy Chairperson)
Cr Louise Croot MNZM
Cr Michael Deaker
Cr Gerrard Eckhoff
Cr Gary Kelliher
Cr Sam Neill
Cr Bryan Scott
Cr David Shepherd
Cr Stephen Woodhead

Apologies: Cr Doug Brown
Cr Gretchen Robertson
The apologies were accepted on the motion of Crs Croot and Deaker.

In attendance: Peter Bodeker
Wayne Scott
Jeff Donaldson
Jane Leahy
Fraser McRae
Gavin Palmer
Janet Favel

CONFIRMATION OF AGENDA

There were no changes to the agenda.

MINUTES

The minutes of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Woodhead and Croot.

Matters arising from minutes

There were no matters arising from the minutes.

FOR NOTING

Item 1

2014/1463 **Stakeholder Engagement Report.** DSE, 2/10/14

The report described community, stakeholder and staff engagement activities carried out by Stakeholder Engagement directorate staff since the last meeting of the Communications Committee.

Plan Change 6A

In response to a question Mrs Leahy explained that staff would check the current awareness level in the farming community before the region-wide awareness visits. She understood that Ravensdown and Ballance would continue to develop nutrient budgets, and they would have representatives on the OVERSEER stakeholder group. Staff from across all Council departments would be involved in the distribution of 6A information. It was estimated that 30 additional staff would be needed to distribute the information to landholders around the region, and Councillors were invited to be part of this exercise. Those who had been flagged as having difficulty in meeting 6A requirements were in most cases already scheduled for regular Compliance visits.

Land, biodiversity and biosecurity

The S (Soil) maps were now available on the Council's website.

Air quality

In response to a question about ORC support for ECan's in-house behavioural change project, Mrs Leahy advised that a decision was expected soon on ECan's application to the Ministry of Social Development for funding from the Community Development Fund.

Mrs Leahy advised that work was ongoing to strengthen contacts in areas where poor air quality was a problem.

Customers and other stakeholders

Councillors were pleased to note that policy submission forms were available on line, and forms would soon be available for ratepayers to update their rates contact information and to request rates remissions. It was pointed out that there was increasing contact via the website, and Council needed to ensure that information was accurate and up to date. Mrs Leahy agreed, noting that the website needed a better content management platform, and also needed to be more user friendly.

Public uncertainty over the processes for irrigation and for the 2021 mining privilege changes was noted, and the point was made that while there were significant resources available, it seemed that more education was needed in some parts of the region.

Cr Shepherd moved
Cr Deaker seconded

That the report be noted.

Motion carried

The meeting closed at 12.12 pm

Chairperson

OTAGO REGIONAL COUNCIL**Minutes of a meeting of the Finance and Corporate Committee
held in the Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 15 October 2014 commencing at 10.30 am**

Present: Cr David Shepherd (Chairperson)
Cr Gary Kelliher (Deputy Chairperson)
Cr Graeme Bell
Cr Louise Croot MNZM
Cr Michael Deaker
Cr Gerrard Eckhoff
Cr Trevor Kempton
Cr Sam Neill
Cr Bryan Scott
Cr Stephen Woodhead

Apologies: Cr Doug Brown
Cr Gretchen Robertson
The apologies were accepted on the motion of Crs
Shepherd and Croot.

In attendance: Peter Bodeker
Wayne Scott
Jeff Donaldson
Jane Leahy
Fraser McRae
Gavin Palmer
Janet Favel

CONFIRMATION OF AGENDA

There were no changes to the agenda.

MINUTES

The minutes of the public portion of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Kempton and Kelliher.

Matters arising from minutes

There were no matters arising from the minutes.

PART A – PRESENTATION

Item 1 **Port Otago Ltd – Annual Report 2014.**

Port Otago Ltd Chair David Faulkner and Chief Executive Geoff Plunket were in attendance to present the Group's Annual Report 2014, which had been circulated separately with the agenda.

In his presentation Mr Faulkner noted the following:

- Group profit \$31.8m, down 16% on last year.
- Acquisition of \$27m in investment property, and sales of properties in Auckland and Dunedin, first sales from Te Rapa land development in Hamilton.
- Kotahi deal with Port of Tauranga – very wide ranging changes.
- Maersk had re-established its call at PrimePort Timaru; POL would maintain its Timaru rail service.
- Channel deepening – use of POL's dredge to deepen to less than 14m would keep the cost of this work to less than \$10m.
- Operating results were similar to last year, the revaluation result had affected the Group's bottom line.
- Total assets \$494m.
- Dividend this year \$7.1m.
- Container throughput down 7%; conventional cargoes 1.3m, similar to last year.
- 501 vessel arrivals including 71 cruise ships.
- Health and safety - disappointed to have 6 LTIs this year following 20 months with none. MTIs had reduced by 50% to 12. Ultimate objective is to achieve zero harm.
- Capex \$15.7m: new tug 'Taiaroa', two new straddles, paving of Dunedin log storage area, container pre-trip inspection gantry (required by shipping companies for better inspection and quick turnaround).
- Community and environment – completion of acoustic treatment of red zone properties that can be treated, will purchase two red zone properties that are unable to be treated. This was the culmination of eight years' work.
- Lyttelton Port – sale of shares to CCHL now completed, proceeds of \$65.7m from the sale.
- Chalmers Properties – rental income was a record \$13.7m, this increase due partly to revaluations.
 - Dunedin developments: Chep NZ development for \$3.5m with 10 year lease; sale of two Dunedin ground leases; Jade Quay building refurbishment, and new leases to Ray White franchise and Federated Farmers.
 - Auckland developments: purchase of Bunnings warehouse; sale of two properties.
 - Hamilton developments: stage 1 of Hamilton subdivision completed; sold 2.2 ha during year.
- Outlook – growing export cargo volumes; well positioned to evaluate investment opportunities; continued focus on health and safety.

In response to a question about the reduction in container volume, Mr Faulkner advised that POL was taking steps to turn the decrease around but it was not a major concern at this stage.

The increase in injury incidents was noted. Mr Faulkner commented that POL had enjoyed a better safety record than other ports. He considered that there were good systems in place, and did not anticipate that there would be a change in the company's focussed approach to health and safety.

It was requested that the benefit to the people of Otago as owners of the Port be kept in mind when investment decisions were made. Mr Faulkner stated that the Group was very aware of the benefit of investment in Otago that created jobs and put more containers through the Port. He also noted that due to the Statement of Corporate Intent, agreement of the Council would be required for any significant diversion of investment.

Cr Woodhead noted that both organisations had been through a strategic planning exercise, and it was now planned to bring the outcomes together.

Improvements to the entry to the port for cruise ship passengers were queried. Mr Faulkner commented that there had been incremental changes. Mr Plunket observed that cruise lines were happy with how the Port presented, and noted that passengers liked coming into a working port. In preparation for the 2014/15 cruise ship season the walkway from the ships had been improved, murals had been painted in A shed, and a Wifi marquee would again be erected.

Mr Faulkner and Mr Plunket left the meeting at 11.10 am.

PART B - RECOMMENDATIONS

Item 2

2014/1488 **Water Management Assistance.** DCS, 29/9/14

The report noted that changes to the purpose statement of the Local Government Act had affected Council's previously agreed irrigation development assistance policy, and suggested principles for a revised policy in line with the changes to the legislation.

Cr Kelliher declared a conflict of interest and left the room for discussion of this item.

Mr Scott explained that the proposed changes would also align the policy with the draft strategic plan. Cr Woodhead considered that the proposal was a logical way to provide assistance that was currently provided through the Chief Executive's fund.

The principle 'That funding not be provided for the funding of infrastructure' was noted, and Mr Scott explained that this principle related to the Water Management Reserve, and funding for infrastructure was not automatically precluded from other Council consideration.

In response to a query about the CE's involvement in any developments, Mr Bodeker stated that he might be involved as an observer to ensure good insight into what was needed. He did not see this as a conflict of interest.

Previously the total sum for the CE's fund set aside in the Annual Plan could be used for as many or as few projects as required. The proposed new policy in taking the place of the annual allocation would provide opportunities for wider vision. The policy did not suggest a limit on funding, but it was noted that the CE had a delegation limit, and common sense and consultation with Council would apply.

The distinction between community and individual benefit was noted. Mr Bodeker explained that Council would not fund the taking of water from other sources, but would fund the ability for communities to get together to have a common function. The bigger the community, the more assurance Council could have that individual benefit was not the prime motivation.

Cr Woodhead moved
Cr Kempton seconded

- (1) *That the reserve held be re-titled 'Water Management Reserve'.*
- (2) *That its utilisation be in accordance with the principles set out in this report.*

Motion carried

Item 3

2014/1455 **Draft Significance and Engagement Policy.** DCS, 23/9/14

The report presented for consideration and approval a draft Significance and Engagement Policy as required by the Local Government Act 2002 Amendment Act 2014.

Cr Croot in moving the recommendation stated that she did so because the policy was to go out for consultation, and she supported getting input from the public on the proposal.

Cr Croot moved
Cr Deaker seconded

1. *That this report be received.*
2. *That the draft policy be endorsed for consultation.*
3. *That consultation be carried out in accordance with Section 4 of this report.*

4. *That Council delegate to the Finance and Corporate Committee the consideration of the policy following consultation, and its adoption.*

Motion carried

Item 4

2014/1566 **Audit and Risk Subcommittee.** DCS, 7/10/14

The report summarised the discussion of the inaugural meeting of the Audit and Risk Subcommittee. Cr Woodhead commented that the meeting discussion was thorough and included working through the Annual Report page by page.

Cr Kelliher returned to the meeting.

In response to a question Mr Bodeker explained that a review of health and safety was being carried out by an external auditor. The recommendations from the review would be presented through the Subcommittee to Council.

It was requested that more information be presented to the Finance and Corporate Committee on the deliberations of the Audit and Risk Subcommittee. Cr Shepherd noted time constraints on this occasion which had prevented a fuller report being presented.

Cr Deaker moved
Cr Neill seconded

- (1) *That this report be received.*
- (2) *That the Annual Report and Financial Statements for the year ended 30 June 2014 be recommended for adoption.*

Motion carried

Item 5

2014/1568 **Kakanui River Water Allocation Subcommittee.** DCS, 8/10/14

The report explained that the terms of reference of the Kakanui River Water Allocation Subcommittee required that the Subcommittee's membership be approved by Council.

Cr Woodhead moved
Cr Croot seconded

That James McNally, John Newlands, Roger Fox, Lyndon Strang and Mark Lawrence be appointed to the Kakanui River Water Allocation Subcommittee.

Motion carried

Item 6

2014/1472 **Schedule of Meetings to December 2015.** DCS, 25/9/14

A proposed schedule of Ordinary Council and Committee meetings for the period to December 2015 was presented for consideration.

Cr Croot moved

Cr Shepherd seconded

That the attached schedule of Ordinary Council and Committee meetings to December 2015 be adopted.

Motion carried

The meeting closed at 11.47 am.

Chairperson

OTAGO REGIONAL COUNCIL

Minutes of a meeting of the Policy Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 15 October 2014 commencing at 11.10 am

Present:

- Cr Michael Deaker (Chairperson)
- Cr Graeme Bell
- Cr Louise Croot MNZM
- Cr Gerrard Eckhoff
- Cr Gary Kelliher
- Cr Trevor Kempton
- Cr Sam Neill
- Cr Bryan Scott
- Cr David Shepherd
- Cr Stephen Woodhead

Apologies:

- Cr Doug Brown
- Cr Gretchen Robertson

The apologies were accepted on the motion of Crs Deaker and Croot.

In attendance:

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

CONFIRMATION OF AGENDA

There were no changes to the agenda.

MINUTES

The minutes of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Croot and Eckhoff.

Matters arising from minutes

There were no matters arising from the minutes.

PART A – RECOMMENDATIONS

Item 1

2014/1539 **RPS Consultation Draft of Proposed Review of the Regional Policy Statement for Otago Regional Council.** DPPRM, 3/10/14

The report presented for approval by Council a Consultation Draft of the Proposed Regional Policy Statement for Otago for release for consultation in accordance with clause 3, Schedule 1 of the Resource Management Act 1991. The draft document was circulated with the agenda.

Cr Deaker advised that as a result of recent discussions with TLAs the consultation draft was now to be released for consultation on 30 October.

Cr Deaker moved

Cr Woodhead seconded

That this committee note that the consultation draft of the Proposed Regional Policy Statement will be ready for consultation on 30 October 2014 as required under clause 3, Schedule 1 of the RMA.

Motion carried

Item 2

2014/1545 **Consultation Draft Proposed Plan Change 3C (Waiwera catchment minimum flow).** DPPRM, 1/10/14

The report explained that the purpose of Proposed Plan Change 3C was to establish a primary allocation limit and minimum flow, and a supplementary allocation regime for the Waiwera catchment. Council endorsement was sought to release for public consultation the Consultation Draft and draft evaluation of the costs and benefits

Cr Shepherd moved

Cr Scott seconded

That the attached Consultation Draft of Proposed Plan Change 3C (Waiwera catchment minimum flow) to the Regional Plan: Water for Otago and the accompanying draft Section 32 Evaluation Report are released for consultation in accordance with clause 3, Schedule 1 of the Resource Management Act 1991.

Motion carried

PART B - FOR NOTING

Item 3

2014/1445 **Director's Report on Progress.** DPPRM, 26/9/14

The Director reported on significant activities undertaken by the Policy section.

Mr McRae in his report noted that business planning for Queenstown/Frankton was highlighting the need to substantially increase usage of public transport in the area. He explained that ORC was part of a planning team working on updating the Wakatipu Transportation Strategy to ensure that QLDC's policies and other planning roles aligned with its transport role and opportunities for government funding.

The removal of school buses because of the increasing availability of public transport was noted, and there was concern whether public transport would be able to provide for the growing number of school children. Issues of density and congestion if private transport was provided were noted, and it was suggested that Ministry of Education needed to be included in these discussions.

Cr Deaker moved
Cr Neill seconded

That the report be noted.

Motion carried

The meeting closed at 12.26 pm.

Chairperson

OTAGO REGIONAL COUNCIL

**Minutes of a meeting of the Regulatory Committee held in the
Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 15 October 2014 commencing at 12.29 pm**

Present:

Cr Sam Neill (Chairperson)
Cr Gerrard Eckhoff (Deputy Chairperson)
Cr Graeme Bell
Cr Louise Croot MNZM
Cr Michael Deaker
Cr Gary Kelliher
Cr Trevor Kempton
Cr Bryan Scott
Cr David Shepherd
Cr Stephen Woodhead

Apologies:

Cr Doug Brown
Cr Gretchen Robertson
 The apologies were accepted on the motion of Crs Eckhoff and Shepherd.

In attendance:

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

CONFIRMATION OF AGENDA

There were no changes to the agenda.

MINUTES

The minutes of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Croot and Shepherd.

Matters arising from minutes

There were no matters arising from the minutes.

ITEMS FOR NOTING

Item 1

2014/1420 **Biosecurity and RMA Monitoring Report.** DEMO, 15/9/14

The report detailed water, air, pest, and contaminated site environmental monitoring and incidents for the period 25 July to 5 September 2014.

In response to a question about inspection work for contorta in Central Otago, Mr Donaldson advised that significant stands had been identified and notices of direction for their removal issued.

Cr Croot moved
Cr Shepherd seconded

That the report be noted.

Motion carried

Item 2

2014/1544 **Consent processing, consent administration and Building Control Authority update.** DPPRM, 3/10/14

The report detailed consent processing, consent administration and building control authority activity for the period 15 August to 26 September 2014.

Mr McRae advised that the Fulton Hogan and Andrew Haulage decisions had been released.

Cr Neill moved
Cr Croot seconded

That the report be noted.

Motion carried

Item 3

2014/1454 **RMA, Biosecurity Act and Building Act Enforcement Activities.** DPPRM, 25/9/14

The report detailed Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004 enforcement activities undertaken by the Otago Regional Council for the period 13 August to 25 September 2014.

Cr Croot moved
Cr Eckhoff seconded

That the report be noted.

Motion carried

The meeting closed at 12.35 pm.

Chairperson

OTAGO REGIONAL COUNCIL**Minutes of a meeting of the Technical Committee held
in the Council Chamber, 70 Stafford Street, Dunedin
on Wednesday 15 October 2014 commencing at 12.37 pm**

Present:

Cr Bryan Scott (Chairperson)
Cr Graeme Bell
Cr Louise Croot MNZM
Cr Michael Deaker
Cr Gerrard Eckhoff
Cr Gary Kelliher
Cr Trevor Kempton
Cr Sam Neill
Cr David Shepherd
Cr Stephen Woodhead

Apologies:

Cr Doug Brown
Cr Gretchen Robertson
The apologies were accepted on the motion of Crs Scott and Croot.

In attendance:

Peter Bodeker
Wayne Scott
Jeff Donaldson
Jane Leahy
Fraser McRae
Gavin Palmer
Deborah Mills for Item 1
Janet Favel

CONFIRMATION OF AGENDA

There were no changes to the agenda.

MINUTES

The minutes of the meeting held on 4 September 2014, having been circulated, were adopted on the motion of Crs Croot and Deaker.

Matters arising from minutes

There were no matters arising from the minutes.

ITEMS FOR NOTING

Item 1
2014/1364 **2014 Air Quality Results.** DEHS, 1/10/14

The report described the results of ambient air quality monitoring of PM₁₀ carried out at nine sites throughout Otago.

Comment was made that after much discussion and work over a number of years, barely measurable progress had been made, and although the trends were in the right direction, they were not significant. Council should look at more radical solutions, and also consider a higher level of investment in education in relation to air quality.

Dr Palmer advised that a new air quality strategy would be presented to a Council workshop next month, and Ms Mills noted that Councillors' comments had been taken into account.

Cr Neill moved
Cr Woodhead seconded

1. *That the report be received.*
2. *That the state of air quality in Otago be noted.*

Motion carried

Item 2
2014/1448 **Director's Report on Progress.** DEHS, 2/10/14

The report described work on the Leith Flood Protection Scheme, Totara flooding, riparian margins in Dunedin City, and riverbank instability in Albert Town.

Dr Palmer advised that through a value engineering exercise, action had been identified which would reduce the cost and complexity of work on the Dundas Street-St David Street reach. As a result of this the start of the work had been delayed, but enabling works would commence soon.

In response to a question about riverbank instability in Albert Town, Dr Palmer advised that there was no causal relationship between the recently identified ground movement and the work carried out downstream of the site by the ORC in 2003.

Cr Shepherd moved
Cr Bell seconded

That the report be noted.

Motion carried

The meeting closed at 12.48 pm.

Chairperson