

## OTAGO REGIONAL COUNCIL

### Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 22 July 2015 commencing at 10.37 am

**Present:**

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

**Leave of absence:** Cr Gerrard Eckhoff

**In attendance:**

- Peter Bodeker
- Wayne Scott
- Nick Donnelly
- Jeff Donaldson
- Jane Leahy
- Fraser McRae
- Gavin Palmer
- Gerard Collings (for Items 3 and 4)
- Janet Favel

#### CONFIRMATION OF AGENDA

There were no changes to the agenda.

#### MINUTES

The minutes of the meeting held on 3 June 2015, having been circulated, were adopted on the motion of Crs Kempton and Neill.

#### Matters arising from minutes

There were no matters arising from the minutes.

## PART A – RECOMMENDATIONS

### Item 1

#### 2015/1035 **Port Otago Limited – Draft Statement of Corporate Intent.**

DCE, 9/7/15

The Draft Statement of Corporate Intent for Port Otago Limited (circulated with the agenda) was presented for endorsement. Port Otago Chief Executive Geoff Plunket attended for this item. The following matters were discussed.

- Extension of Back Beach dairy warehousing – community concern at past extension of the warehouses was noted. Mr Plunket explained that there were currently three warehouses with a total area of 24,000 m<sup>2</sup>. The proposed extension would fill in the gap between D and E sheds and slightly extend the load-out area, making a total of 32,000 m<sup>2</sup> in warehousing, which was not a significant change in footprint. Plans had been presented to the local environment committee for their input. The colour of the roof had been consulted on previously, and there was no change from the existing building height. The purpose of the warehousing extension was to provide more storage and to upgrade the facility to allow product to be stored under cover.
- Additional warehouse at Sawyers Bay – The new Sawyers Bay warehouse was in response to a range of demands, not just milk powder.
- The Statement of Corporate intent outlined that Port Otago was looking for, and would take advantage of, opportunities for investments and Port improvements and development.
- The ratio of shareholders' funds to total assets, currently 81%, was noted and a question was raised about new development to bring this ratio back below 75%. Mr Plunket explained that the Group was looking for appropriate opportunities, and noted the Hamilton land holdings. He also pointed out expenditure of \$45m on planned activities for the year ending June 2016.
- Mr Plunket noted that the steady increase in container terminal productivity was the result of a number of factors including improved organisation, good technology, good training, and good health and safety practices.
- The Port's standing compared to other ports was queried, and Mr Plunket advised that by MoT ratings Port Otago was in the top echelon, coming close behind Tauranga.
- In response to a question Mr Plunket advised that the impact of the hub development in Timaru was in line with what was expected.
- Mr Plunket advised in response to a question that there were learnings from the recent injury accident, and an investigation was being carried out.
- Mr Plunket advised that channel deepening to Port Chalmers would be completed by December 2015, the rest by December 2016. The work would mean that existing ships would be able to load/carry more cargo, and would allow 6,500 teu vessels to visit the port, but Mr Plunket was unable to say when this would happen.

- Planned improvements to the cruise ship reception facilities were queried. Mr Plunket advised that cruise ship figures were 75 for the 2014/15 season, 70 (larger) vessels booked for 2015/16, and 86 for 2016/17. The cruise ship industry was happy with the reception facilities provided and there were no plans for any changes.
- Risk management including business interruption was queried. Mr Plunket advised that the Port was fully insured, and also noted the Group's other income streams including property holdings which gave confidence in the continuity of dividends.

Cr Shepherd moved  
Cr Kelliher seconded

*That the attached Draft Statement of Corporate Intent for Port Otago Limited and its subsidiaries and associates for the three years to 30 June 2018, be endorsed.*

**Motion carried**

**PART B – ITEMS FOR NOTING**

Item 2  
2015/1040 **Audit and Risk Subcommittee.** DCE, 10/7/15

The report outlined the issues considered by the Audit and Risk Subcommittee at its 17 June meeting. The minutes of the meeting were circulated with the agenda.

The meeting was advised in response to a question that arrangements were being made for David Benham, Chair of the Audit and Risk Subcommittee, to attend a future Committee or Council meeting.

In response to a question Mr Scott explained that the Subcommittee's work was guided by its terms of reference, and discussion and actions arising from meetings were followed up. It was pointed out that some issues, including the Annual Plan and health and safety procedures, were standard agenda items. It was noted that this was a new committee and its operations were still being developed.

The issue of the need for a strategy to deal with a loss of income from the Port was raised. Mr Scott advised that Port Otago had been invited to present its risk management strategy to the Audit and Risk Subcommittee. He also noted that the dividend paid to Council came from a range of Port income streams, not just the Port operation. It was also commented that Council had reserves and other investments which could be called.

It was noted that a risk management framework had also been discussed at the previous Audit and Risk Subcommittee meeting, and Crs Woodhead and Shepherd and Mr Scott had been reviewing ORC reserves and their management. A statement of investment policy and objectives (SIPO)

would be developed encompassing Council's assets, investments, and properties. It was suggested that a report be prepared for Council by the end of the year explaining the risk management situation, and potential scenarios for action should it become necessary. Mr Scott explained that a formal risk assessment analysis process was in hand.

Health and safety processes were discussed, and it was pointed out that while Council should have a reasonable understanding of Port's processes, it should not be involved in the work.

In response to a question Mr Scott advised that the new health and safety legislation was not yet finalised.

Cr Kelliher moved  
Cr Woodhead seconded

*That the report be received.*

**Motion carried**

Item 3  
2015/1036 **Insurance Renewals 2015/16.** DCS, 9/7/15

The report described the recent review of Council's insurances and noted the reduction in premiums for the 2015/16 year.

Cr Woodhead moved  
Cr Croot seconded

*That the report be received.*

**Motion carried**

Item 4  
2015/1041 **Passenger Transport Update.** DCS, 13/7/15

The report provided an overview of recent changes to the Southern Routes contract, and changes proposed by Government for funding of the SuperGold free off-peak travel scheme.

In relation to proposed changes to the SuperGold free off-peak travel scheme, Mr Collings advised that NZTA had been instructed to consult with councils before apportionment of the proposed bulk funding was drafted. It was noted that although this was not the Council's scheme, Council would have to meet the associated costs for something that did not serve a genuine transport need in the community.

Questions were raised about changes to the Southern Routes network and the links with South Dunedin, and the design for the bus hub. Mr Collings

explained that the network adopted in the Regional Public Transport Plan meant that there were changes the way services were provided, including a reduction in the number of variations to services. Mr Collings advised that bus hub plans were still at the conceptual stage, and work was being carried out to ensure access to the hub for buses from all routes. New services due to commence 1 January and 1 July 2016 would provide additional benefits to users.

Cr Shepherd moved  
Cr Croot seconded

*That the report be received.*

**Motion carried**

Item 5

2015/1039 **Director's report.** DCS, 10/7/15

The report described significant activities carried out by the Finance and Corporate sections since the last meeting of the Committee.

The National Bovine Tb Plan Review was discussed. It was noted that councils had been advised in advance of the move away from regional council funding, and that the plan for eradication of the disease would continue. The date of 2055 by which it was aimed to achieve eradication of Tb was queried and confirmed.

Cr Woodhead moved  
Cr Croot seconded

- (1) *That this report be received.*
- (2) *That the payments and investments summarised in the table in Report 2015/1039 and detailed in the tabled schedule totalling \$10,444,734.65 be endorsed.*

**Motion carried**

**PART C – PUBLIC EXCLUSION**

Cr Shepherd moved  
Cr Woodhead seconded

*That the public be excluded from the following part of the proceedings of the meeting.*

*The general subject of the matters to be discussed while the public is excluded, the reason for passing this resolution in relation to the matter, and the specific grounds under Section 48(1)(a) of the Local Government Information and Meetings Act 1987 for the passing of this resolution are as follows:*

	<i>General subjects to be considered</i>	<i>Reason under LGOIMA for passing this resolution</i>	<i>Grounds under S.48 for the passing of this resolution</i>
Item 6	<i>In Committee portion of the minutes of the Audit and Risk Committee meeting held on 17 June 2015, for noting</i>	<i>To enable the local authority holding the information to carry out, without prejudice or disadvantage, commercial activities (S7)(2)(h)); and To maintain the effective conduct of public affairs through the free and frank experssion of opinions by or between or to members or officers or employees of a local authority. (S72(f)(i))</i>	<i>S.48(1)(a)(i)</i>

*This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982 as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above with respect to each item.*

**Motion carried**

Following discussion of Item 6,

Cr Shepherd moved  
Cr Bell seconded

*That the meeting resume in open session.*

**Motion carried**

The meeting closed at 11.46 am.



**Chairperson**