



## COUNCIL MEETING PUBLIC AGENDA

Wednesday, 15 May, commencing at 1 p.m.  
Council Chamber, Philip Laing House  
144 Rattray St, Dunedin

Members of the public are welcome to attend.

Meeting documents and attachments are available online at: [www.orc.govt.nz](http://www.orc.govt.nz)

### **Membership**

Cr Stephen Woodhead	<i>(Chairperson)</i>
Cr Gretchen Robertson	<i>(Deputy Chairperson)</i>
Cr Graeme Bell	
Cr Doug Brown	
Cr Michael Deaker	
Cr Carmen Hope	
Cr Trevor Kempton	
Cr Michael Laws	
Cr Ella Lawton	
Cr Sam Neill	
Cr Andrew Noone	
Cr Bryan Scott	

### **Attending**

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

Please note that there is an embargo on agenda items until 48 hours prior to the meeting. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

*For our future*

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## Recommendations for Council Decision

### 11.1. Ordering of Candidates Names on Voting Documents

Recommendation:

*That the Council:*

- [1] **Receives** this report.
- [2] **Agrees** to the names of candidates at the 2019 Otago Regional Council elections be arranged in random order.

### 11.2. Policy Committee Appointment of Iwi Representation

Recommendation:

*That the Council:*

- a) **Receives** this report.
- b) **Endorses** the appointment of iwi representatives to the Policy Committee.
- c) **Approves** the Chief Executive writing to Ngāi Tahu inviting them to recommend two representatives to be appointed to the Policy Committee.

### 11.3. Disposal of Poison Services Assets

Recommendation:

*That the Council:*

- [3] **Receives** this report.
- [4] **Notes** that since the Council made the decision to wind up Regional Services a range of equipment involved in providing poison carrots and oats to contractors and members of the public has no longer been required by the Council.
- [5] **Approves** the sale and disposal of Council's poison services assets set out in Table 1 of this report as well as any other related parts and accessories.

### 11.4. LGNZ Rules Review

Recommendation:

*That the Council:*

- a) **Receives** this report.
- b) **Notes** the proposed changes to LGNZ's Rules that will be considered at the 7 July 2019 LGNZ AGM.
- c) **Appoints** Cr Woodhead, Cr Hope and Chief Executive Sarah Gardner to represent Council at the AGM.
- d) **Decides** how Council's representatives attending the AGM should vote on the proposed rule changes.

11.5. Delegation under the Otago Regional Council Flood Protection Management Bylaw  
2012

Recommendation:

*That the Council:*

- [6] **Approves** *delegation to any of the General Manager Regulatory, General Manager Operations and the Chief Executive to refund, remit, or waive the whole or any part of any fee payable under the Otago Regional Council Flood Protection Management Bylaw.*

## **1 APOLOGIES**

Please accept the apologies of Cr Carmen Hope.

## **2 LEAVE OF ABSENCE**

Leave of absence noted for Cr Noone.

## **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**

Mr Peter Foster will address the Councillors about the ORC water plans.

Ms Rachel Elder and Mr Hamish Seaton will address the Councillors with a request to support development of tracks and trails across the Otago Region and work with other regions and stakeholders to develop integrated strategies for a Southern Cycling/Walking Vision.

## **7 PRESENTATIONS**

Ms Janine Duckworth of Landcare Research will present on the biological control of rabbits in Central Otago.

## **8 CONFIRMATION OF MINUTES**

### **Recommendation**

*That the minutes of the (public portion of the) Council meeting held on 3 April 2019 be received and confirmed as a true and accurate record.*

### **Attachments**

1. Council Meeting Minutes 20190403 [8.1.1]

## 9 ACTIONS (STATUS OF COUNCIL RESOLUTIONS)

### Status report on the resolutions of the Council Meeting

10.2 Chief Executive's Report	3 April 2019	Direct staff to provide a full report with implications of NZEnvC42 on appeals to the RPS to the next Policy Committee Meeting	COMPLETE – reported back to Policy Committee 1 May 2019.
11.3 Delegations	3 April 2019	Direct CE to bring a review of delegations to the next Council Meeting	IN PROGRESS

## **10 CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS**

### **10.1 Chairperson's Report**

**Prepared for:** Council  
**Report No.** GOV1836  
**Activity:** Governance Report  
**Author:** Cr Stephen Woodhead, Chairperson  
**Date:** 8 May 2019

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#### **OTAGO BALLANCE FARM ENVIRONMENT AWARDS**

[7] Crs Robertson, Hope, Bell, Mrs Giddens and I attended the Otago Ballance Farm Environment Awards evening. The winners of the Otago Regional Council quality water management award were Stephen and Annabel Crawford, organic dairy farmers from Clydevale. The overall award went to Strath Taieri farmers Andrew and Lynnore Templeton.

#### **DRY WEATHER**

[8] I have joined two conference calls of a Group to discuss challenges around the dry late summer that was particularly affecting the Clutha District. The Group includes representation from Beef + Lamb New Zealand, Dairy New Zealand, Federated Farmers, the Otago Rural Support Trust, and MPI, and convenes early in any adverse weather event. They monitor the weather situation and its impacts on the local primary sector, and share relevant advice and information for farmers. Industry groups have been fully engaged with their members and will continue to provide advice and information going into winter and out the other side. There has been some rain which has relieved the pressure on farmers.

#### **BUS HUB THANK YOU TO STAFF**

[9] A morning tea was organised in the staff room to say thank you to those that were involved in what has been a very successful implementation and transition to the new bus hub. Crs Deaker, Robertson and I attended.

#### **REGIONAL CENTRE OF EXCELLENCE WORKSHOP**

[10] This workshop held at the Polytechnic campus in Cromwell was the follow on from the presentation we had from Barry Law. A constructive day giving feedback on the priorities for a Regional Centre of Excellence for Education in Sustainability application. I attached ORC's name to be linked to relevant projects such as Water Quality and Quantity and Air Quality.

#### **SOLGM AWARDS**

[11] Project AF8 won the SOLGM BERL award at the 2019 McGredy Winder SOLGM Local Government Excellence Awards Dinner.

[12] The BERL Award recognises outstanding results that have been achieved through local authorities working with other government agencies. This includes programmes or projects



from any area of local government activity, provided there is a demonstrable community benefit.

[13] Project AF8 has been a highly collaborative effort, led by Angus McKay from Emergency Management Southland supported by all the Group Managers and key staff of the South Island CDEM Groups.

## **RECOMMENDATION**

*That the Council:*

1) ***Receives*** this report.

## **CONSIDERATIONS**

### **Risk Considerations**

[14] Nil.

## **ATTACHMENTS**

Nil

## 10.2 Chief Executive's Report

**Prepared for:** Council  
**Report No.** CEO1818  
**Activity:** Governance Report  
**Author:** Sarah Gardner, Chief Executive  
**Date:** 9 May 2019

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### KEY MEETINGS ATTENDED

- [1] 10 April – Bus Hub thank you event.
- [2] 16 April – phone meeting with Sarcha Every and Nicola Cull from Decipher Group regarding the GM Policy Science & Strategy role.
- [3] 18 April – met with Sue Bidrose and Simon Drew from DCC to discuss the overflows and new plan (Joanna Gilroy and Julie Everett-Hincks also attended this meeting).
- [4] 29 April – met with Elizabeth Soal, CEO of Irrigation NZ.
- [5] 29 April – met with Sue Bidrose, DCC CEO, for regular catch-up.
- [6] 2 May – met with Mike Hanff, Friends of Lake Hayes.
- [7] 2 May – attended the Regional Sector dinner in Invercargill – speaker was Parliamentary Commissioner for the Environment.
- [8] 3 May – attended the Regional Sector meeting in Invercargill.
- [9] 6 May – regular catch-up with Port Otago CE.
- [10] 7 May – regular catch-up phone call with Mike Theelen, QLDC CEO.
- [11] 9 May – met with Tanya Blakely from Boffa Miskell.
- [12] 9 May – met with the Orokonui Ecosanctuary Trust and Business Board.
- [13] 10-12 May – attended the South Island Regional Council CEO meeting in Christchurch.
- [14] 13 May – attended Connecting Dunedin Operational meeting followed by the Connecting Dunedin Governance meeting.

### RECOMMENDATION

*That the Council:*

- 1) ***Receives this report.***

### DISCUSSION

**Parliamentary Commissioner for the Environment's Report, Farms, Forests and Fossil Fuels:  
The next great landscape transformation**

- [15] The Parliamentary Commissioner for the Environment (PCE), Simon Upton released his latest report in early 2019. It explores New Zealand's approach to achieving our climate change targets and policies and what that might result in from a landscape perspective.
- [16] The report notes that currently New Zealand relies on forest offsets for managing carbon emissions. It points out that this has some potential challenges because forests are vulnerable to climate change impacts and that this offset reliance does have the potential to delay other action to reduce our carbon emissions.
- [17] When speaking at the Regional Sector dinner in Invercargill the PCE explained his consideration of an alternative approach that separates fossil emissions from biological emissions. He explained the time horizon for the resolution of different emission gases and that a focus on carbon dioxide emissions while managing agriculture and forestry to reduce emissions has merit. He explained that how this management occurs will determine the shape of our physical landscape in the future i.e. the extent to which we afforest to manage emissions and thus divert from other land use over time.
- [18] The report recommends that New Zealand develop two separate targets that are: a zero gross target for fossil emissions and a reduction target for biological emissions. It suggests that only biological emissions should be offset by forest sinks and that other tools need to be relied on for managing biological sources alongside water, soil and biodiversity objectives.
- [19] As yet it is unclear how the government will respond to this report.

### **Irrigation New Zealand**

- [20] A positive discussion with Elizabeth Soal, Chief Executive of Irrigation New Zealand provided an opportunity to introduce Elizabeth to some of the wider water challenges we face in Otago. Council will remember Elizabeth represented the Lower Waitaki in public forums to Council last year. In particular, Elizabeth expressed her willingness to be involved in irrigation discussions and water policy making. Our discussion detailed the Water Plan review and Plan Change 6A implementation, and traversed the various pieces of policy work that we plan to undertake in the medium term.

### **Emergency Management Otago Group Plan**

- [21] As you are aware the Joint Committee for Emergency Management in Otago approved the draft Emergency Management Otago Group Plan for consultation early this year. I can confirm that we recently received congratulations from the Director of the Ministry of Civil Defence and Emergency Management on the Plan and its progress. At the time of writing we had received 12 submissions and five parties wish to be heard.

## **CONSIDERATIONS**

### **Risk Considerations**

- [22] Nil.

### **ATTACHMENTS**

Nil

## 11 MATTERS FOR COUNCIL DECISION

### 11.1 Ordering of Candidates Names on Voting Documents

<b>Prepared for:</b>	Council
<b>Report No.</b>	GOV1827
<b>Activity:</b>	Governance Report
<b>Author:</b>	Nick Donnelly, General Manager Corporate and CFO
<b>Endorsed by:</b>	Sarah Gardner, Chief Executive
<b>Date:</b>	7 May 2019

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#### PURPOSE

- [1] To decide on the ordering of candidate's names on voting documents in the 2019 Triennial Elections.

#### EXECUTIVE SUMMARY

- [2] Clause 31(1) of the Local Electoral Regulations 2001 allows Council to decide on the order of candidate names on voting documents for elections.
- [3] Three options are discussed – random order, alphabetical order and pseudo-random order. Staff recommend that Council agree to random order on voting documents for the 2019 triennial election.

#### STAFF RECOMMENDATION

*That the Council:*

- a) **Receives** this report.
- b) **Agrees** to the names of candidates at the 2019 Otago Regional Council elections be arranged in random order.

#### REPORT

- [4] Clause 31(1) of the Local Electoral Regulations 2001 allows Council to decide whether candidate names are to be arranged on the voting documents in alphabetical order of surname, pseudo-random order or random order.
- [5] The candidate names must be arranged in alphabetical order of surname in the absence of any Council resolution approving another arrangement.

#### Random order

- [6] Under this arrangement, the names of the candidates for each issue are shown in random order on every voting document, utilising printing software that facilitates this process.

- [7] Historically there have been additional costs charged for printing and processing voting papers for councils that have adopted the random order of candidate names, however with software advancements this is no longer the case.
- [8] With the removal of any cost penalty, more councils are adopting to order the candidate names on their voting documents in random order. Other Territorial Local Authorities in the Otago and Canterbury regions to adopt random order include Dunedin City Council, Central Otago District Council, Waimate District Council (pseudo random), Christchurch City Council, Timaru, Ashburton, Selwyn, Waimakariri and Kaikoura District Councils.
- [9] Both the Otago and Canterbury Regional Councils have resolved to use the random order for ordering candidate names for any election issues required for their organisations this year.

### **Alphabetical order of surnames**

- [10] This method is self-explanatory.
- [11] One of the weaknesses of using this method is the perception that candidates listed in the top half of any alphabetically ordered list receive an electoral advantage. The limited research carried out on this issue in both New Zealand and international elections has confirmed the possibility of advantage for candidates listed in the top part of any alphabetically ordered list. As the recommendation of candidate order is one of the few remaining decisions elected members are required to make on the election process, more local authorities are moving away from using this method to remove that perception of bias.

### **Pseudo-random order**

- [12] Under this arrangement, the order of candidates is drawn by lot, and then all voting papers are printed using that set order of candidates.
- [13] While this method provides an element of randomisation, the fact that candidate names would still be ordered in the same order on all voting papers still leaves the opportunity of perceived advantage for those names appearing at the top of the list. Adoption of the full random order would remove this perception.

## **OPTIONS**

### **Option 1 - Random order**

- [14] Council resolves that the 2019 triennial elections be conducted using postal voting, and that names of candidates be arranged in random order of surname.  
*(Recommended)*

### **Option 2 – Alphabetical Order**

- [15] Council resolves that the 2019 triennial elections be conducted using postal voting, and that names of candidates be arranged in alphabetical order of surname  
*(Not Recommended)*

### **Option 3 - Pseudo-random order**

- [16] Council resolves that the 2019 triennial elections be conducted using postal voting, and that names of candidates be arranged in pseudo-random order.  
*(Not Recommended)*

### **Assessment of Preferred Option**

- [17] Having considered the options summarised above, the following conclusions have been reached:
- (1) There is now no cost difference between the candidate order options.
  - (2) Adoption of random ordering of candidate names would generally remove any potential accusations of favouritism towards existing councillors with surnames starting with letters in the first half of the alphabet.
  - (3) One of the reasons given for potentially having alphabetical order of candidate names is that there is less confusion for electors in using that method given that the candidate profile booklet lists the candidate profiles in alphabetical order. Historically, both the Otago Regional Council and Southern District Health Board have used the random order for listing candidate names on their voting documents with very few (if any) reported problems.

### **NEXT STEPS**

- [18] Council's Electoral Officer will be advised of Council resolution on this matter and will proceed with preparing voting documents accordingly.

### **ATTACHMENTS**

Nil

## 11.2 Policy Committee Appointment of Iwi Representation

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS1892
<b>Activity:</b>	Governance Report
<b>Author:</b>	Nick Donnelly, General Manager Corporate and CFO
<b>Endorsed by:</b>	Sarah Gardner, Chief Executive
<b>Date:</b>	6 May 2019

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### PURPOSE

- [1] To approve iwi representation on Otago Regional Council's Policy Committee and authorise the Chief Executive to approach Ngāi Tahu to nominate two representatives to be appointed.

### EXECUTIVE SUMMARY

- [2] A paper was presented to Council at its 20 February 2019 meeting seeking endorsement for the potential appointment of iwi representatives to the Policy Committee. Following discussion at that meeting Council resolved to seek further detail from staff as to the role, obligations and responsibilities of any appointed Ngāi Tahu members to the Policy Committee and that the understanding of Ngāi Tahu be clarified as to their possible role.
- [3] A workshop was held with Council and representatives from Ngāi Tahu on 20 March 2019 to clarify their request for membership on the Policy Committee and clarify their understanding of how the representation on the committee would work.
- [4] The workshops clarified iwi's expectations that they nominate two full Committee members who would be authorised to vote on resolutions of the Committee. It was acknowledged that the Committee made recommendations to Council and the ultimate decision-making authority would still lie with Council who could choose not to endorse those recommendations.
- [5] Iwi intends to nominate representatives with knowledge and experience in Resource Management Act (RMA) matters and who have the ability to contribute to Council's decision-making process.

### RECOMMENDATION

*That the Council:*

- a) **Receives** this report.
- b) **Endorses** the appointment of iwi representatives to the Policy Committee.
- c) **Approves** the Chief Executive writing to Ngāi Tahu inviting them to recommend two representatives to be appointed to the Policy Committee.

## **BACKGROUND**

- [6] The Otago Regional Council has formally recognised its statutory responsibilities relationship to consult with iwi on relevant management issues and to take account of the principles of the Treaty of Waitangi. This was agreed in a memorandum of understanding and protocol between the Otago Regional Council, Te Rūnanga O Ngāi Tahu and Kai Tahu ki Otago (now Aukaha) for effected consultation and liaison dated 22 January 2003.
- [7] These statutory obligations are primarily under the Resource Management Act 1991, the Ngāi Tahu Claims Settlement Act 1998, the Ngāi Tahu Claims Settlement (Resource Management Consent Notification) Regulations 1999, the Biosecurity Act 1993, and the Local Government Act 2002.
- [8] The memorandum of understanding focuses on the conduct of iwi liaison, and on Council resource consent processes. However, the Council's statutory obligations and principles are just as, if not more important in resource management policy setting.
- [9] Council has previously had representatives on the Technical Committee.
- [10] At the most recent Mana to Mana hui held on 24 October 2018, the issue of iwi representation, as a reflection of our partnership, on council committees was canvassed and desire expressed for iwi to be represented on the Policy Committee in particular. This would provide for the direct engagement and participation of iwi in the decision-making processes of Council where it is directing the organisation on matters of policy.
- [11] Rūnanga chairs formally requested membership on the Policy Committee in December 2018.

## **APPOINTMENT PROCESS**

- [12] Council needs to resolve to appoint a person who is not an elected member of the local authority to the Policy Committee. The appointments will be full voting members of the Policy Committee. Their inclusion will take the membership of the Policy Committee to 14.
- [13] The appointment will be for a fixed-term ideally aligning with the Council triennium. The initial appointment would be through to the end of this triennium and further appointment ratified after the election for the next three years as part of the new Council's Committee, appointments and representation process.
- [14] It is expected the appointees will be remunerated and required to attend all Policy Committee meetings as other elected Committee members do. Remuneration would also be to the individuals involved and paid fortnightly as Councillors are. Remuneration is recommended to be set at 20% of the base Councillor remuneration rate to reflect the workload expected of the appointees to the Committee and to align to current Councillor remuneration.
- [15] The current base Council salary is \$49,786. Setting remuneration for external iwi appointments at 20% of this would mean the appointees were paid \$9,957 per annum. The Policy Committee meets 8 times per annum. The remuneration would compensate the appointees for their time in attending those meetings (including travel time to and from meetings) and for the associated preparation time. There would be other



unscheduled meetings and workshops to attend however the proposed remuneration is fixed and no additional remuneration would apply for attendance at those additional meetings and events. Reimbursement of expenses would apply and be payable in line with Council's existing policy for Councillors.

- [16] Remuneration would increase each time the base Councillor rate was adjusted to reflect 20% of whatever the base Councillor rate is determined by the Remuneration Authority.

## **CONSIDERATIONS**

- [17] Under clauses 31(1) and 31(2), Schedule 7 of the Local Government Act 2002 a local authority and/or a committee of the local authority may appoint or discharge any member of a committee or subcommittee.

- [18] Clause 31(3), Schedule 7 addresses membership and states:

*The members of a committee or subcommittee may, but need not be, elected members of the local authority, and a local authority or committee may appoint to a committee or subcommittee a person who is not a member of the local authority or committee if, in the opinion of the local authority, that person has the skills, attributes, or knowledge that will assist the work of the committee or subcommittee.*

- [19] Council has the statutory authority to appoint iwi representatives to the Policy Committee.

- [20] Council has a statutory obligation to consult with iwi in planning policy. Council has previously sought to foster and develop a partnership; this would be a logical and appropriate next step. Appointing iwi representative(s) to the Policy Committee will provide to evolve the partnership relationship further by providing for iwi to be part of the decision-making process on policy direction.

- [21] Staff consider that the benefits to appointing iwi representatives are two-fold:
- It gives tangible effect to Council's partnership with iwi in its decision-making; and,
  - Provides scope for direct engagement and dialogue between our iwi partners and councillors – allows for informed and robust decisions on planning policy.

## **NEXT STEPS**

- [22] The next step will be for the Chief Executive to write to Ngāi Tahu, advising them of the outcome of this meeting and formally inviting them to recommend two representatives on the Policy Committee.

- [23] The timing for when iwi representative might be formally appointed will depend on the time required by Ngāi Tahu, to consider the matter and respond. Staff hope that iwi recommendations will be received in time for the appointment to confirmed at the June committee round.

- [24] The Terms of Reference for the Policy Committee will need to be amended to reflect the appointments. These can be reviewed at the next Policy Committee and the amended Terms of Reference then recommended to Council for endorsement.

## **ATTACHMENTS**

Nil

### 11.3 Disposal of Poison Services Assets

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<b>Prepared for:</b>	Council
<b>Report No.</b>	EMO1860
<b>Activity:</b>	Governance Report
<b>Author:</b>	Peter Winder, Acting General Manager Regulatory
<b>Endorsed by:</b>	Peter Winder, Acting General Manager Regulatory
<b>Date:</b>	10 May 2019

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#### PURPOSE

- [1] To consider the disposal of assets previously used by Regional Services for the provision of poison carrots and oats to contractors and others involved in the control of rabbits.

#### EXECUTIVE SUMMARY

- [2] The Council owns a range of poison services assets (carrot cutters, oat cooking and other facilities and a depot in Galloway) that have been acquired solely for the purpose of a hands-on role in providing poison for rabbit control operations to contractors and land owners. The Council no longer undertakes this activity and the assets are surplus to requirements. It is timely for the Council to consider the disposal of these assets.
- [3] Council previously provided rabbit control services to landowners on a commercial basis through Regional Services. When this operation was wound up in 2015 a number of its poison services assets remained with the Council. This includes carrot cutters and related equipment, as well as oat cooking equipment and the depot at 366 Fisher Lane, Galloway that has been used for the cooking of oats.
- [4] The Council no longer provides cut carrot or oats to land owners or contractors for pest control work. Remaining poison services assets and the depot at Galloway are unused and have been unused for some time. Council has not provided any funding for this activity in either the current financial year, or the remaining years of the Long Term Plan.
- [5] Council's current approach to the control of pest species is to encourage, and where necessary require land owners to control the pest species that are on their property.
- [6] There are three options for the Council in relation to its current poison services assets. They are:
- Dispose of the poison services assets to enable private contractors to respond to market need
  - Lease the poison services assets to private contractors
  - Recommission the poison services assets so that the Council can re-enter the market as a provider of poison and pest control services on either a fully commercial basis, or as a rates funded activity.
- [7] Council has debated the extent to which it needs to play an active role in pest control. This report notes that there are ways that the Council could take a more active role in

pest control that would not involve re-entering the market as a commercial pest control operator.

- [8] The paper recommends the sale and disposal of the Council's remaining poison services assets.

## RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Notes** that since the Council made the decision to wind up Regional Services a range of equipment involved in providing poison carrots and oats to contractors and members of the public has no longer been required by the Council.
- 3) **Approves** the sale and disposal of Council's poison services assets set out in Table 1 of this report as well as any other related parts and accessories.

## BACKGROUND

- [9] The role and approach of the Otago Regional Council in relation to the control of rabbits has evolved and changed over time. The Council has a key role as a regulator. This role is reflected in the development of the Regional Pest Management Plan and the way that it sets out the responsibilities of land owners in relation to the control of pests.
- [10] The Council is about to commence hearings on the proposed Regional Pest Management Plan. The proposed Plan continues the fundamental approach that is embedded in the Biosecurity Act 1993 that landowners are responsible for the control of pests on their land. The proposed Plan sets out the circumstances in which the Council can direct landowners to take action, and how, if they fail to take action, the Council can intervene to undertake pest control and recover the costs of pest control from landowners. The Council adopted this approach in the 1990s. No rates funded rabbit control has taken place since that time.
- [11] In parallel with its regulatory and compliance-based role, the Council previously provided rabbit control services to landowners on a commercial basis through Regional Services. This operation was wound up in 2015. Since that time a number of contractors have built their capacity to conduct rabbit and other pest control work across the region. There are now a number of contractors that are well equipped to conduct a broad spectrum of control operations from small to large scale.
- [12] When Regional Services was wound up a number of its poison services assets remained with the Council. This included carrot cutters and related equipment, as well as oat cooking equipment and the depot at 366 Fisher Lane, Galloway that has been used for the cooking of oats.
- [13] The Council no longer provides cut carrot or oats to land owners or contractors for pest control work. Council has previously sold some carrot cutting equipment. The balance of the poison services assets and the depot at Galloway are unused and have been unused for some time.

- [14] Council has not provided any funding for operational activity in relation to the provision of carrot or oats for pest control in either the current financial year, or the remaining years of the Long Term Plan. There are very few Council staff with the necessary training and experience to operate the carrot cutting or oat cooking equipment and those staff are fully allocated to other activities.

## ISSUE

- [15] The Council owns a range of poison services assets (carrot cutters, oat cooking and other facilities and a depot in Galloway) that have been acquired solely for the purpose of a hands-on role in providing poison for rabbit control operations to contractors and land owners. The Council no longer undertakes this activity, the assets are surplus to requirements. It is timely for the Council to consider the disposal of these assets.

## DISCUSSION

- [16] The poison services related assets that the Council currently owns are set out in Table 1.

**Table 1: Current Poison Services Assets**

Reference	Item
	Depot, land and related buildings, facilities, fixtures and fittings at 366 Fisher Lane Galloway
P430	Screener for carrot cutter
P432	Screener for carrot cutter
P435	Screener for carrot cutter, Reliance
P516	Carrot Cutter, Bental
P517	Carrot Cutter, Gibson
P519	Carrot Cutter, Gibson
P521	Carrot Cutter, Gibson
P522	Carrot Cutter, Gibson
P527	Carrot Cutter, Bental
P528	Carrot Cutter, Bental
P531	Carrot Cutter, Reliance
P532	Carrot Cutter, Reliance
P533	Carrot Cutter, Reliance
P535	Carrot Cutter, Reliance
P560.1	Bait Feeder / Oat Plough
P560.2	Bait Feeder / Oat Plough
P560.3	Bait Feeder / Oat Plough
P560.4	Bait Feeder / Oat Plough
P560.5	Bait Feeder / Oat Plough
P793	Carrot Mixer
P793	Carrot Mixer
P793	Carrot Mixer
P793	Carrot Mixer
P793	Carrot Mixer
Unmarked	Shaker
Unmarked	Shaker

Unmarked	Bin
Unmarked	Bin
Unmarked	Conveyor
Unmarked	Conveyor

- [17] There are significant health and safety and hazardous substances compliance issues in relation to the safe handling and control of poisons. Periodic or sporadic activity in the use of poisons expose the organisation the same costs of compliance around developing and maintaining safety systems, staff training and registration as would be required if the handling of poisons was a core on-going part of the Council's operation.
- [18] Some of the Council's poison services assets have few appropriate safety features (like guards) and would need further investment to ensure safe operation and compliance with the Council's obligations under the Health and Safety at Work Act 2015.
- [19] The poison services assets are deteriorating for lack of use and maintenance and are unused by ORC. However, they have value to the contracting industry.
- [20] Over the last few months Council staff have had repeated approaches from contractors seeking to purchase or use the ORC's poison services assets. Contractors are trying to build their capability to deliver large scale poison operations and respond to demand from land owners. They are trying to fill the gap in the market that was created when the ORC wound up Regional Services and stopped providing poison carrot and oats to landowners and contractors.
- [21] From discussion with contractors it is understood that there are limited options for the acquisition of carrot cutters. Contractors see the ORC's poison services assets as the most straight-forward option for expanding their operations and meeting the market demands for pest control.
- [22] The Council's current approach to the control of pest species is to encourage, and where necessary require land owners to control the pest species that are on their property.
- [23] There has been some debate within the Council over recent months as to whether a more active approach to pest control may be more appropriate – in particular in relation to the control of rabbits. There are ways that the Council could take a more active role in pest control that would not involve re-entering the market as a commercial pest control operator, for instance:
- a. Council could adopt a more substantial role in facilitating joint action by land owners to jointly commission and co-ordinate control work over neighbouring properties, or
  - b. Council could go one step beyond facilitating joint land owner pest control contracts and could contract pest control activity on behalf of (i.e. as the agent for) groups of land owners.
- [24] Even if Council was at some time in the future to adopt region-wide approach to rabbit control that involved publicly funded control operations, it would not necessarily require the capability and capacity to undertake pest control activity directly itself in order to be effective. Indeed, the purchase of pest control services from an effective and competitive market of pest control contractors may well be more cost-effective than the council

seeking at some future point to rebuild its own capability to undertake large scale poison operations.

## **OPTIONS**

- [25] There are three options for the Council in relation to its current poison services assets. The relative merits of the options depend on the approach that the Council takes to its role in relation to pest control.
- [26] The options are:
- a. Dispose of the poison services assets to enable private contractors to respond to market need
  - b. Lease the poison services assets to private contractors
  - c. Recommission the poison services assets so that the Council can re-enter the market as a provider of poison and pest control services on either a fully commercial basis, or as a rates funded activity.
- [27] The sale of poison services assets would release Council funds for other activities. It would also support the expansion and development of the market for pest control contractors. The sale of the assets also removes a health and safety risk and supports the rationalisation of storage facilities. This would be particularly important at the Cromwell site where the disposal of these assets could enable one of the bays at the depot to be converted into office space to support the cost-effective expansion of our staff compliment based in Central Otago. One of the reasons that contractors are keen to purchase ORC carrot cutters is to use some of them that are not operational for parts.
- [28] The sale of the poison services assets would be consistent with the Council's previous decision to wind up Regional Services and get out of the business of providing commercial poison and pest control services. As is noted above, the sale of the assets would not preclude the Council subsequently deciding that it wished to take a more hands on approach to the delivery of region-wide pest control for rabbits. Indeed, the sale of the assets would support the development of a contracting market that would be able to assist the Council in any such endeavour.
- [29] There may be a market for the lease of some of the poison services assets and for the Galloway depot. However, this market will be limited. A key limitation is that ORC would not be able to lease equipment that is not operational. That would mean that the potential sale of non-operational machinery for parts would not be possible. For ORC to lease equipment it would need to be fit for purpose. This would include the ability to safely operate the equipment for its intended purpose. ORC would retain residual health and Safety related liabilities for any machinery that was unsafe. It would have no effective control over the way that the machinery was used. This could place the ORC's Chief Executive, as the person in charge of the business, in an untenable situation. For this reason alone, the lease of the poison services assets is not recommended.
- [30] It may be possible to re-commission the poison services assets so that the Council could re-enter the market as a provider of poison and pest control services. This would be a more significant decision and would need to be supported by a business case and related policy considerations, as well as public consultation of the role of the Council. The provision of commercial poison and pest control services is not current Council policy. Neither is the provision of substantial publicly funded pest control. If the Council would

like to explore these alternative approaches significant work would be required to develop the necessary business case and policies.

## **CONSIDERATIONS**

### **Policy Considerations**

- [31] The disposal of the poison assets would be consistent with the Council's current policy and approach to pest management. Indeed, it is the logical extension of the Council's previous decision to wind up Regional Services and get out of the business of the commercial provision of pest control services.
- [32] There are significant policy considerations if the Council wished to pursue option c. Core policy considerations would include:
- a. The potential impact on the commercial market for pest control
  - b. The commercial viability of the council re-entering the market as a provider of pest control services
  - c. The framework of the Regional Pest Plan and the fundamental obligation of land owners to control pests on their own property
  - d. Depending on the approach the Council's rating policy and questions of who pays for pest control and on what basis.

### **Financial Considerations**

- [33] There are no significant financial considerations in pursuing either the sale or lease of the poison assets. Clearly the sale of the assets would provide the opportunity for the Council to reuse the resulting revenue for other purposes. The lease of the assets would provide some income to council but has other financial and litigation risks arising from the residual liability that the Council would have in relation to the assets. In particular, the Council would not be able to contract out of its Health and Safety obligations in a lease arrangement. It would retain potential liability in relation to whether or not the machinery, and indeed the depot, were fit for purpose.

### **Significance and Engagement**

- [34] The Council's poison assets are not significant assets, the disposal of the assets would not trigger any need to consult or engage with the public in terms of the Council's significance policy. The disposal of the assets would be in keeping with the approach to pest management that the Council has consulted on through the development of the Long Term Plan and the proposed Regional Pest Management Plan.
- [35] Making a change to the way in which the Council delivers pest management, and in particular a decision to either re-enter the commercial market as a pest control contractor, or to reintroduce rates funded pest control would require consultation and changes to both the Council's Long Term Plan and the proposed Regional Pest Management Plan. The introduction of rates funded pest control would require changes to the Council's rating policy and possibly the introduction of a new targeted rate. To do this the Council would need to develop a statement of proposal and formally consult the community on the proposal.

### **Legislative Considerations**

- [36] There are no legislative considerations other than the need to comply with the relevant provisions of the Local Government Act 2002, the Biosecurity Act 1993, the Health and Safety in Work Act 2015 and the Hazardous Substances and New Organisms Act 1996.

### **Risk Considerations**

- [37] There are a few risks associated with the recommended option. Probably the most significant risk with the disposal of the assets would be that they subsequently leave the region and are not available to local contractors. However, the assets are currently not in use and are not currently available to the local contractors. If they were to leave, Otago contractors would be no worse off than they are today. It may be possible to reduce the risk of the assets leaving the region through conditions of sale, however this would not be straight forward and the ability of the Council to subsequently enforce any restrictions would be very limited.
- [38] There is a risk that if the Council does nothing the current assets deteriorate to the point that they are not serviceable and are of no value to anyone. There would be financial and commercial risks associated with the Council re-entering the market as a service provider. There are also health and safety and hazardous substances risks associated with the options of either leasing the equipment to others or re-entering the market as a service provider. Neither of those options are recommended.

### **ATTACHMENTS**

Nil



## 11.4 LGNZ Rules Review

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS1895
<b>Activity:</b>	Governance Report
<b>Author:</b>	Nick Donnelly, General Manager Corporate and CFO
<b>Endorsed by:</b>	Cr Stephen Woodhead, Chairperson
<b>Date:</b>	7 May 2019

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### PURPOSE

- [1] To provide Council with the opportunity to consider and provide input into proposed changes to Local Government New Zealand's (LGNZ) Rules.

### EXECUTIVE SUMMARY

- [2] An Annual General Meeting (AGM) of member authorities is held annually as part of the Local Government New Zealand Conference. The 2019 AGM will be held on Sunday 7 July 2019 in Christchurch. Member authorities are entitled to representation at the AGM.
- [3] Since late 2018, LGNZ has consulted with members on options for changing the LGNZ Rules (the Rules). A number of changes to the Rules have been proposed and have been discussed with and endorsed but LGNZ's Governance and Strategy Advisory Group and the National Council.
- [4] These proposed changes to the Rules will be discussed and voted on at LGNZ's AGM. LGNZ has advised members of the proposed changes well in advance of the AGM to allow Council's additional time to consider and debate their position on the changes.
- [5] There are four proposed changes to consider:
- Amendments to provide Te Maruata representation on National Council.
  - Amendments to give effect to Auckland Council representation on National Council.
  - Minor administrative substantive changes.
  - Minor amendments to modernise and rationalise language.
- [6] Council will need to appoint representatives to attend the AGM and determine how they should vote on each of the proposed changes. Attendees at the Conference are Cr Woodhead, Cr Hope and Council CEO Sarah Gardner.

### RECOMMENDATION

*That the Council:*

- Receives** this report.
- Notes** the proposed changes to LGNZ's Rules that will be considered at the 7 July 2019 LGNZ AGM.

- c) **Appoints** Cr Woodhead, Cr Hope and Chief Executive Sarah Gardner to represent Council at the AGM.
- d) **Decides** how Council's representatives attending the AGM should vote on the proposed rule changes.

## **DISCUSSION**

- [7] LGNZ has provided the following attachments regarding the proposed rule changes.
- [8] LGNZ Rules Review – paper for members:  
This paper outlines the process the review has undertaken, next steps and gives a brief overview of the four proposed rule changes.
- [9] Proposed amendments to LGNZ's Rules:  
The paper notes the changes required to the Rules in relation to the four proposed changes.
- [10] Rules of LGNZ including proposed technical changes:  
Provides a marked-up version of the Rules with proposed minor amendments to modernise and rationalise language shown in red.

## **NEXT STEPS**

- [11] The AGM will also provide an opportunity for members to consider and provide input into issues that LGNZ will advocate on for the sector. The proposed remits for consideration at the 2019 AGM are yet to be released and are expected to be available for discussion at the June Council meeting.

## **ATTACHMENTS**

1. LGNZ Rules Review - paper for members **[11.4.1]**
2. Proposed amendments to LGN Z's Rules **[11.4.2]**
3. Rules of LGNZ including proposed technical changes **[11.4.3]**

## 11.5 Delegation under the Otago Regional Council Flood Protection Management Bylaw 2012

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<b>Prepared for:</b>	Council
<b>Report No.</b>	EHS1855
<b>Activity:</b>	Governance Report
<b>Author:</b>	Peter Kelliher, Legal Counsel
<b>Endorsed by:</b>	Peter Winder, Acting General Manager Regulatory
<b>Date:</b>	7 May 2019

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### PURPOSE

- [1] To seek delegation to staff to refund, remit or waive the whole or any part of any fee payable under the Otago Regional Council Flood Protection Management Bylaw 2012.

### EXECUTIVE SUMMARY

- [2] This paper seeks, for the purposes of efficiency and effectiveness, a delegation to appropriate staff to exercise the discretion contained in clause 5.2b of the Otago Regional Council Flood Protection Bylaw 2012.

### RECOMMENDATION

*That the Council:*

- 1) **Approves** delegation to any of the General Manager Regulatory, General Manager Operations and the Chief Executive to refund, remit, or waive the whole or any part of any fee payable under the Otago Regional Council Flood Protection Management Bylaw.

### BACKGROUND

- [3] In August 2012, the Council adopted the "Otago Regional Council Flood Protection Bylaw 2012" ("the Bylaw"). The purpose of the Bylaw was for the protection of community assets such as drainage works and defences against water, which are owned by or under the control of the Council.
- [4] Under clause 5.2a of the Bylaw: *"The Council may, by using the special consultative procedure in Section 83 of the Local Government Act 2002, prescribe any fee payable by any person who applies for an authority under this Bylaw."*
- [5] In 2015, the Council set the following fees which are recorded within the Bylaw: *"A deposit of \$300 is to be paid with your application, and as appropriate, additional costs be invoiced, or refunds made to reflect the actual costs."*
- [6] Under clause 5.2b of the Bylaw: *"The Council may, in such situations as the Council may determine, refund, remit, or waive the whole or any part of any fee payable under this Bylaw"*.

## **ISSUE**

- [7] Delegation to appropriate staff is required to refund, remit, or waive the whole or any part of any fee payable under the Bylaw. Such delegation would align with our processes for Resource Management Act 1991 and Building Act 2004 fees.

## **DISCUSSION**

- [8] For the effective administration of the Bylaw, it is suggested that appropriate delegation be authorised to refund, remit, or waive the whole or any part of any fee payable under the Otago Regional Council Flood Protection Management Bylaw. It is recommended that a delegation to any of the General Manager Regulatory, General Manager Operations and the Chief Executive, be granted.

## **CONSIDERATIONS**

### **Policy Considerations**

- [9] The proposed delegation is consistent with Council's current policies for Resource Management Act 1991 and Building Act 2004 fees.

### **Financial Considerations**

- [10] The proposed delegation may impact on the whole or part of any fee payable under the Bylaw.

### **Significance and Engagement**

- [11] The recommended decision is not a significant decision in terms of the Council's significance policy and no community engagement is required.

### **Legislative Considerations**

- [12] The proposed delegation is in accordance with the Local Government Act 2002.

### **Risk Considerations**

- [13] In the absence of an appropriate delegation, decisions to refund, remit, or waive the whole or any part of any fee payable under the Bylaw, would need to be made by Council.

## 12 MATTERS FOR NOTING

### 12.1 Activity Review for Quarter 3 - 1 July 2018 to 31 March 2019

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS1896
<b>Activity:</b>	Governance Report
<b>Author:</b>	Mike Roesler, Manager Corporate Planning
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services
<b>Date:</b>	10 May 2019

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#### PURPOSE

- [1] The purpose of this report is to present the Council's review of activity performance for the period 1 July 2018 to 31 March 2019.

#### EXECUTIVE SUMMARY

- [2] Key changes reflected in this Quarter Three Activity Review compared to the previous Quarter Two Review are summarised in Paragraph 8 of his report.

#### RECOMMENDATION

*That the Council:*

- a) **Receives** the Activity Review for Quarter 3 - 1 July 2018 to 31 March 2019.

#### BACKGROUND

- [3] Council has reporting requirements under the Local Government Act with a key one being the preparation and adoption of an annual report each financial year.
- [4] The purpose of this reporting is to:
- Compare actual activity performance with the planned work programme as set out in the LTP.
  - Achieve accountability and transparency of Council activity to the community.
- [5] The Council has some flexibility in how it reports ongoing progress throughout the year. A frequency of quarterly reporting has been implemented with Council receiving reports for the three, six, nine, and twelve month periods.

#### DISCUSSION

- [6] The attached Activity Review covers progress over the period 1 July 2018 to 31 March 2019. It also considers the forecasted service and financial situation at year end, 30 June 2019.

- [7] The Activity Review can be considered in conjunction with the 'Financial Report for the 9 months to 31 March 2019' also reported to this Council meeting.
- [8] The Executive Summary section of the Review provides commentary and graphs for the Council's significant activities. Changes in reported results compared to the previous quarter include:
- **Policy and Planning** – momentum continues to build as the freshwater planning programme is revised and implementation occurs. Uncertainty about delivery, while still there, will reduce as science recruitment occurs and operations gain further detail to plan their forward work programme.
  - **Environment** – work relating to 'Lake Snow' research, and provision of good management practice information on Biodiversity is deferred. It is also likely that the planned number of diary inspections will not be met.
  - **Community** – the decision of a Dunedin head office replacement is not likely in this financial year.
  - **Regulatory** – No change from previous report.
  - **Flood Protection and Control Works, and River Management** – No change from previous report. Responding to the July 2017 and November 2018 floods has affected delivery of some planned works. A focus has been to resume forward planning and implementation.
  - **Safety and Hazards** – no change, albeit an improving outlook on previous commentary for Emergency Management activity.
  - **Transport** – some deferral of work to the new financial year including:
    - Feasibility study for Dunedin Airport service.
    - Malaghans Road loop service.

## CONSIDERATIONS

### Policy Considerations

- [9] No applicable considerations.

### Financial Considerations

- [10] This report can be considered in conjunction with the quarterly financial report.

### Significance and Engagement

- [11] No applicable considerations.

### Legislative Considerations

- [12] The Council is going beyond the legislative reporting requirements, preferring to provide a higher frequency to support accountability and transparency to the community.

### Risk Considerations

- [13] No risk considerations.

## ATTACHMENTS

Nil



## 12.2 Financial Report for the Nine Months to 31 March 2019

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS1897
<b>Activity:</b>	Governance
<b>Author:</b>	Stuart Lanham, Finance Manager
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services
<b>Date:</b>	9 May 2019

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### PURPOSE

- [1] This report provides a summary of the Council's financial performance for the nine months ended 31 March 2019 and a summary of the financial position as at that date.

### EXECUTIVE SUMMARY

- [2] This report includes two financial statements:
- A Statement of Comprehensive Revenue and Expense.
  - A Statement of Financial Position.
- [3] Reporting on project expenditure is excluded from this report as that information is included in the Activity Review which is reported separately to the Committee.

#### Statement of Comprehensive Revenue and Expense:

- [4] The statement shows the year to date deficit after tax of \$7,538,000 to be \$4,886,000 higher than the budgeted deficit of \$2,652,000.
- [5] This variance is the net result of expenditure being up by \$6,935,000 (15.47%) on the budget of \$44,817,000 and revenue being up by \$2,063,000 (4.90%) on the budget of \$42,078,000. These variances are largely due to the budget excluding activities carried forward from the previous financial year.

#### Statement of Financial Position:

- [6] The Statement of Financial Position shows the balance sheet position at 31 March 2019 as well as the comparative amounts as at June 2018 and the budgeted position for June 2019.
- [7] Significant variances at 31 March 2019 from the 30 June 2018 position and the estimated 30 June 2019 position arise from two key items:
- *Valuation of the shares in Port Otago Limited*  
The current year budget projects a valuation of \$456,037,000, being \$32,471,000 lower than the June 2018 valuation of \$488,508,000. This is due to the June 2018 valuation increase of \$49,471,000 being unknown at the time the June 2019 budget was set. The valuation remains unchanged from the June 2018 amount until the shares are again revalued as at 30 June 2019.



- *Revenue in advance*

Liabilities at March 2019 include Revenue in Advance of \$6,402,000, with no comparative amounts at June 2018 nor projected for June 2019.

Rate revenue in advance of \$5,823,000 comprises the major element of this item, reflecting rate revenue that will be allocated to the remaining three months of the financial year.

Rate invoices are issued during the first quarter of the financial year, and the revenue is accrued evenly over the twelve-month period – consequently there is no revenue in advance at the end of the financial year.

## **RECOMMENDATION**

*That the Council:*

- a) ***Receives the Financial Report for the Nine Months to 31 March 2019.***

## STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES

- [8] 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.

<b>Otago Regional Council</b>					
<b>Statement of Comprehensive Revenue and Expense</b>					
<b>For the nine months ended 31 March 2019</b>					
<b>Description</b>	<b>Note</b>	<b>Annual Budget</b>	<i>\$000's</i>		
			<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenue:</b>					
Rate revenue	8.1	23,173	17,380	17,459	79
Government subsidies	8.2	9,790	7,342	10,397	3,055
Other revenue	8.3	12,217	9,161	8,283	(878)
Dividend from Port Otago Ltd	8.4	8,450	6,338	6,338	-
Interest & investment income	8.5	1,512	1,134	899	(235)
Rental income		964	723	765	42
Investment property revaluation gain	8.6	335	-	-	-
		<b>56,441</b>	<b>42,078</b>	<b>44,141</b>	<b>2,063</b>
<b>Less expenses:</b>					
Operating expenses	8.7	40,721	30,368	38,763	(8,395)
Employee benefits expense	8.8	16,861	12,646	11,136	1,510
Depreciation & amortisation		2,402	1,801	1,852	(51)
Finance expenses		2	2	1	1
		<b>59,986</b>	<b>44,817</b>	<b>51,752</b>	<b>(6,935)</b>
<b>Surplus/(deficit)</b>		<b>(3,545)</b>	<b>(2,739)</b>	<b>(7,611)</b>	<b>(4,872)</b>
Income tax benefit	8.9	115	87	73	(14)
<b>Surplus/(deficit) after tax</b>		<b>(3,430)</b>	<b>(2,652)</b>	<b>(7,538)</b>	<b>(4,886)</b>
<b>Other comprehensive revenue and expense:</b>					
Revaluation gain on POL shares	8.10	7,000	-	-	-
<b>Net Comprehensive Revenue and Expense</b>		<b>3,570</b>	<b>(2,652)</b>	<b>(7,538)</b>	<b>(4,886)</b>

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

### Note 8.1 – Rate revenue

Annual rate assessments amounting to \$26,786,277 for the July 2018 to June 2019 rating year were issued during the month of September 2018, with the due date for payment being 31 October 2018.

Rate revenue is reported as income in the Statement of Comprehensive Revenue and Expense evenly throughout the year, with the “unearned” portion reflected as “revenue received in advance” in the Statement of Financial Position.

**Note 8.2 – Government subsidies**

Council receives subsidies from Government agencies on eligible expenditure. In most instances the level of subsidy income is directly related to the level of eligible expenditure incurred.

Overall subsidy income is up \$3,055,000 on the budget of \$7,342,000, with the most significant individual variances being within the transport activity.

The Bus Hub, electronic ticketing system and the stock truck effluent disposal sites (STEDS) projects are significantly up on the budgeted income level due to the related expenditure being budgeted in previous years but only now coming to charge in the current year, as the projects have progressed. The Bus Hub, electronic ticketing system and STEDS subsidy variances are \$2,197,000, \$553,000 and \$441,000 respectively.

**Note 8.3 – Other revenue**

The amount of other revenue earned of \$8,283,000 is \$878,000 less than the budgeted amount of \$9,161,000.

The budgeted other revenue income category largely comprises revenue that is directly related to the level of activity undertaken. The projects contributing significantly to the lower revenue variance, and being largely due to lower levels of activity, are:

- resource consents with a variance of \$204,000 (budgeted at \$970,000),
- compliance monitoring with a variance of \$464,000 (budgeted at \$752,000), and
- enforcement with a variance of \$230,000 (budgeted at \$382,000).

**Note 8.4 – Dividend income from Port Otago Limited**

The total dividend budgeted to be received during the year to June 2019 amounts to \$8,450,000, including a special dividend of \$750,000.

Dividend income of \$6,338,000 has been accrued in the nine months to 31 March 2019. The first interim dividend for the June 2019 year of \$3,600,000 was received during February 2019, with a second interim dividend expected in June 2019 followed by a final dividend expected in September 2019.

**Note 8.5 – Interest and investment income**

The interest and investment income revenue line comprises interest earned on term deposits and bank accounts of \$533,000 and an increase in the fair value of the managed fund portfolio for the nine months of \$366,000.

The net change 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 8.6 – Investment property revaluation gain**

Investment property is revalued by an external valuer annually as at 30 June, with the next revaluation date being 30 June 2019. Consequently, the budget and actual amounts to 31 March 2019 reflect nil values.

**Note 8.7 – Operating expenses**

Operating expenses exceed the budget of \$30,368,000 by \$8,395,000 due to the budget not including projects carried forward from the previous financial year.

Two carried forward transport projects with significant over-expenditure are the Bus Hub with expenditure of \$5,663,000 against a budget of \$82,000 – a variance of \$5,581,000 and the STEDS project with expenditure of \$404,000 against the budget of \$64,000. These variances are timing related as the expenditure was budgeted in the previous year but has been progressed and completed in the current year. This expenditure is partially offset by increased subsidy revenue which has also been claimed in the current year (see Note 8.2).

Additionally, over-expenditure of \$794,000 has occurred in the minimum flows project with expenditure of \$1,133,000 against the budget of \$339,000.

The overspend in operating expenses is also partially offset by an underspend in the employee benefits expense as outlined in Note 8.8 below.

**Note 8.8 – Employee benefits expense**

The employee benefits expense of \$11,136,000 is \$1,510,000 less than the budgeted amount of \$12,646,000. However, where there are employee vacancies and additional resource requirements, the Council may engage temporary contracted resource to achieve required work targets. The cost of contracted resource is included in operating expenses, not employee benefits expense, and results in a corresponding over and under spend in each expense category.

The combined employee benefits expense and casual labour expense shows a net underspend of \$541,000 against a budget of \$12,686,000.

**Note 8.9 – Income tax benefit**

The Council obtains a tax benefit from the tax-deductible donation made to support the Otago Rescue Helicopter operation. The tax benefit is able to be realised as the Council and Port Otago Limited entities are regarded as a group for financial reporting and tax purposes.

**Note 8.10 – Revaluation gain on Port Otago Limited shares**

The Council's 100% shareholding in Port Otago Limited is externally revalued annually as at 30 June. Consequently, the budgeted and actual gains to 31 March 2019 reflect nil values.

It is noted that the valuation comprises Port Otago Limited and all entities in which the company has an interest, including Chalmers Properties Limited.

**STATEMENT OF FINANCIAL POSITION**

[10] Shows Council's financial position as at 31 March 2019, along with budgeted amounts for the financial position at 30 June 2019, and comparative amounts as at 30 June 2018.

<b>Otago Regional Council Statement of Financial Position as at 31 March 2019</b>				
<b>Description</b>	<b>Note</b>	<i>\$000's</i>		
		<b>Budget 30 June 2019</b>	<b>Actual 31 March 2019</b>	<b>Actual 30 June 2018</b>
<b>Current assets</b>				
Other financial assets	10.1	43,557	40,123	40,311
Cash and cash equivalents	10.1	148	2,448	8,125
Trade and other receivables	10.2	3,556	8,386	8,709
Dividends receivable	10.3	-	2,238	-
Property held for sale		1,093	-	214
Other current assets		261	274	231
		<b>48,615</b>	<b>53,469</b>	<b>57,590</b>
<b>Non-current assets</b>				
Shares in Port Otago Ltd	10.4	456,037	488,508	488,508
Property plant and equipment		93,452	92,060	90,212
Investment property	10.5	11,493	11,137	11,137
Intangible assets		4,233	3,351	2,724
Deferred tax asset		98	71	98
		<b>565,313</b>	<b>595,127</b>	<b>592,679</b>
<b>Total assets</b>		<b>613,928</b>	<b>648,596</b>	<b>650,269</b>
<b>Liabilities – all current</b>				
Trade and other payables		7,159	8,739	9,019
Employee entitlements		1,665	1,437	1,701
Revenue in advance	10.6	-	6,402	-
		<b>8,824</b>	<b>16,578</b>	<b>10,720</b>
<b>Net assets</b>		<b>605,104</b>	<b>632,018</b>	<b>639,549</b>
<b>Public equity and reserves</b>				
Public equity		129,712	123,216	130,499
Available-for-sale revaluation reserve	10.4	436,037	468,508	468,508
Asset revaluation reserve	10.5	9,432	9,076	9,076
		<b>575,181</b>	<b>600,800</b>	<b>608,083</b>
<b>Other reserves</b>				
Building reserve		14,499	13,064	13,248
Kuriwao endowment reserve		6,391	6,468	6,432
Asset replacement reserve		3,979	5,745	6,070
Emergency response reserve		4,320	4,289	4,182
Water management reserve		403	1,012	1,039
ECO fund		331	640	495
		<b>29,923</b>	<b>31,218</b>	<b>31,466</b>
<b>Total equity and reserves</b>		<b>605,104</b>	<b>632,018</b>	<b>639,549</b>

**Note 10.1 – Other financial assets, cash and cash equivalents**

Cash and cash equivalents of \$2,448,000 includes current bank balances and any term deposits with durations of less than four months.

Other financial assets of \$40,123,000 comprise an investment portfolio of \$21,623,000 and term deposits of \$18,500,000 with durations of 4-12 months.

The term deposits are managed by the Bank of New Zealand. The investment portfolio was substantially transferred to JBWere Limited during March 2019 with the final transfers made during April and May.

**Note 10.2 – Trade and other receivables**

The receivables amount of \$8,386,000 includes rate debtors of \$1,647,000, net GST receivable of \$1,055,000 and transport related debtors and receivables of \$2,858,000.

**Note 10.3 – Dividends receivable**

Dividend income of \$6,338,000 has been accrued for the nine months to 31 March 2019. The dividend receivable amount in the Statement of Financial Position of \$2,238,000 comprises the income accrual of \$6,338,000 less the final dividend of \$500,000 for the June 2018 year received in September 2018 and the first interim dividend for the 2019 year of \$3,600,000 received in February 2019.

**Note 10.4 – Shares in Port Otago Limited and available-for-sale revaluation reserve**

The shares in Port Otago Limited are revalued annually for financial reporting purposes and were last revalued to \$488,508,000 as at 30 June 2018. The budgeted value at June 2019 of \$456,037,000 is significantly less than the June 2018 valuation, and was set prior to the June 2018 valuation increase of \$49,471,000 being known.

**Note 10.5 – Investment property and asset revaluation reserve**

Investment property is revalued annually and was last revalued at June 2018. All revaluation gains on investment property are transferred to the property revaluation reserve.

**Note 10.6 – Revenue in advance**

Revenue in advance of \$6,402,000 includes rates revenue of \$5,823,000, which will be released as revenue in the Statement of Revenue and Expense in the months of April through to June 2019.

**ATTACHMENTS**

Nil

### 12.3 Documents Signed under Council Seal

<b>Prepared for:</b>	Council
<b>Report No.</b>	GOV1835
<b>Activity:</b>	Governance Report
<b>Author:</b>	Liz Spector, Committee Secretary
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services
<b>Date:</b>	7 May 2019

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#### PURPOSE

- [1] To inform the Council of delegations which have been exercised during the period 03 April 2019 to 7 May 2019.

#### RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.

#### DOCUMENTS SIGNED UNDER THE COUNCIL'S SEAL

- [2] Navigational Safety Bylaw 2019, enacted by Council 3/4/2019
- [3] Warrant Renewal 2019/15 - Appointment of Simon David Beardsmore as enforcement officer under S371B of the Building Act 2004 for the purposes of exercising the functions and powers under the Building Act 2004.
- [4] Warrant Renewal 2019/14 - Appointment of Simon David Beardsmore as authorised officer under S174 of the Local Government Act 2002 for the purposes of exercising the functions, powers and duties under the Local Government Act 2002 and the Building Act 2004.
- [5] Warrant 2019/17 - Appointment of David Duane Calvert as enforcement officer under S371B of the Building Act 2004 for the purposes of exercising the functions and powers under the Building Act 2004.
- [6] Warrant 2019/16 - Appointment of David Duane Calvert as authorised officer under S174 of the Local Government Act 2002 for the purposes of exercising the functions, powers and duties under the Local Government Act 2002 and the Building Act 2004.
- [7] Warrant 2019/18 - Appointment of Stephen Andrew Smith as enforcement officer under S371B of the Building Act 2004 for the purposes of exercising the functions and powers under the Building Act 2004.
- [8] Warrant 2019/19 - Appointment of Stephen Andrew Smith as authorised officer under S174 of the Local Government Act 2002 for the purposes of exercising the functions, powers and duties under the Local Government Act 2002 and the Building Act 2004.

- [9] Warrant 2019/15 (2) - Appointment of Kevin Robert Allan as enforcement officer under S371B of the Building Act 2004 for the purposes of exercising the functions and powers under the Building Act 2004.
- [10] Warrant 2019/14 (2) - Appointment of Kevin Robert Allan as authorised officer under S174 of the Local Government Act 2002 for the purposes of exercising the functions, powers and duties under the Local Government Act 2002 and the Building Act 2004.
- [11] Warrant 2019/13 - Appointment of Richard Gray Lord as enforcement officer under S371B of the Building Act 2004 for the purposes of exercising the functions and powers under the Building Act 2004.
- [12] Warrant 2019/12 - Appointment of Richard Gray Lord as authorised officer under S174 of the Local Government Act 2002 for the purposes of exercising the functions, powers and duties under the Local Government Act 2002 and the Building Act 2004.
- [13] Water Race Licence 1842CR/WR3690C - Certificate under S.417 of the RMA 1991, WR1842 substitution of WR3690C: Long Gully Race Society Incorporated of c/-Checketts McKay Law Limited, 35 The Mall, Cromwell.

**ATTACHMENTS**

Nil



## 13 REPORTS BACK FROM COUNCILLORS

### Councillor Update – Cr Michael Deaker

1. **25 April:** attended the Dunedin Anzac Day service, on behalf of the chair, and laid the ORC wreath. Our wreath was beautifully made and the service was moderately well attended.
2. **27 April:** went to the lower Leith River guided walk opportunity at the Clyde street bridge. The solitary person there said the event was off because of the rain and diverted me to the Wild Dunedin expo at the Woodhaugh gardens where I found three tents, some fish tanks and a handful of sheltering people.
3. **29 April:** attended the Central City Advisory Group meeting at DCC. DCC staff reported the results of a successful engagement campaign with all groups with an interest in central city George Street. Clear preferences had come through about a wide range of changes/improvements to the street. There is equally good engagement with ORC transport staff about the potential impacts on bus routes.
4. **29 April:** met with Ben Hawke, a Kings HS student. Ben had recently been at a youth leadership conference at Lincoln and had been interested to meet with members of regional youth councils e.g. ECan and Environment Waikato. He suggested there could be an ORC youth council, involving secondary school and tertiary students from across the region.
5. **7 May:** Interviewed in OAR breakfast show re ECO Fund.
6. **11 May:** attended annual plan consultation opportunity at Dunedin farmers' market.
7. **13 May:** attended Connecting Dunedin meeting at DCC.

## Councillor Update – Cr Ella Lawton

### Robert Costanza - 8<sup>th</sup> & 9<sup>th</sup> April

Professor Robert (Bob) Costanza was hosted by Catchments Otago where he gave several public talks and a held a number of private engagements. Professor Costanza's transdisciplinary research integrates the study of humans and the rest of nature to address research, policy and management issues at multiple time and space scales, from small watersheds to the global system. His specialties include: transdisciplinary integration, systems ecology, ecological economics, ecosystem services, landscape ecology, ecological modelling, ecological design, energy analysis, environmental policy, social traps, incentive structures and institutions.

I attended both the public talk in Invercargill and a full day workshop at Environment Southland focused on ecosystem services, ecosystem accounting and systems thinking. Environment Southland are looking at using these concepts/tools to best understand, plan and act through integrated watershed management.

Professor Costanza stressed the importance of biophysical limits, and that environmental health needs to be considered in this context. Unless there is an understanding of the science at a systems level, governments are likely to instigate change through policy without understanding the full implications of those policy levers.

I was particularly interested in how government, including ORC, could benefit from a better understanding of ecosystem services supplied by the natural environment. The use of ecological economics to integrate a natural and social accounting system into the policy framework would be extremely valuable in broadening the discussion of 'value'. Hopefully the Living Standards Framework led by Treasury will include some of this thinking. For example, having qualitative and quantitative measures of 'value' (short and long term) for on-farm water pollution mitigation measures could encourage greater uptake by land owners, and greater protection of the water system.

<http://www.robertcostanza.com/>

### Dairy NZ Farming within Limits Farm Day – 30<sup>th</sup> April

Scott Johnstone and Louise Oldham hosted about 30 people to their Milton property. The day was focused on best practice on-farm dairy operations. Discussions were mainly focused on effluent storage and application; fodder beat production and riparian planting. Landscape management was talked about a lot, highlighting that good management that prevents leaching and run-off is more effective than mitigation of the damage. There was some discussion about PC 6A and its on-farm implications. DairyNZ was asked whether 'best practice' would achieve 6A limits; to which end the conversation largely ceased. There was still a lot of unease about what needed to be done on-farm to achieve these limits.

Lloyd McCall was also there talking about the value of Catchments Groups and encouraging attendees to consider joining.

In relation to Prof. Costanza's work, it was interesting to talk to an ANZ rep who was explaining the bank's work in integrating natural capital into their accounting system. The intention was to include natural capital alongside financial capital to better understand 'risk' for them and their clients.

[https://www.dairynz.co.nz/media/4106341/Good\\_management\\_practices\\_April\\_2016.pdf](https://www.dairynz.co.nz/media/4106341/Good_management_practices_April_2016.pdf)



Hanna Stalker, Catchment engagement leader, Otago – addressing the crowd at the bottom of a fodder beat field, highlighting the advantages of good management over and above grass margins and riparian planting.

### Nutrient Balance workshop – 2<sup>nd</sup> & 3<sup>rd</sup> May

Selva Selvarajah ran a two-day workshop called ‘Effective Farm Nutrient Management under the RMA to Improve Water Quality’. The main objective of the technical workshop was to provide scientific and RMA knowledge in N & P management to improve NZ water quality. This was done by providing clarity in all relevant complex N and P processes in soil and water in the context of nutrient management under the RMA which in turn enables the assessment of mitigation measures for their effectiveness and the wise use of Overseer®.

The workshop was intense, and very worthwhile. Particularly that also in the room were farmers, with practical knowledge, and government advisers, who could share their learnings. The biggest take-homes for me from the workshop were:

- How little I understood soil science;
- That our farming systems are generally very inefficient at managing nutrient cycling, there is huge opportunity for improvement;
- Farming systems, such as organics, that pay close attention to the health of the soil, make a lot of scientific sense. There is very little NZ based R&D in this space but plenty of international evidence.
- Understanding the science behind the huge issues created by tilling and the advantages of direct sowing;
- Being clear that constructed wetlands are a mitigation measure, natural wetlands are not. Both are only temporary fixes; and
- The need for central government to own and improve the Overseer model.

I highly recommend anyone interested in this course to attend.

[selvarajah@enviroknowledge.co.nz](mailto:selvarajah@enviroknowledge.co.nz)

### Balclutha Annual Plan Drop-In – 8<sup>th</sup> May

## 14 NOTICES OF MOTION

No Notices of Motion were registered.

## 15 RECOMMENDATIONS ADOPTED AT 1 MAY 2019 COMMITTEE MEETINGS

### 15.1 Recommendations of the Communications Committee

#### 10.1. ECO Fund - Decision Panel

##### Resolution

*That the Council approves:*

- 1) *The nomination of Cr Bell, Cr Kempton and Cr Woodhead to the decision panel for Round 3.*
- 2) *That Lisa Gloag, Manager Communications and Engagement, contacts the selected Councillors to start the process for Round 3.*

Moved: Cr Deaker

Seconded: Cr Robertson

**CARRIED**

#### 11.1. General Manager's Report on Progress

##### Resolution

*That the Council:*

- 1) *Receives this report.*

Moved: Cr Hope

Seconded: Cr Deaker

**CARRIED**

### 15.2 Recommendations of the Public Portion of the Finance and Corporate Committee

#### 10.1. General Manager's Report

##### Resolution

*That the Finance and Corporate Committee:*

- 1) **Receives** this report;
- 2) **Endorses** the March 2019 payments summarised and detailed in the payments schedule, totalling \$8,321,607.00; and,
- 3) **Notes** that the lease for the Roxburgh Depot at 189 Scotland Street, Roxburgh will not be renewed.

Moved: Cr Brown

Seconded: Cr Scott

**CARRIED**

#### 11.1. Public Transport Update

##### Resolution

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Hope

Seconded: Cr Robertson

**CARRIED**

#### 11.2. Remuneration Authority Determination 2019/20

## Resolution

*That the Finance and Corporate Committee:*

- 1) **Receives** this report.
- 2) **Notes** the process the Remuneration Authority is undertaking to issue a new determination for local government elected members remuneration effective from 1 July 2019.
- 3) **Confirms** that no changes to Council's governance structure and/or positions of responsibility are proposed for the period from 1 July 2019 until the local government election in October.

Moved: Cr Robertson

Seconded: Cr Deaker

CARRIED

## 15.3 Recommendations of the Policy Committee

### 11.1. General Manager's Report on Progress

#### Resolution

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Hope

Seconded: Cr Brown

CARRIED

### 11.2. Implications of the Environment Court's procedural decision on the Proposed Otago Regional Policy Statement

#### Resolution

*That the Council:*

- 1) **Notes** that the Environment Court has ruled that the proposed Otago Regional Policy Statement does not achieve the purpose of the Resource Management Act 1991.
- 2) **Notes** that the ORC has proposed changes to the Environment Court to remedy its concerns
- 3) **Notes** that the ORC has appealed the procedural decision to the High Court.

Moved: Cr Neill

Seconded: Cr Hope

CARRIED

## 15.4 Recommendations of the Regulatory Committee

### 11.1. General Manager's Report on Progress

#### Resolution

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Robertson

Seconded: Cr Hope

CARRIED

### 11.2. Consents and Building Control

#### Resolution

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Brown

Seconded: Cr Hope

CARRIED

### **11.3. Enforcement Activity**

#### **Resolution**

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Hope

Seconded: Cr Robertson

CARRIED

## **15.5 Recommendations of the Technical Committee**

### **10.1. General Manager Operations Report to Technical Committee**

#### **Resolution**

*That the Council:*

- 1) **Receives** this report.
- 2) **Direct** staff to provide regular updates on rabbit control (biosecurity) on the GM reports.

Moved: Cr Deaker

Seconded: Cr Hope

CARRIED

## **16 RESOLUTION TO EXCLUDE THE PUBLIC**

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

- **Item 8.1 Minutes of the 3 April 2019 Public Excluded Council Meeting**

- **Item 10.1 Port Otago Director Appointment**
- **Item 10.2 Head Office Update**

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:

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
<i>Item 1.1 Minutes of 3/4/19 Public-Excluded Council Meeting</i>	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	That the public conduct of the relevant part of the proceedings of the meeting would likely result in disclosure of information which good reason for withholding exists. Section 48(1)(a).
<i>Item 2.1 CS1893 Appointment of Port Otago Director</i>	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	That the public conduct of the relevant part of the proceedings of the meeting would likely result in disclosure of information which good reason for withholding exists. Section 48(1)(a).
<i>Item 2.2 GOV1834 Head Office Update</i>	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	That the public conduct of the relevant part of the proceedings of the meeting would likely result in disclosure of information which good reason for withholding exists. Section 48(1)(a).

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.

## **17 CLOSURE**