



FINANCE AND CORPORATE COMMITTEE AGENDA

Wednesday 11 September 2019, 10:30 a.m.

Held in the Council Chamber at Level 2 Philip Laing
House, 144 Rattray Street, Dunedin

Membership

Cr Doug Brown

(Chairperson)

Cr Andrew Noone

(Deputy Chairperson)

Cr Graeme Bell

Cr Michael Deaker

Cr Carmen Hope

Cr Trevor Kempton

Cr Michael Laws

Cr Ella Lawton

Cr Sam Neill

Cr Gretchen Robertson

Cr Bryan Scott

Cr Stephen Woodhead

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

TABLE OF CONTENTS

1. Apologies.....	3
2. Leave of Absence	3
3. Attendance.....	3
4. Confirmation of Agenda.....	3
5. Conflict of Interest	3
6. Public Forum	3
7. Presentations	3
8. Confirmation of Minutes.....	3
9. Actions	9
10. Matters for Council Decision.....	10
10.1. General Manager's Report	10
10.2. Annual Return of Inactive Subsidiaries 2019	11
11. Matters for Noting	13
11.1. Reserves.....	13
12. Closure	18

1. APOLOGIES

No apologies were received prior to circulation of the agenda.

2. LEAVE OF ABSENCE

No leave of absence has been requested.

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

Anne Marie Parsons, Dunedin, has requested to address the Committee members about installation of a bus shelter for those using intercity transportation.

7. PRESENTATIONS

- Port Otago Limited – presentation of Annual Report
- Otago Rescue Helicopter Trust – presentation of Annual Report

8. CONFIRMATION OF MINUTES

Recommendation

That the minutes of the (public portion of the) meeting held on 1 August 2019 be received and confirmed as a true and accurate record.

Attachments

1. Finance and Corporate Minutes 20190801 [**8.1.1** - 5 pages]



Minutes of a meeting of the
Finance and Corporate Committee held in the
Council Chamber on Thursday, 1 August 2019,
commencing at 1:09 p.m.

Membership

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

Welcome

Cr Brown welcomed Councillors, members of the public and staff to the meeting at 01:09 pm..

For our future

70 Stafford St, Private Bag 1954, Dunedin 9054 | **ph** (03) 474 0827 or 0800 474 082 | www.orc.govt.nz

1. APOLOGIES

Cr Lawton was an apology.

2. LEAVE OF ABSENCE

No leave of absence was requested.

3. ATTENDANCE

Sarah Gardner *(Chief Executive)*
Nick Donnelly *(General Manager Corporate Services and CFO)*
Gavin Palmer *(General Manager Operations)*
Amanda Vercoe *(Executive Advisor)*
Liz Spector *(Committee Secretary)*

4. CONFIRMATION OF AGENDA

The agenda was confirmed as tabled.

5. CONFLICT OF INTEREST

No conflicts of interest were advised.

6. PUBLIC FORUM

No public forum was held.

7. PRESENTATIONS

No presentations were held.

8. CONFIRMATION OF MINUTES

8.1. Minutes of the 12 June 2019 Finance and Corp Meeting Resolution

That the minutes of the (public portion of the) meeting held on 12 June 2019 be received and confirmed as a true and accurate record.

Moved: Cr Noone
Seconded: Cr Woodhead
CARRIED

8.2. Minutes of the 12 June 2019 Public-excluded Finance and Corp Meeting Resolution

Finance and Corporate Committee 20190801

That the minutes of the public-excluded meeting held on 12 June 2019 be received and confirmed as a true and accurate record.

Moved: Cr Noone
Seconded: Cr Woodhead
CARRIED

9. ACTIONS

Status report on the resolutions of the Finance & Corporate Committee

There are no outstanding resolution actions for the Finance and Corporate Committee.

10. MATTERS FOR COUNCIL DECISION

10.1. Port of Otago Statement of Corporate Intent

The Draft Statement of Corporate Intent (SCI) for Port Otago Limited was provided to the Committee members for review prior to its finalisation. The SCI sets out the objectives of the Port Otago group, and the intended nature and scope of activities for the three-year period to 30 June 2022. The three-year scenario covered by the Draft Statement is reviewed annually on a rolling basis. The Board's Chair, David Faulkner, the Chief Executive of Port Otago Limited, Kevin Winders, and the CFO Stephen Connelly were present to speak to the report and answer questions.

Resolution

That the Finance and Corporate Committee:

- 1) **Receives** this report and the attached Draft Statement of Corporate Intent for Port Otago Limited.
- 2) **Endorses** the Statement of Corporate Intent.

Moved: Cr Woodhead
Seconded: Cr Neill
CARRIED

10.2. General Manager's Report

The General Manager's Report informs the Finance and Corporate Committee of significant financial and corporate activity and presents account payments to the Committee for endorsement. The General Manager Finance and CFO (Nick Donnelly) was present to speak to the report and answer questions. There were no questions and Cr Brown asked for a motion.

Resolution

That the Finance and Corporate Committee:

- a) **Receives** this report.
- b) **Endorses** the May and June 2019 payments summarised and detailed in the payments schedule, totalling \$15,438,619.35.

Finance and Corporate Committee 20190801

Moved: Cr Noone
Seconded: Cr Brown
CARRIED

11. MATTERS FOR NOTING

11.1. Public Transport Update

The Public Transport Report was provided to update the Committee on the Dunedin and Queenstown bus service network performance along with Employment Relations Act (ERA) Regulation updates and the annual NZTA customer satisfaction survey results. The Team Leader Public Transport, Dunedin (Julian Phillips) was present to speak to the report and answer questions.

Resolution

That the Council:

- 1) **Receives** this report.

Moved: Cr Brown
Seconded: Cr Hope
CARRIED

12. NOTICES OF MOTION

No Notices of Motion were advised.

13. RECOMMENDATIONS OF MEETINGS

13.1. Recommendations of the 20 June 2019 Audit and Risk Subcommittee Meeting Resolution

That the Committee:

- 1) **Notes** the recommendations of the 20 June 2019 Audit and Risk Subcommittee.

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

13.2. Recommendations of the 20 June 2019 Public-excluded Audit & Risk Subcommittee Meeting

Resolution

That the Committee:

- 1) **Notes** the recommendations of the 20 June 2019 Public-excluded Audit and Risk Subcommittee Meeting.

Finance and Corporate Committee 20190801

Moved: Cr Woodhead
Seconded: Cr Noone
CARRIED

13. CLOSURE

There was no further business and Chair Brown declared the meeting closed at 02:08 pm.

Chairperson

Date

9. ACTIONS

Status report on the resolutions of the Finance & Corporate Committee

There are no outstanding actions from Finance and Corporate Committee resolutions.

10. MATTERS FOR COUNCIL DECISION

10.1. General Manager's Report

Prepared for: Finance and Corporate Committee
Report No. CS1913
Activity: Governance Report
Author: Nick Donnelly, General Manager Corporate Services
Endorsed by: Nick Donnelly, General Manager Corporate Services
Date: 29 August 2019

PURPOSE

- [1] This report informs the Finance and Corporate Committee of significant financial and corporate activity and presents account payments to the Committee for endorsement.

RECOMMENDATION

That the Finance and Corporate Committee:

- a) **Receives** this report.
b) **Endorses** the July 2019 payments summarised and detailed in the payments schedule, totalling \$10,057,530.12.

ACCOUNT PAYMENTS

- [2] Schedules of payments made are referred to the Finance and Corporate Committee for endorsement. The financial commitments and payment authorisation are made in accordance with Council's financial delegations and internal control procedures.

Payment Category	July 2019
Trade payments	8,727,670.51
Payroll	1,329,859.61
Total	10,057,530.12

ATTACHMENTS

Nil

10.2. Annual Return of Inactive Subsidiaries 2019

Prepared for: Finance and Corporate Committee
Report No. CS1912
Activity: Governance Report
Author: Sarah Munro, Finance Manager - Reporting
Endorsed by: Nick Donnelly, General Manager Corporate Services
Date: 23 August 2019

PURPOSE

- [1] Due to the significance and profile of the Regional Services Business Unit, the Council, solely for name protection purposes, registered the following companies in April 2006:
- Regional Services Limited;
 - Regional Pest Services Limited;
 - Regional Monitoring Services Limited.
- [2] The companies are inactive, and do not have constitutions. The companies are owned 100% by the Otago Regional Council, with a share issue of 100 shares in each company. We consider it important to retain these companies, as this will ensure that the names cannot be used by any other party. The use of these names would suggest a linkage to the Otago Regional Council.
- [3] Section 214 of the Companies Act 1993 requires that an Annual Return be completed for each of the above companies each year by 30 September. The Annual Return includes providing information on shareholding, auditors and Annual General Meetings.

EXECUTIVE SUMMARY

- [4] Under the Companies Act each company is to have either an Annual General Meeting, or under Section 122 of the Companies Act the shareholders may pass a special resolution that it shall not be necessary for a company to hold an annual general meeting, if everything required to be done at that meeting is done by resolution.
- [5] At an Annual General Meeting, the company must decide whether or not to appoint an auditor. A company need not appoint an auditor if a unanimous resolution is passed by all the shareholders.
- [6] Given that the companies are inactive, it is recommended that Council pass two resolutions for each of the companies, the first to not hold an Annual General Meeting, and the second to not appoint an auditor.

RECOMMENDATION

- 1) *That it shall not be necessary for Regional Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- 2) *That no auditors be appointed for Regional Services Limited under section 196 (2) of the Companies Act 1993.*
- 3) *That it shall not be necessary for Regional Pest Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- 4) *That no auditors be appointed for Regional Pest Services Limited under section 196 (2) of the Companies Act 1993.*
- 5) *That it shall not be necessary for Regional Monitoring Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.*
- 6) *That no auditors be appointed for Regional Monitoring Services Limited under section 196 (2) of the Companies Act 1993.*

ATTACHMENTS

Nil

11. MATTERS FOR NOTING

11.1. Reserves

Prepared for:	Finance and Corporate Committee
Report No.	CS1914
Activity:	Governance Report
Author:	Sarah Munro, Finance Manager – Reporting
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	27 August 2019

PURPOSE

- [1] To provide an overview of Council’s Equity and Reserves and a reconciliation of these to the financial assets Council holds in cash and financial investments.

EXECUTIVE SUMMARY

- [2] As at 30 June 2019 Council’s balance sheet includes Equity of \$680M (2019; \$640M). This includes reserves of \$555M (2019; \$509M) and Public Equity of \$124M (2019; \$131M). Council also has financial assets of \$38M (2019; \$48M) made up of Cash and Cash Equivalents of \$15M (2019; \$8M) and Other Financial Assets of \$23M (2019; \$40M).
- [3] The Equity amounts include significant non-cash amounts therefore there is a variance between the Equity / Reserves amounts and the actual cash reserves that Council holds.
- [4] These numbers are updated and reported to Council in financial statements including those included in the Annual Report, Long-term Plan and Annual Plan.
- [5] At the 26 June 2019 Council meeting further information was requested in relation to the Public Equity amount included in the Statement of Financial Position with the Annual Plan 2019/20.
- [6] This paper provides further analysis of the Public Equity and Reserves amounts and a reconciliation of those Reserves to the actual funds available in Financial Assets.

RECOMMENDATION

That the Council:

- a) ***Receives and notes this report.***

SUMMARY

- [7] Council's statement of financial position shows Equity of \$680M. Equity has largely arisen from vesting of assets on the establishment of Council and from ongoing asset revaluations. The majority of this balance is therefore non-cash.

Summary of Equity	30-Jun-2019 \$000	30-Jun-2018 \$000
Public Equity		
General Rates	72,482	69,929
Special Rates	51,955	60,570
Total Public Equity	124,437	130,499
Reserves		
Revaluation Reserves	525,736	477,584
Funded Reserves	29,885	31,466
Total Reserves	555,621	509,050
Total Equity	680,058	639,549

- [8] At establishment, Council was vested a number of assets. Overtime other infrastructure assets have also vested to Council. On acquisition these assets are offset in Council's balance sheet by an increase in Public Equity. Assets vested to Council include operational property, infrastructure assets and shares in Port Otago Limited.
- [9] Reserves include Revaluation Reserves that relate to non-cash revaluations of investment property and Council's shareholding in Port Otago.

Revaluation Reserves	30-Jun-2019 \$000	30-Jun-2018 \$000
Property	11,501	9,076
Port Otago	514,235	468,508
Total Revaluation Reserves	525,736	477,584

- [10] Reserves also includes funded reserves which are cash reserves held for specific purposes.

Funded Reserves	30-Jun-2019 \$000	30-Jun-2018 \$000
Building	13,105	13,248
Asset Replacement	5,034	6,070
Kuriwao	6,472	6,432
Emergency Response	4,325	4,182
Water Management	875	1,039
Environmental Enhancement	74	495
Total	29,885	31,466

[11] Cash / financial assets balance can be reconciled back to Public Equity as follows:

Cash / Financial Assets Reconciliation	30-Jun-2019 \$000	30-Jun-2018 \$000
Cash and Cash Equivalents	15,432	8,125
Other Financial Assets	22,502	40,311
Total Funds Available	37,934	48,436
Less: Funded Reserves	29,885	31,466
Public Equity Cash Balance	8,049	16,970

[12] The Public Equity Cash Balance is made up of two parts. First is the portion attributable to specific targeted rating schemes or activities. This includes non-cash infrastructure assets, scheme fund surpluses and scheme fund deficits where those schemes have been internally debt funded.

Targeted Rate Public Equity	30-Jun-2019 \$000	30-Jun-2018 \$000
Infrastructure Assets	66,304	64,994
Scheme Fund Surpluses		
River Management	3,670	3,868
Flood and Drainage	1,212	1,907
Other	211	456
Scheme Deficits		
Flood and Drainage	(16,715)	(13,668)
Transport	(2,727)	3,013
Total Targeted Rate Public Equity	51,955	60,570

Note: A breakdown of the above amounts by scheme is provided in paragraph 15

[13] The remaining Public Equity Cash Balance is therefore attributable to General Rates and forms the General Reserve Cash Balance.

Summary of General Reserve Cash Balance	30-Jun-2019 \$000	30-Jun-2018 \$000
Public Equity Cash Balance	8,049	16,970
Less:		
Targeted Rate Scheme Surpluses	5,093	9,244
General Reserve Cash Balance	2,956	7,726

- [14] Note the General Reserve has internally debt funded the targeted rate schemes that are in deficit.

Summary of General Reserve after Debt Repayment	30-Jun-2019 \$000	30-Jun-2018 \$000
General Reserve Cash Balance	2,956	7,726
Addback:		
Targeted Rate Internal Funding	16,715	13,668
General Reserve after Debt Repayment	19,671	21,394

- [15] The breakdown Targeted Rate Public Equity by scheme is as follows:

Targeted Rate Public Equity	30-Jun-2019 \$000	30-Jun-2018 \$000
River Management		
Central Otago	395	387
Clutha	38	112
Dunedin	1,479	1,768
Queenstown	684	753
Waitaki	222	143
Wanaka	571	505
Shotover	133	57
Stoney Creek	148	143
Flood and Drainage		
Alexandra Flood	231	306
East Taieri Drainage	199	386
Leith Flood	(14,665)	(11,925)
Lower Clutha Flood and Drainage	(197)	(149)
Lower Taieri Flood	632	1,060
Lower Waitaki Flood	(9)	(17)
Tokomairiro Drainage	150	155
West Taieri Drainage	(1,844)	(1,577)
Other		
Clean Heat	209	350
Dunedin Transport	(2,539)	2,930
Queenstown Transport	(188)	83
Rural Water Quality	509	284
Dairy Monitoring	74	25
Wilding Pines	(144)	(63)
Emergency Management	(63)	(140)
Lakes Hayes Restoration	(374)	0
Infrastructure Assets	66,304	64,994
Total Targeted Rate Public Equity	51,955	60,570

CONSIDERATIONS

Policy Considerations

[16] There are no policy considerations – paper is for noting only.

Financial Considerations

[17] There are no financial considerations – paper is for noting only.

Significance and Engagement

[18] There are no significance and engagement considerations – paper is for noting only.

Legislative Considerations

[19] There are no legislative considerations – paper is for noting only.

Risk Considerations

[20] There are no risk considerations – paper is for noting only

ATTACHMENTS

Nil

12. CLOSURE