

### 7.3. Decision on Future of Rabbit Control Assets

**Prepared for:** Implementation Committee  
**Report No.** ENV2102  
**Activity:** Environmental – Control of Pests  
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**Endorsed by:** Gavin Palmer, General Manager Operations  
**Date:** 8 December 2021

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#### PURPOSE

[1] This report seeks a final decision on the future of ORC owned rabbit control assets.

#### EXECUTIVE SUMMARY

[2] The paper recommends the sale and disposal of the Council's remaining rabbit control assets to support the private sector to undertake rabbit control.

#### RECOMMENDATION

*That the Committee:*

- 1) **Notes** this report.
- 2) **Notes** the outcome of the initiative to supply poisoned carrot bait to landholders on a trial basis over Winter 2021, based in Central Otago, for the purposes of rabbit control and promoting this opportunity to landholders.
- 3) **Approves** the extension of this arrangement for the Winter 2022 control season.
- 4) **Notes** the results of the contractor survey on the future use of Council owned rabbit control assets.
- 5) **Notes** the results of the safety assessment of Council owned rabbit control assets by an independent Senior Safety & Compliance Engineer.
- 6) **Approves** the staff recommendation to dispose of all remaining Council owned rabbit control assets.
- 7) **Notes** the environmental incentive contestable funding package for 2021/2022 to support better rabbit management by communities (within existing LTP budgets).

## BACKGROUND

- [3] The role and approach of the ORC in relation to the control of rabbits has evolved and changed over time. The Council's key role now, as a regulator, is reflected in the development of the Regional Pest Management Plan (RPMP), incorporating the responsibilities of landowners concerning the control of pests.
- [4] The RPMP supports the fundamental approach embedded in the Biosecurity Act 1993 that landowners are responsible for controlling pests on their land due to the fact that they are the primary beneficiaries of the work. The RPMP sets out the circumstances in which the Council can direct landowners to act, and how, if they fail to do so, the Council can intervene to undertake pest control and recover the costs of pest control from landowners (s128). Council's responsibilities are clearly outlined in the Council approved 2021/2022 Biosecurity Operational Plan<sup>1</sup>.
- [5] Council has ownership of a range of rabbit control assets, including carrot cutters and mixers, bait feeders, and the Galloway depot used to produce bait. The building and associated assets were last used in 2015, after which the Regional Services commercial arm of Council was disestablished. This equipment is surplus to ORC requirements and is sought after by private contractors.
- [6] Over the past 12 months, Council has significantly increased its compliance, education and community facilitation activities aimed at reducing rabbit numbers in Otago. These activities underpin the foundations of an appropriate action/response chain that creates a demand for pest control services.
- [7] Discussion about the future ownership of these assets has occurred since Council's former Regional Services Unit was disestablished in 2015. Since that time a number of contractors have built their capacity to conduct rabbit and other pest control work across the region. Central government investment in programmes like wilding conifer and wallaby control and COVID-19 funded initiatives with pest management components has further improved the local pest contracting market. There are now a range of contractors that are well equipped to conduct a broad spectrum of control operations from small to large scale.
- [8] Despite Council exiting from its (conflicting) service delivery role, a decision still has not been made on what to do with the remaining assets. Council has been asked to decide on the fate of the remaining assets several times, including a paper to Council on 10 May 2019, and again on 14 October 2020. Some equipment has been sold previously to local contractors, and there is continuing demand for ORC's equipment from contractors.
- [9] Some informal, undocumented, hiring arrangements to selected commercial contractors have also occurred in the past, illustrating external demand but achieved in a manner that placed health and safety risk and liability on Council.
- [10] A refreshed approach to rabbit management, combined with increased capacity and capability within Council's biosecurity function has resulted in a much more proactive approach to pest management, without re-entering the market as a commercial pest

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<sup>1</sup> <https://www.orc.govt.nz/media/10015/agenda-council-20210623.pdf>

control operator. While there is still much more work to be undertaken, solid progress has been made with education, engagement, facilitation, and compliance work.

- [11] During 2020/2021, Council received ten inquiries from the public/contractors regarding purchasing of bait. The requesters were referred to companies/contractors who could provide the bait. In addition, two contractors approached Council to borrow ORC equipment as per previous informal arrangements. These two requests were declined based on the advice of an independent mechanical engineer who advised that, in its current state, ORC equipment does not meet today's health and safety standards.
- [12] In 2020 ORC surveyed the public on what to do with the equipment and land. The survey did not elicit detailed information from those most likely to use the equipment to provide services to landholders i.e., appropriately qualified contractors. The survey was too simplistic and was sent to a mix of private landowners, contractors, and community groups.
- [13] Responses to the survey, 160, represented a mix of the region's 225,000 population and some contractors. While it was clear that respondents were very interested in ORC playing a role in reducing rabbit populations, the consultation questions were not detailed enough to provide sufficient evidence to support the level of investment required to retain and utilise the assets for public good, nor did they adequately consider alternative options which may better address the problem of growing rabbit populations<sup>2</sup>.
- [14] Since this public consultation, the biosecurity function has gone through a significant review which has resulted in vastly improved compliance processes, stepped up community engagement, a substantial increase in funding and a restructuring of roles to ensure better capacity and capability to support biosecurity outcomes.

## DISCUSSION

### ***Supply poisoned carrot bait to landholders/Contractors***

- [15] In June 2021, Council considered a proposal for Otago Regional Council to facilitate landholder<sup>3</sup> access to poisoned carrot bait for rabbit control. Council agreed to progress a trial and made the following resolutions:
- a. Approves ORC supporting suitably equipped entities in the supply of poisoned carrot bait to landholders on a trial basis over Winter 2021, based in Central Otago, for the purposes of rabbit control and promoting this opportunity to landholders.*
  - b. Directs staff to report the outcome of the trial to Council no later than 31 December 2021.*
  - c. Approves more detailed consultation with pest contractors operating in Otago to determine their views and desirability for direct purchase of equipment, versus the ability to hire the equipment from the ORC (or third-party agent), or purchase*

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<sup>2</sup> The survey asked a sample of private, community and commercial respondents if they wish ORC to sell or retain its assets in a yes/no format.

<sup>3</sup> Regardless of who produces carrot bait, it is unable to be purchased by the general public. Landholder access must be facilitated via persons who hold required certifications (e.g., in most cases a professional pest control contractor).

*carrot bait from the ORC (or third-party agent). These views would inform a further and final paper determining Council's position on asset ownership.*

- d. Directs staff to report the outcome of consultation with pest control contractors no later than 31 December 2021.*

[16] Interested parties were invited to submit for the provision of making poisoned bait available in Central Otago, for the purposes of rabbit control for winter/spring 2021.

[17] Two suitable contractors were identified as suitable, based on demonstrating that they:

- a. Could supply poisoned bait from the commencement date.
- b. Had existing premises in Central Otago to supply poisoned bait.
- c. Held all necessary permits, consents and authorisations to sell poisoned bait to pest contractors and landowners.
- d. Could be responsive to consumer demand.

[18] Both companies had extensive experience commercially supplying prefeed, Pindone and 1080 carrot bait to farmers, government departments and contractors across the South Island. They also had experience ranging from small scale hand-fed patch poisoning (<1ha) to large scale aerial or ground-based rabbit control (>1,000ha). Between them, they held about a dozen rabbit control assets available to deliver poison (e.g., cutters, screeners, and associated packing and distribution resources). The companies had approximately 10 staff currently working on rabbit control, with much wider resources if needed.

[19] COVID-19 and the August national lockdown diminished the usefulness of this trial for the 2021 winter season as it took place during the key period during winter to undertake control in Central Otago. Nevertheless, it demonstrated that there are suppliers with capacity to operate effectively, and with the necessary equipment, in the region.

[20] The existence of this market capability and its local base was not widely understood and led to the erroneous impression that ORC would be required to create a market and that ORC's equipment was somehow highly unique. The request for proposal process proved this assumption to be incorrect.

[21] It is recommended that agreements with the two contractors be entered into to cover the 2022 season. ORC would work with potential supplier/s to promote availability of bait and to seek solutions for any barriers to access and/or use.

### ***ORC's Current Role in Supporting Better Rabbit Management***

[22] Council's biosecurity function has been under transformation since March 2020. As previously reported to Council, improvements to core business have been made, alongside specific initiatives aimed at increasing the team's capacity and capabilities. The transformation has been further supported by a funding increase as part of the 2021-2031 Long-Term Plan process. Work is underway to improve ORC's regional leadership responsibilities and a series of internal business improvements have been identified and implemented. The team is now part of a wider Environmental Implementation team, which has expanded the resources and skills available to support better rabbit management (e.g., through increased capabilities in compliance systems and processes, technology to support field work, GIS mapping and community facilitation).

[23] Key changes include:

- a. Establishment of performance and delivery specialist and compliance support roles.
- b. An increase in Biosecurity focused roles.
- c. Reorganisation and the creation of Coastal Otago and Central Otago biosecurity teams, with the introduction of a Team Leader Environmental Implementation to oversee biosecurity officers and catchment advisors.
- d. Creation of a dedicated Biosecurity Compliance and Enforcement Policy.
- e. Development of Council's first (and second) Biosecurity Operational Plan.
- f. Creation of an annual review of performance (Biosecurity Operational Plan 2020/2021 Summary of Performance).
- g. Refocus from individual staff species specialists to 'specialist generalists' focused on a primary geographic catchment area to improve coverage and understanding of Council's rabbit responsibilities.
- h. Investment in staff training (e.g., latest rabbit control methods, Modified McLean Scale assessment).
- i. Development of technology solution to support real time compliance data and analysis.
- j. Engagement with the Ministry for Primary Industries to advocate for new, nationally driven, solutions to rabbit management.
- k. Substantial increase in compliance inspections (both rural and non-rural).
- l. ORC facilitated community programme targeting rabbit management in semi-rural and peri-urban areas.

[24] While there are still plenty of opportunities for improvement, ORC's leadership role in rabbit management across the region has significantly improved. While the benefits of this new approach on the reduction of rabbits will not be instant, ORC is creating and facilitating long-term sustainable approaches to the complex and 'wicked'<sup>4</sup> problem of rabbit management. More detailed information on our new rabbit management programme is provided in a separate report to the Environmental Implementation Committee.

### ***Contractor Views***

#### ***Rabbit Control Operations in Otago***

[25] A survey of contractors was undertaken in November 2021 to determine demand for ORC rabbit control assets. The survey was conducted by Versus Research and was distributed to 19 contractors<sup>5</sup> who actively undertake rabbit control in the lower South Island. A total of 14 (74%) responses were received.

[26] 92% of respondents currently undertook rabbit control work for landowners in Otago.

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<sup>4</sup> Wicked problems can be defined as those that are difficult to sort out causes and effects, where there is little consensus in identifying problems and solutions, they are cross-cutting in that they have many overlapping stakeholders with different perspectives on the problem and they are relentless; they can't be solved "once and for all".

<sup>5</sup> Companies consulted were D M Holdings, Downer NZ, trading as Excell, Heliventures NZ Ltd, High Country Contracting, Holden Contracting Ltd, Kill That Rabbit LTD, Longridge Contracting NZ Ltd, Mainland Vector Contracting Ltd, Mana Wild Game Solutions Ltd., Otago Pest Services Ltd, Preston Pest Control, Rabbit Run NZ Ltd, R&R Pest Control, Summit Contracting, Trap and Trigger, Upper Clutha Rabbit Control & Rural Pest Management, Wild Animal Control NZ 2007 Ltd, Wild Boar Enterprises Ltd, Vector Free Marlborough.

[27] 100% of respondents planned to undertake rabbit control work for landowners in the Otago region in the next 12 months.

[28] 75% of respondents employed between 1 and 5 staff to undertake rabbit control in Otago. The remaining 25% employed six or more staff.

[29] 42% of respondents undertook rabbit control work across the entire region, with remaining focusing on sub-areas. All areas of the region appeared to be covered by the contractors who responded to the survey.

### ***Access to Equipment/Views on Sale of Equipment***

[30] 92% of respondents were aware that ORC had surplus equipment for rabbit control.

[31] 58% of respondents owned, or had access to, rabbit control assets (carrot cutters), the remaining 42% did not.

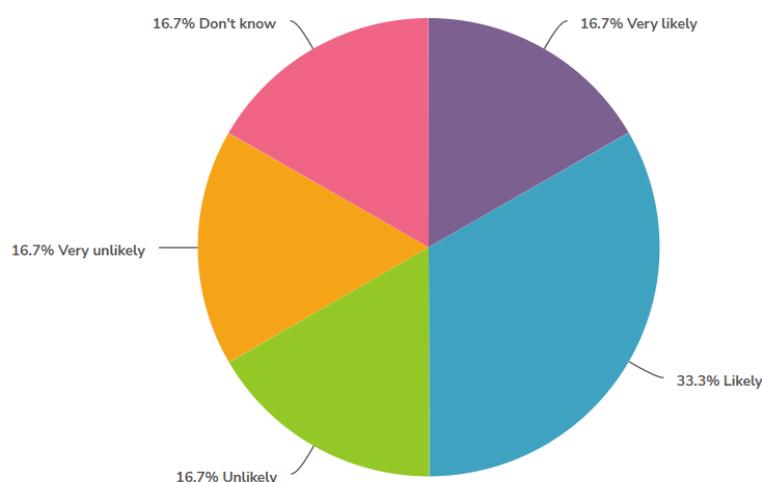
[32] 67% of respondents owned, or had access to, rabbit control assets (bait spreader), the remaining 33% did not.

[33] 58% of respondents believed ORC should sell its carrot cutter assets, the remaining 42% did not agree.

[34] 67% of respondents believed ORC should sell its bait spreading assets, the remaining 33% did not agree.

[35] When asked if ORC retained its carrot cutter assets, how likely would they be to hire (through a third party) the equipment for use in Otago, 50% said they would be likely to hire them, 33% said they would be unlikely to hire them and 17% said that did not know (Figure 1).

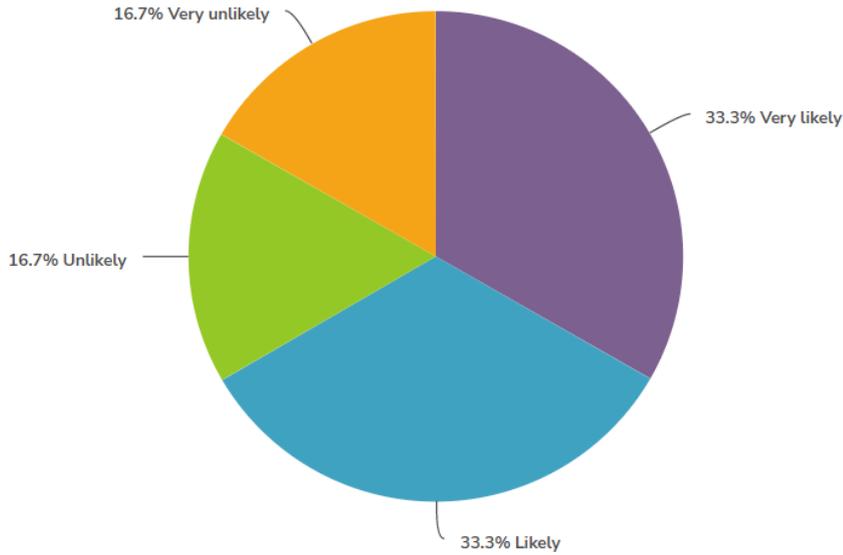
[36] A lower percentage of respondents (42%) said they would be likely to hire the bait spreaders.



**Figure 1: If ORC retains its carrot cutter assets, how likely would you be to hire (through a third party) the equipment for use in Otago?**

**Interest in Purchasing Equipment**

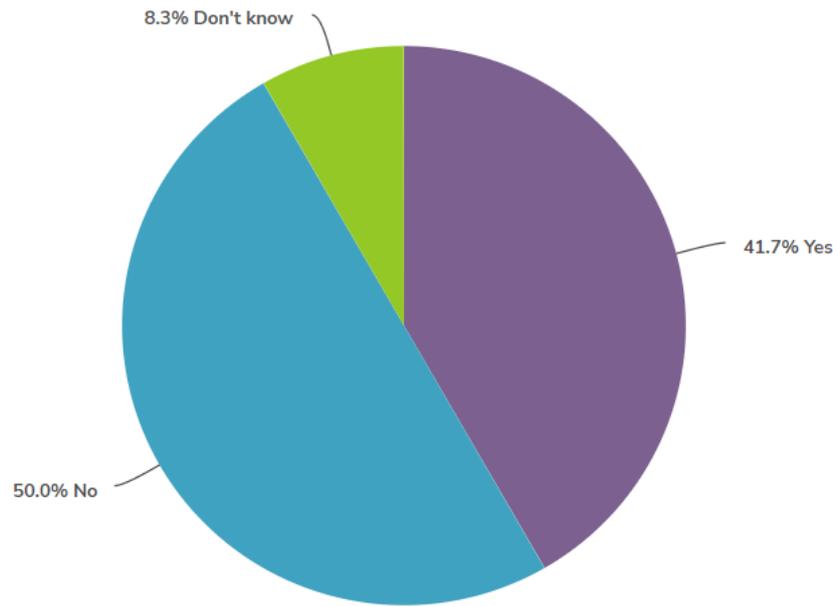
[37] 67% of all respondents stated that they would be likely to purchase carrot cutter assets if they were able to be purchased. The remaining 33% would not be interested in purchasing the carrot cutters. The percentages were the same for purchasing the bait spreader assets.



**Figure 2: If ORC disposes its carrot cutter assets, how likely would you be to hire (through a third party) the equipment for use in Otago?**

[38] Of those who indicated that they would be interested in purchasing the carrot cutters, 88% wanted to purchase them “as is, where is”, with the remaining 12% indicating that they would be interested in purchasing them with the necessary health and safety modifications made (see next section).

[39] 50% of respondents felt that the Council should sell its oat cooker facility, 42% felt it should be retained and 8% did not know.



**Figure 3: Do you believe that the ORC should retain its oat cooker facility?**

[40] If Council retains the oat cooking facility, 50% of respondents thought that they would purchase oats (through a third-party provider), 42% were unlikely to purchase oats and 8% did not know.

[41] Respondents were asked, in their opinion, how the assets owned by ORC could best be used to support a reduction in rabbit numbers in Otago. The following (verbatim) responses were received:

*Sell it to {company name removed} as they are very proactive in the control of rabbits in the Otago region.*

*The assets should be dispersed to either private companies or newly formed pest boards.*

*ORC has stopped frontline rabbit control so the plant is best to go to proven operators that can put the plant to work before it is completely dilapidated. The ORC plant is old and more suited to individual contractors. I fully rebuild a cutter last season, new motor, bearings, shafts and shutes, it did not cost much more than 6k and my own time. There was however substantial cost in building screens and mixers that were efficient and in compliance. If ORC becomes active in bait processing and application then it is best to start with a modern plan incorporating the latest in technology. My thoughts.*

*Hired out to contractors, however, stay in ORC ownership.*

*Enforcement of McLain scale. Poison.*

*The one time I hired a spreader off ORC it didn't work. So I believe the whole lot should go to the scrapman. It's junk.*

*By being available for hire by independent contractors in the otago area.*

*The best option for the ORC is to sell the equipment to contractors. As a contractor I can see the benefit for all of the landowners in Otago as the equipment would be used for rabbit control.*

*Our company will be very interested in the option of purchasing this equipment to give us more capacity to undertake more work throughout Otago. Owning some gear now I understand that not all companies will have the ability to run the equipment where we could step up and cut carrot for other companies.*

*The Otago region is the most rabbit prone region of NZ. The ORC is the regional authority and has responsibilities under various acts to ensure rabbits do not negatively impact on Otago's natural environment. Unlike wilding pines and possum control, rabbits are not a NZ wide issue and, as such, do not attract a large pool of contractors. There are very few who specialize in rabbit control with the result that the specialist skills are not widespread throughout the industry. Contractors come and go as there is not a career path in rabbit control. Rabbit numbers are on the rise in many areas of NZ incl Otago and in situations where the correct technical solution is not obvious. It is in the Council's interest to retain sufficient gear to be able to undertake control work or lease cutters to contractors. It is also vital that the Council retain staff with knowledge of the correct methodology that should be applied to any given situation. This means the Council should undertake, either on its own account, or in conjunction with a contractor, enough operations to allow staff to be competent when advising landowners of their options for keeping below MAL. Regarding the Galloway oat cooker, this facility has not been used for more than 10 years. However it is still 'state of the art' and could be operating at short notice. There is insufficient profit in rabbit control work to encourage any private party to rebuild a facility such as this one and, with climate change and generally warmer and drier summers and autumns, it is entirely possible that oat baiting could be a viable control option in the coming years. This gives landowners options for control work which assists the Council in its obligations. I will be carrying out oat trials and small oat operations this year but certainly do not have the resources to build a facility anywhere near the capacity of Galloway. Bottom line, the ORC should retain at least one Reliance cutter and screener and probably another set for backup, along with ancillary bins etc. They should dispose of all other cutters (Gibsons, Bental) as obsolete. They should retain two Davidson bait feeders and dispose of all others. The Galloway oat cooking complex should be retained in Council ownership and either operated or leased to a suitable contractor. Furthermore, the Council should actively train several specialist rabbit control staff and all compliance staff should have at least a passing knowledge of appropriate rabbit control techniques. This issue is a major one for Otago and should not be dismissed. I am happy to advise the council on any aspects of rabbits and their control in Otago. I know far more about it than anyone in NZ.*

*The purpose is to reduce the rabbit population with the primary treatment. If the equipment is still efficient get it back on the job, even if you donate it to a contractor. I operate at secondary level night ground shooting. Got any SXS's going cheap?*

*The risk I see for ORC is if the equipment it sold it is potentially lost to the region or industry when it enters private ownership, this makes it hard for any delivery of service by council or affiliated contractors. If hired out there are H&S issues with equipment and the obvious maintenance requirements. I firmly believe there needs to be capacity with equipment for some agency to carry out rabbit control. I know the equipment is old and some was in disrepair but there are limited units of this equipment in the country at all which must not be lost to the industry.*

### **Safety Assessment of Council Owned Rabbit Control Assets**

[42] A specialist mechanical engineering company was engaged to complete a machinery safety assessment of a representative sample of ORC owned equipment, colloquially referred to as "Carrot Cutters" (Table 1). These machines are used to chop vegetable matter and dose these with poison, for the purposes of pest control operations.

[43] All the machines are of significant age (1960s – 1970s) and have various levels of guarding and machinery safety features (but are not considered adequate to current safety standards).

[44] The consultant, Motovated Design & Analysis, conducted a physical inspection and hazard identification of each machine, in consultation with ORC staff. From the hazard identification a risk assessment has been compiled and safety improvements recommended.

Type	Plant No.	Location
<b>Reliance Bait Cutters</b>	P531	<b>Centre Rd Taieri</b>
	P532	<b>Wanaka Depot</b>
	P533	<b>Cromwell Depot</b>
	P535	<b>Wanaka Depot</b>
<b>Gibson Bait Cutters</b>	P517	<b>Wanaka Depot</b>
	P523	<b>Wanaka Depot</b>
<b>Reliance Rotary Screens</b>	P430	<b>Cromwell Depot</b>
	P435	<b>Wanaka Depot</b>
<b>Bait Spreaders</b>	-	<b>Wanaka Depot</b>
	-	<b>Wanaka Depot</b>
	-	<b>Cromwell Depot</b>
	-	<b>Cromwell Depot</b>
	-	<b>Cromwell Depot</b>

**Table 1: Rabbit Control Assets Assessed<sup>6</sup>**

[45] Motovated identified the need to create support documentation for all machines to ensure safe operating procedures and that any use be supported by a robust training regime.

[46] Further to the procedural controls and specific machinery controls, Motovated recommend that all machines undergo a comprehensive mechanical service and road-worthiness checks. They also recommend that all machines with a combustion engine and fuel source are fitted with fire extinguishers of suitable type and capacity.

[47] Motovated noted that the reliance bait cutters were in relatively good condition considering their age but identified a number of recommendations for improving the safety of the machines. The Gibson Bait Cutters were in relatively good condition but not all guards met health and safety requirements. Additional guarding was required for the reliance rotary screens to address safety issues. The bait cutters needed safe operating procedures to be developed, as did the bait spreaders based on mechanical hazards identified during the inspections.

[48] Motovated also assessed the oat processing plant<sup>7</sup> at the Council owned facility near Alexandra (Galloway). Although some machinery is present and requires safety attention,

<sup>6</sup> A full list of known assets is contained in Appendix 1.

<sup>7</sup> The oat cooker is not a single piece of machinery, instead it is more of a processing plant where a number of items and types of equipment are used in sequence to cook oats and then dry them, so they can be dosed with poison and used in pest control efforts.

Motovated noted broader safety and compliance issues that would be likely to impact any recommissioning of the facility. While noting that the condition of the facility was reasonable and functional, given the length of time from decommission, the consultant noted issues with the current installation that would need remediation, from both a production and a safety point of view. There is no technical reason why the facility could not be recommissioned but Motovated listed 11 areas requiring attention.

[49] At present we have been unable to source a high-level cost estimate to restore the equipment to support a hiring system. Suitable parties contacted were concerned about health and safety liability of retrofitting the equipment with guards or did not have capacity. The cost of refurbishment would not include the cost of outsourcing this to a third party, insurance, the development of health and safety materials, consideration of legal liabilities and ORC's contract management of the third-party provider.

### ***What else can Council do? Incentives to Support Improved Rabbit Management Outcomes***

[50] Through the 2021-2031 Long-Term Plan (LTP), funding provisions have been made for incentives to support landowners reduce rabbit populations. Incentives should be focused on supporting longer term, sustained solutions to rabbit management rather than 'one off' reactive responses. This aligns with our facilitated community rabbit management programme principles.

[51] A total of \$100,000 is available for Year 1 of the LTP and \$150,000 for Year 2. Incentives will be focused on groups of landowners, rather than individuals, and will support collaboration, planning, capability building, and long-term control methods. The outcomes sought include:

- a. increasing land managers' awareness and use of best practice rabbit management.
- b. increasing the level of community participation and effectiveness of on-ground rabbit control across Otago.
- c. providing an opportunity for community groups to deliver innovative programs that raise community awareness showing the need for effective control of rabbits in our environment.

[52] Support will be available for activities such as:

- a. Consultant fees to develop collaborative community rabbit management plans.
- b. Costs associated with establishing community owned rabbit management entities (e.g., Charitable Trust or Incorporated Society) to collect landowner contributions for the purposes of coordinated control.
- c. Funding for projects that encourage the building of community capacity on best practice rabbit management techniques.
- d. Funding for activities that will build productive relationships and partnerships across the people and groups that manage rabbits, including between community, government agencies, school groups, absentee landholders, Landcare groups and mana whenua groups.
- e. Funding for initiatives that demonstrate a commitment to community engagement principles for the purpose of building community-led action on rabbits.
- f. Grants to support control costs for newly created community owned rabbit management entities (year 1 establishment).

## **RABBIT CONTROL ASSET OPTIONS**

[53] There are two options for the Council to consider in relation to its current rabbit management assets. The relative merits of the options depend on the approach that the Council takes to its role in relation to pest control.

[54] Council has been pondering what to do with this equipment since 2017 without a resolution. The lack of a decision sends confusing signals to the market about Council's role in service delivery and has resulted in further deterioration of assets that can support increased rabbit control.

[55] The Environmental Implementation Team's focus, mandate and skillset is vastly different to that of the Regional Services era and a decision on ownership is long overdue.

[56] The options are:

**Option 1:** Retain: Lease the rabbit control assets to private contractors via a third-party provider.

**Option 2:** Dispose: Sell rabbit control assets to enable private contractors to respond to market need.

### ***Option 1 Analysis***

[57] There may be a market for the lease of some of the rabbit control 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.

[58] 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. However, 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 rabbit control assets is not recommended.

### ***Option 2 Analysis***

[59] The sale of rabbit control assets would release Council funds to support its RPMP role in rabbit management, including education, engagement, facilitation, and compliance activities.

[60] The sale of rabbit control assets would support the expansion and sustainability of the current market for pest control contractors.

[61] The sale of the assets removes the health and safety risk and maintenance and storage costs associated with refurbishing the assets.

- [62] The sale of rabbit control assets supports the rationalisation of storage facilities. This could 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 based in Central Otago.
- [63] The sale of assets would allow contractors who have repeatedly expressed a desire to purchase ORC carrot cutters for commercial use, or for parts to support control work in the region.
- [64] The sale of the rabbit control assets would be consistent with the Council's previous decision to wind up Regional Services and exit the business of providing commercial poison and pest control services.
- [65] The sale of the assets would not preclude the Council subsequently deciding 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.

### ***Risk Assessment of Options***

- [66] Option 1 poses significantly more risk to Council compared to Option 2.
- [67] A risk assessment of key risk areas noted extreme risks (health and safety, resource, and reputation) and high risks (procurement and financial risk).
- [68] As an asset-owner, ORC retains responsibility under the Health and Safety at Work Act 2015 (HSWA) as the 'person conducting a business or undertaking' (PCBU) to ensure primary duty of care. Under the HSWA Subpart 2 Section 36 (1)(b), a PCBU must look after the health and safety of any workers it influences or directs.
- [69] Leasing of assets is outside of ORC's core responsibilities. Therefore, an additional outsourced resource will be required to: ensure equipment is fit for purpose and safe to use, complete ongoing asset checks, prepare operating manuals, deliver training, undertake health and safety audits, provide legal input, and manage financials. This would add a layer of cost and complexity to the use of the equipment for rabbit control purposes. This cost would need to be passed onto those entering into lease agreements.
- [70] Operating rabbit control equipment requires skill and expertise and therefore introduces risk when used inappropriately. WorkSafe can prosecute ORC if a third party is injured as a result of operating the equipment.
- [71] Based on the ORC decision on 14 October 2020 to retain the equipment, there is a market expectation set.
- [72] Future demand for equipment hire cannot be reliably forecasted. Ongoing costs could escalate over time, such as contract and health and safety management, resource, insurance, will be borne by ORC.

Risk Area	Option 1 (Retain)	Option 2 (Dispose)
<b>Health and Safety</b>	ORC has responsibilities under the HSWA as asset owner and is liable if equipment causes injury.	N/A
	ORC has responsibilities under the HSWA and hazardous substance regulations as asset owner and is liable if an injury is sustained due to exposure to hazardous substances.	N/A
	ORC has responsibilities as asset owner that assets must meet compliance and standard regulations and is liable if the equipment is either malfunctioning or non-compliant.	N/A
<b>Procurement</b>	There is an inadequate response from the market to hire or lease the equipment.	N/A
	There is no guarantee that hiring or leasing out the equipment will make any difference to controlling the local rabbit population.	N/A
<b>Operational/Resource</b>	ORC does not have the current capacity to resource this work.	N/A
	ORC does not have the current skillsets to manage this type of contract, and it is not ORC's core business.	N/A
	The machinery is old and parts for maintenance may need to be sourced from outside of New Zealand, which could take excessive time (particularly due to COVID-19 and shipping times) and be costly.	N/A
	Hiring of specialist equipment to external parties may introduce significant costs if the equipment is not used correctly.	
<b>Social/Political</b>		Stakeholder expectations and aspirations for ORC to re-enter (or directly support) the market is not met.
<b>Reputational</b>	ORC could be prosecuted by WorkSafe if something goes wrong.	N/A
	ORC fails in meeting its obligations as set out in plans and policies.	N/A
	Providing equipment to selected contractors could be for the Agents' commercial gain.	N/A
<b>Financial</b>	ORC could be prosecuted and fined e.g., due to a health and safety matter.	N/A
	There is no provision in the LTP to support such a service.	
	Repair and ongoing maintenance costs to bring equipment up to compliance levels could outweigh	N/A

Risk Area	Option 1 (Retain)	Option 2 (Dispose)
	any hire or lease income	
	Insurance costs escalate if something goes wrong.	N/A
	Inadequate response from the market to hire or lease the equipment means costs to development and implement the model of not recouped.	N/A
<b>Regional Pest Management Plan Objectives</b>		Loss of control of equipment inhibits Council's ability to deliver formal compliance actions (e.g., Notice of Direction/Notice of Intention to Act on Default).
<b>Other</b>	There is no timely resolution on whether to keep or sell the assets resulting in further equipment deterioration and no bait produced from Council assets.	There is no timely resolution on whether to keep or sell the assets resulting in further equipment deterioration and no bait produced from Council assets.

**Table 2: Risk Assessment of Asset Options**

## RECOMMENDATION

[73] Staff recommend selling the rabbit management assets (Option 2) to ensure that the assets avoid further deterioration, are used to support rabbit control and provide additional capacity to local contractors. ORC's role as a regulator, educator and facilitator would continue and the profits from the sale of assets could potentially be used to further support community initiatives to reduce rabbit populations and boost local capabilities to support sustainable, long-term approaches to rabbit management.

## CONSIDERATIONS

### Strategic Framework and Policy Considerations

[74] 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.

### Financial Considerations

[75] 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 and the process of hiring them out. 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 Considerations**

[76] 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.

## **Legislative and Risk Considerations**

[77] 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.

[78] The Biosecurity Act 1993 (BSA, or the Act), and national and regional pest management plans promulgated under the Act, are the principal means by which pest management is undertaken at both national and regional scales.

[79] Under Section 12B (2) of the Act, ORC is required to demonstrate biosecurity leadership in the region and develop policies (e.g., via the RPMP) that reflects regional community aspirations. Regarding rabbits, the prime role of council is ensuring that communities understand the importance of rabbit control and develop responses to support the adverse effects associated with rabbits as pests. The Council can help various stakeholders, who directly undertake pest control, to work cooperatively and has powers to monitor and regulate progress made in managing rabbit populations.

[80] As per Section 13 of the BSA, ORC has the authority to exclude, manage or eradicate pests in accordance with its RPMP. The Council's direct or indirect actions (e.g., acting as a management agency; assessing, managing, or eradicating pests; or taking other, specified steps to implement the plan) must not go beyond the responsibilities set out in the RPMP.

[81] Regarding compliance, as per sections 122 and 128/129 of the Biosecurity Act, Council can serve a notice of direction and, if a landowner/occupier defaults on the notice, Council has the means to act on that default (i.e., undertake the work directly) and recover costs.

[82] There are a few risks associated with the recommended option. 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. Given there is a rabbit problem, and a legal requirement to act for non-compliant properties, the business opportunity should mitigate any risks associated with equipment being relocated outside of the region. This risk would also be minimised by Council continuing its contract with contractors to supply poisoned carrot bait to (appropriately qualified) landholders.

[83] 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. Increased compliance actions from Council support the need for these assets to be used, without mixing regulatory and service delivery roles.

### **Climate Change Considerations**

[84] There are no climate change considerations directly linked to this paper. However, climate change is likely to create changing environmental conditions across the region with both positive and negative impacts on rabbits.

### **Communications Considerations**

[85] A communications plan will be prepared reflecting the outcome of the meeting.

### **NEXT STEPS**

[86] If Option 1 is endorsed, staff would prepare an operating budget for a third party to lease the equipment to suitably qualified persons. Additional budget would be required from the 2022/2023 Annual Plan process.

[87] If Option 2 is endorsed, staff would commence the process to dispose of the assets.

### **ATTACHMENTS**

1. Appendix 1: Asset List [7.3.1 - 1 page]

**Appendix 1: Extract from Council report EMO1860, 10 May 2019**

**Full List of Poison Control Assets**

<b>Reference</b>	<b>Item</b>
	Depot, land and related buildings, facilities, fixtures and fittings at 366 Fisher Lane Galloway
P430	Screeener for carrot cutter
P432	Screeener for carrot cutter
P435	Screeener 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
Unmarked	Shaker
Unmarked	Shaker
Unmarked	Bin
Unmarked	Bin
Unmarked	Conveyor
Unmarked	Conveyor