

**Notice of Meeting:**

I hereby give notice that an ordinary meeting of the Audit and Risk Subcommittee will be held on:

**Date:** Thursday 16 June 2022  
**Time:** 2.00 pm  
**Venue:** Otaru Room, Civic Centre, The Octagon, Dunedin

Sandy Graham  
Chief Executive Officer

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**Audit and Risk Subcommittee**  
**PUBLIC AGENDA**

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**MEMBERSHIP**

<b>Chairperson</b>	Warren Allen	
<b>Deputy Chairperson</b>	Janet Copeland	
<b>Members</b>	Cr Christine Garey	Cr Doug Hall
	Mayor Aaron Hawkins	Cr Mike Lord
<b>Senior Officer</b>	Gavin Logie, Chief Financial Officer	
<b>Governance Support Officer</b>	Wendy Collard	

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Wendy Collard  
Governance Support Officer

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**Note:** Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.



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**1 APOLOGIES**

At the close of the agenda no apologies had been received.

**2 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.

## **DECLARATION OF INTEREST**

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### **EXECUTIVE SUMMARY**

1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and independent member and any private or other external interest they might have.
2. Elected and Independent members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.

### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Notes/Amends** if necessary the Elected or Independent Members' Interest Register attached as Attachment A; and
- b) **Confirms/Amends** the proposed management plan for Elected or Independent Members' Interests.

### **Attachments**

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<a href="#">↓A</a> Members' Register of Interests	6

Audit and Risk Subcommittee - Register of Interest - current as at 8 June 2022				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Warren Allen	Chairperson	Audit and Risk Committee, Porirua City Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Office of the Auditor General	Potential. Audit NZ are suppliers to Council	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Ministry of Foreign Affairs and Trade	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit Advisory Board, PWC New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Audit and Risk Committee, Anglican Diocesan of Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Treasurer and Committee Member	The Wellington Club (Inc)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Taupo	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Part Owner	Share of Apartment - Queensland, Australia	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Forestry Investment (Gisborne)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Nikau Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Nikau Foundation's Audit and Risk Committee	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Kiwisaver	Milford Asset Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee/Beneficiary	Two Family Trusts - property ownership	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Mayor Aaron Hawkins	Trustee	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Thank You Payroll	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	ICLEI Oceania Regional Executive	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Board Member	Otago Museum Trust Board (Council Appointment)	Duties to Trust may conflict with duties of Council Office. Recipient of Council funding	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Polytech's Research Centre of Excellence	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	LGNZ National Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Alexander McMillan Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Trustee	Cosy Homes Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	LGNZ Policy Advisory Group	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	St Paul's Cathedral Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Resource Management Steering Group (Ministry for the Environment Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Connecting Dunedin (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Theatre Trust (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Christine Garey	Trustee	Garey Family Trust - Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Creative Dunedin Partnership (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Women of Ōtepoti	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Symphony Orchestra Foundation Board of Trustees (Council Appointment)	Potential Grants recipient.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Chair	Grants Subcommittee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Theomin Gallery Management Committee (Council Appointment)	No conflict identified.	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Local Government New Zealand Zone 6 Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Doug Hall	Director/Owner	Hall Brothers Transport Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/Shareholder	The Woodshed 2014 Limited	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Crane Hire	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Wood Recyclers Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Dunedin Concrete Crushing Ltd	May contract and provide service to DCC	Withdraw from discussion and leave the table. If in confidential leave the room. Seek prior approval from Office of the Auditor General when required.
	Director/ Owner	Anzide Properties Ltd - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Farmlands	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Ravensdown Fertiliser	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Silver Fern Farms	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	PGG Wrightson	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Supplier	Southweight Truck & Weights for testing Weighbridges Otago & Southland	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Milburn Processing Limited	Currently no likely conflict	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Financial Donor	Dunedin North Community Patrol	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Donor of the use of a building free of charge to the group	North Dunedin Blokes Shed	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Valley View Development Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Geekfix Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Partner	Highland Helicopters	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Appellant	2GP	Appellant to 2GP	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Member	Dunedin Chinese Garden Advisory Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitū Otago Settlers Museum Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Cragieburn Reserve Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Mike Lord	Trustee	ML Lord Family Trust - Owner of Residential Properties - Dunedin	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Rural Support Trust	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Federated Farmers Charitable Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Fonterra	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Federated Farmers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Rotary Club of Mosgiel	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel RSA	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Otago Youth Adventure Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Strath Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cones Trust (Council Appointment)	Potential grants recipient. Duties to Trust may conflict with duties of Council Office.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.



Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Janet Copeland	Director	Next Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ronaki (Southland) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stoney Creek Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Stoney Creek Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Copeland Ashcroft Law Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Past President	Southland Branch of NZ Law Society	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
<b>Staff</b>				
Sandy Graham	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Trustee of the Taieri Airport Facilities Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Golf Club	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Gavin Logie	Owner	Residential Property, Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property, Wanaka	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Minority Shareholder	Southern Hospitality	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Block Investments Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Five Council-owned non-trading companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Son works for Tregaskis Brown who provide consultancy Services to Central Government	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Wife works in a senior financial position in the Finance Department, University of Otago	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

## **CONFIRMATION OF MINUTES**

### **AUDIT AND RISK SUBCOMMITTEE MEETING - 21 APRIL 2022**


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#### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 21 April 2022 as a correct record.

#### **Attachments**

<b>Title</b>		<b>Page</b>
<a href="#">A</a> 	Minutes of Audit and Risk Subcommittee meeting held on 21 April 2022	11

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## **Audit and Risk Subcommittee MINUTES**

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**Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Via Audio Visual Link on Thursday 21 April 2022, commencing at 2.04 pm**

### **PRESENT**

<b>Chairperson</b>	Warren Allen	
<b>Deputy Chairperson</b>	Janet Copeland	
<b>Members</b>	Cr Christine Garey	Mayor Aaron Hawkins
	Cr Mike Lord	

### **IN ATTENDANCE**

Sandy Graham (Chief Executive Officer), Gavin Logie (Chief Financial Officer) and Hayley Knight (Quality, Compliance and Assurance Advisor, Risk and Internal Audit)

**Governance Support Officer** Wendy Collard

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### **1 APOLOGIES**

An apology was received from Cr Doug Hall

Moved (Warren Allen/Christine Garey):

That the Subcommittee:

Accepts the apology from Cr Doug Hall

**Motion carried**

### **2 CONFIRMATION OF AGENDA**

Moved (Warren Allen/Janet Copeland):

That the Subcommittee:

**Confirms** the agenda without addition or alteration

**Motion carried (AR/2022/005)**

### **3 DECLARATIONS OF INTEREST**

Members were reminded of the need to stand aside from decision-making when a conflict arose between their role as an elected representative and any private or other external interest they might have.

Moved (Warren Allen/Cr Mike Lord):

That the Subcommittee:

- a) **Notes** the Elected or Independent Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected or Independent Members' Interests.

**Motion carried**

### **4 CONFIRMATION OF MINUTES**

#### **4.1 AUDIT AND RISK SUBCOMMITTEE MEETING - 17 FEBRUARY 2022**

Moved (Warren Allen/Cr Mike Lord):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 17 February 2022 as a correct record.

**Motion carried (AR/2022/006)**

### **PART A REPORTS**

### **5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2022**

A report from Civic provided a copy of the revised Audit and Risk Subcommittee Work Plan 2022 which has been aligned with work programmes scheduling and decision-making.

The Chief Executive Officer (Sandy Graham) spoke to the report and responded to questions.

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan 2022.

**Motion carried**

## **6 FINANCIAL RESULTS FOR PERIOD ENDED 28 FEBRUARY 2022**

A report from Finance provided a copy of the Financial Results for the period ending 28 February 2022 report which was presented to the Council meeting held on 29 March 2022.

The Chief Financial Officer (Gavin Logie) spoke to the report and responded to questions.

Moved (Warren Allen/Cr Mike Lord):

That the Subcommittee:

- a) **Notes** the Financial Results for the period ending 28 February 2022 report

**Motion carried**

## **RESOLUTION TO EXCLUDE THE PUBLIC**

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

<b>General subject of the matter to be considered</b>	<b>Reasons for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>	<b>Reason for Confidentiality</b>
C1 Audit and Risk Subcommittee meeting - 17 February 2022 - Public Excluded	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the	.	

supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

S7(2)(b)(i)

The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.

S7(2)(h)

The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

S7(2)(a)

The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

S7(2)(g)

The withholding of the information is necessary to maintain legal professional privilege.

S7(2)(b)(ii)

The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the

	commercial position of the person who supplied or who is the subject of the information.		
	S6(b) The making available of the information would be likely to endanger the safety of a person.		
C2 Insurance Presentation	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C3 Audit and Risk Subcommittee Actions Report	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C4 Top 100 Suppliers 2020/2021	S7(2)(h) The withholding of the information is necessary to enable	S48(1)(a) The public conduct of the part of the meeting would be	The information in this report is commercially sensitive..

	the local authority to carry out, without prejudice or disadvantage, commercial activities.	likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C5 Health and Safety Monthly Reporting for February 2022	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C6 Internal Audit Workplan Update	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	
	S7(2)(h)	



	The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	
C7 DCC External Audit Actions Update	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C8 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C9 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding

	the person who supplied or who is the subject of the information.	exists under section 7.
C10 Protected Disclosure Register	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
C11 Investigation Register	<p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6 and 7.</p>

This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case

may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.

That Matthew Wilson (Aon), Shane Smith (Aon) and Joe Wood (Aon) be permitted to attend the meeting, after the public has been excluded, because of their knowledge of Item C2. This knowledge, which would be of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.

**Motion carried (AR/2022/007)**

The meeting moved into non-public at 2.19 pm and concluded at 4.12 pm.

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CHAIRPERSON

## **PART A REPORTS**

### **AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2022**

Department: Civic

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#### **EXECUTIVE SUMMARY**

- 1 This report provides a copy of the revised Audit and Risk Subcommittee Work Plan 2022 which has been aligned with work programmes scheduling and decision-making.
- 2 It should be noted that items without ticks shown have not been scheduled for action.
- 3 As this is an administrative report only, the Summary of Considerations is not required.

#### **RECOMMENDATIONS**


That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan 2022.

#### **Signatories**

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Manager Governance

#### **Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">A</a>	Audit and Risk Subcommittee Workplan 2022	21

<b>AUDIT AND RISK SUBCOMMITTEE WORKPLAN 2022</b>						
	<b>Responsible</b>	<b>Jun</b>	<b>Aug</b>	<b>Sept</b>		
<b>GOVERNANCE</b>						
Audit and Risk Subcommittee Terms of Reference/Delegations	Governance					
<b>REGULAR REPORTS</b>						
Audit and Risk Subcommittee 2021-22 Workplan Report	Governance	✓	✓	✓		
Financial Results	Finance	✓	✓	✓		
Audit and Risk Subcommittee Action List Report	Risk and Audit	✓	✓	✓		
Internal Audit Workplan Update	Risk and Audit	✓	✓	✓		
Internal Audit Actions Update	Risk and Audit	✓		✓		
External Audit Actions Update	Risk and Audit		✓			
Treasury Compliance	Treasury	✓	✓	✓		
DCHL Audit Update	DCHL	✓	✓	✓		
Health and Safety Reporting	H&S	✓	✓	✓		
Protected Disclosure Register	Finance	✓	✓	✓		
Investigation Register	Finance	✓	✓	✓		
<b>OTHER REPORTING</b>						
Schedule of Top 100 Suppliers	Finance					
Data Analytics	Finance		✓			
Insurance Update	Finance/Aon NZ		✓			
Corporate Risk Register	Risk and Audit		✓			
Legal Update	Legal		✓			

<b>AUDIT AND RISK SUBCOMMITTEE WORKPLAN 2022</b>						
	<b>Responsible</b>	<b>Jun</b>	<b>Aug</b>	<b>Sept</b>		
Electronic Communications Email Quarantine Policy	Governance		✓			
Annual Report Planning	Finance	✓				
Management Reporting - Audit New Zealand	Finance	✓				
<b>POLICY REVIEWS/UPDATES</b>						
Risk Management Policy	Risk and Audit		✓			
Protected Disclosure “Whistle-Blower” Policy	Corporate and Quality		✓			
Treasury Risk Management Policy	Treasury	✓				
Asset Disposal and Write-Off Policy	Finance			✓		
Information Management Policy	BIS		✓			
ICT Acceptable Use Policy	BIS		✓			
Health, Safety and Wellbeing Policy	H&S			✓		
Gifts and Hospitality Policy	HR		✓			
Electronic Communications Email Quarantine Policy	HR					
Staff Conflict of Interest Policy	Corporate and Quality			✓		
Leave Management Policy	HR			✓		
Procurement and Contracts Management Policy	Procurement	✓				
Koha Policy	Finance			✓		
Fraud Bribery & Corruption Prevention Policy	Risk and Audit			✓		
Staff Code of Conduct (Employee Values and Practices)	HR					
Asset Management Policy	Infrastructure					

<b>AUDIT AND RISK SUBCOMMITTEE WORKPLAN 2022</b>						
	<b>Responsible</b>	<b>Jun</b>	<b>Aug</b>	<b>Sept</b>		
<b>RISK OVERVIEW (DEEP DIVE)</b>						
Asset Management - Renewals	Infrastructure		✓			
Central Government Reforms	Policy			✓		
<b>RISK OVERVIEW (DEEP DIVE) Completed</b>						
Climate Change (October 2020)	Sustainability					
Organisation Security (Cyber) (June 2021)	BIS					
Strategic Project Management (April 2021)	PMO					
Business Continuity Planning including COVID (August 2020)	Infrastructure					
Financial Risk (August 2020)	Finance					

## **FINANCIAL RESULTS FOR PERIOD ENDED 30 APRIL 2022**

Department: Civic

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### **EXECUTIVE SUMMARY**

- 1 This report provides a copy of the Financial Results for the period ending 30 April 2022 report which was presented to the Council meeting held on 31 May 2022.

### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Notes** the Financial Results for the period ending 30 April 2022 report

### **Signatories**

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Clare Sullivan - Manager Governance

### **Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">A</a>	Financial Results - Period ending 30 April 2022	25



**FINANCIAL RESULT - PERIOD ENDED 30 APRIL 2022**

Department: Finance

**EXECUTIVE SUMMARY**

- 1 This report provides the financial results for the period ended 30 April 2022 and the financial position as at that date.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

<b>\$ Million</b>	<b>Actual</b>	<b>Budget</b>	<b>Variance</b>		<b>Last Year</b>
Revenue	273.838	269.740	4.098	F	258.049
Expenditure	272.299	269.350	(2.949)	U	264.753
Net Surplus/(Deficit) excluding Waipori	1.539	0.390	1.149	F	(6.704)
Waipori Fund Net	(0.872)	2.725	(3.597)	U	8.021
Net Surplus/(Deficit) including Waipori	0.667	3.115	(2.448)	U	1.317
<b>Capital Expenditure</b>	110.088	112.305	2.217		83.058
<b>Debt</b>					
Short Term Borrowings	57.300	63.975	6.675	F	28.000
Term Loans	271.973	271.973	-		243.973
<b>Total Debt</b>	329.273	335.948	6.675	F	271.973

**RECOMMENDATIONS**

That Council:

- a) **Notes** the Financial Performance for the period ended 30 April 2022 and the Financial Position as at that date.

**BACKGROUND**

- 3 This report provides the financial statements for the period ended 30 April 2022. It includes reports on financial performance, financial position, cashflows and capital expenditure. The operating result is also shown by group, including analysis by revenue and expenditure type.

**DISCUSSION**

- 4 Revenue was \$273.838 million for the period or \$4.098 million greater than budget. Year to date revenue included unbudgeted government grants for Economic Development activity and 3 Waters stimulus projects, as well as increased revenue from resource consents and building services applications and inspections.
- 5 These favourable variances were partially offset by the impact of the nationwide lockdown earlier in the financial year including Aquatic Services, Property, Parking, Landfill, and commercial water revenue. Other grant revenue was lower than expected due to the lower level of subsidised capital expenditure in Transport and timing of the outstanding funding for the new Mosgiel Aquatic facility. While a significant portion of the budgeted fundraising for this project was received in February, the balance will be paid as agreed project milestones are achieved.
- 6 Expenditure was \$272.299 million for the period or \$2.949 million greater than budget. Operational expenditure was greater than expected due to additional roading maintenance expenditure along with monies spent for government funded projects in 3 Waters and Economic Development. Operating costs at the Green Island Landfill, including ETS charges, were also greater than budget.
- 7 Depreciation expenditure was higher than expected following asset revaluations as at 30 June 2021, impacting both asset replacement cost and asset useful lives.
- 8 These unfavourable variances were partially offset by savings in personnel costs, delays in project expenditure and favourable interest expenditure due to a lower than forecast floating interest rate. Some expenditure lines were also impacted by Covid-19 disruptions including the lockdown period earlier in the year.
- 9 Equity markets continued to be impacted as current world events create uncertainty. This resulted in negative revaluations across most equity portfolios held by the Waipori Fund. It is worth noting there continued to be a degree of market recovery in the reporting month. There has also been a year-to-date negative revaluation of fixed term investments as wholesale interest rates continue to rise.
- 10 Capital expenditure was \$110.088 million for the period or 98.0% of the year-to-date budget (75.7% of the full year budget). The 3 Waters renewals expenditure continues to track ahead of budget with a number of large water and sewer renewal projects underway. The level of spend in other areas of the organisation reflected project delays including the impact of the Covid-19 (in particular, the nationwide lockdown in August).

**NEXT STEPS**

- 11 Financial Result Reports continue be presented to future meetings of either the Finance and Council Controlled Organisation Committee or Council.

**Signatories**

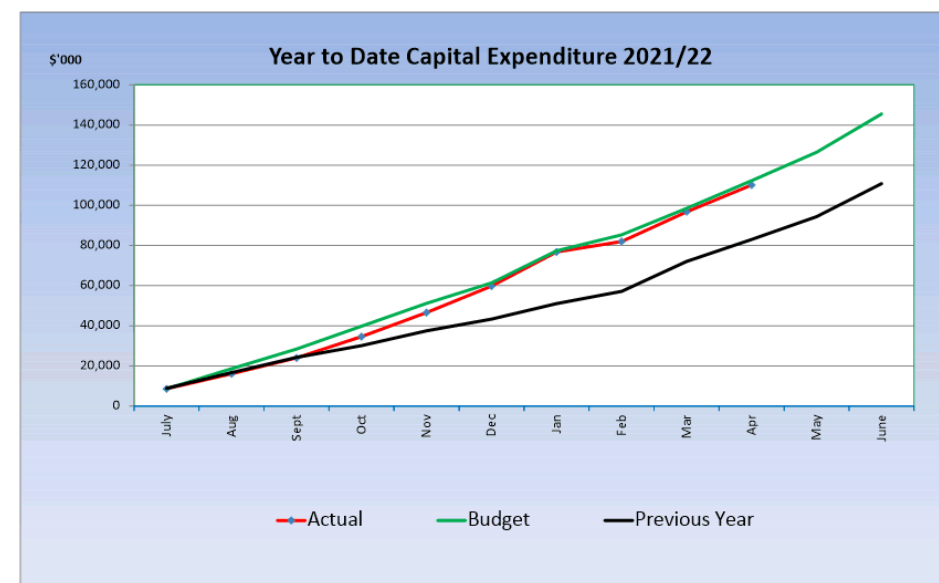
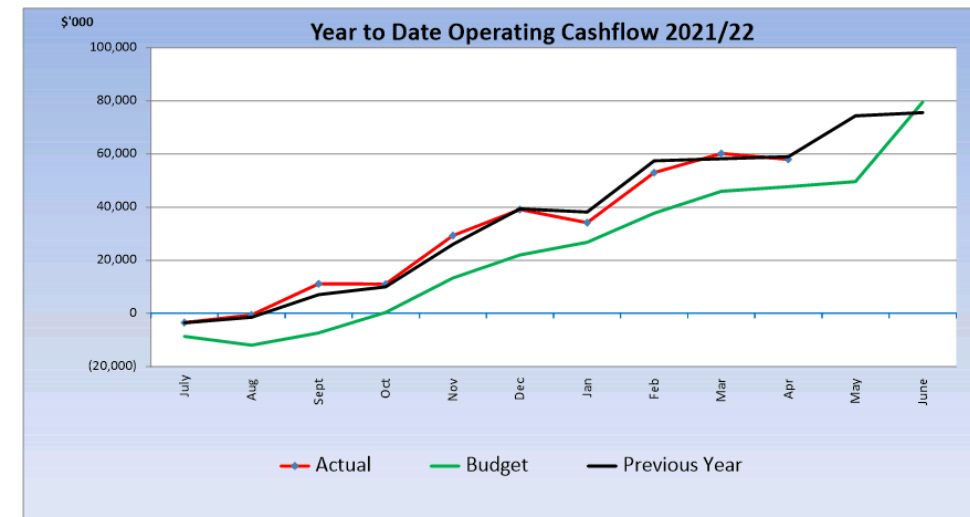
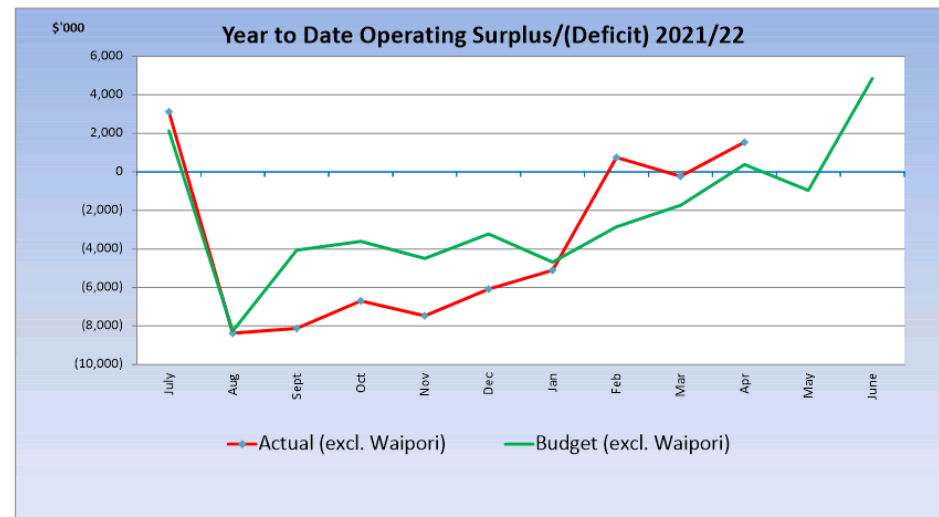
Authoriser:	Gavin Logie - Chief Financial Officer
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**Attachments**

	Title	Page
A	Summary Financial Information	
B	Statement of Financial Performance	
C	Statement of Financial Position	
D	Statement of Cashflows	
E	Capital Expenditure Summary	
F	Summary of Operating Variances	
G	Financial Review	




## DUNEDIN CITY COUNCIL SUMMARY FINANCIAL INFORMATION AS AT 30 APRIL 2022



Borrowing Metrics	LGFA Target	Actual	Budget
Interest as a % rates revenue	< 30% *	4.8%	5.6%
Interest as a % total revenue	< 20% *	2.9%	3.4%
Debt % annualised revenue	250.0% Max.	109.6%	114.1%

\* represents the ability to fund interest costs from revenue


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DUNEDIN CITY COUNCIL							 <b>DUNEDIN</b>   kaunihera CITY COUNCIL   a-rohe o Ōtepoti			
Statement of Financial Performance										
For the Period Ending 30 April 2022										
Amount : \$'000										
Mth Actual	Mth Budget	Mth Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget
14,927	14,927	-								
45	170	125 U	REVENUE	149,270	149,270	-		135,928	163,492	179,124
5,176	5,807	631 U	Rates Revenue	807	816	9 U		818	1,055	850
4,771	2,496	2,275 F	Rates Penalties	55,242	58,780	3,538 U		58,975	81,232	71,146
84	289	205 U	Other Operating Revenue	37,572	28,568	9,004 F		30,642	41,227	33,292
2,913	2,942	29 U	Grants	1,615	2,890	1,275 U		1,941	10,110	6,468
27,916	26,631	1,285 F	Contributions	29,332	29,416	84 U		29,745	35,795	35,296
			Internal Revenue	273,838	269,740	4,098 F		258,049	332,911	326,176
			<b>TOTAL REVENUE</b>							
			EXPENDITURE							
5,414	5,590	176 F	Personnel Costs	56,204	58,268	2,064 F		54,543	65,970	69,965
7,326	5,455	1,871 U	Operations & Maintenance	60,029	57,133	2,896 U		61,285	77,835	67,667
1,243	1,010	233 U	Occupancy Costs	23,058	22,984	74 U		20,907	25,584	27,877
1,608	1,909	301 F	Consumables & General	17,759	19,796	2,037 F		19,960	26,912	23,818
40	397	357 F	Grants & Subsidies	10,358	9,697	661 U		9,546	10,587	10,243
2,913	2,942	29 F	Internal Charges	29,332	29,416	84 F		29,745	35,795	35,296
6,863	6,376	487 U	Depreciation	68,377	63,765	4,612 U		61,633	74,283	76,519
742	829	87 F	Interest	7,182	8,291	1,109 F		7,134	8,103	9,943
26,149	24,508	1,641 U	<b>TOTAL EXPENDITURE</b>	272,299	269,350	2,949 U		264,753	325,069	321,328
1,767	2,123	356 U	<b>NET SURPLUS (DEFICIT) EXCLUDING WAIPORI</b>	1,539	390	1,149 F		(6,704)	7,842	4,848
			<b>Add</b>							
378	272	106 F	<b>Waipori Fund Net Operating Result</b>	(872)	2,725	3,597 U		8,021	9,328	3,270
2,145	2,395	250 U	<b>NET SURPLUS (DEFICIT) INCLUDING WAIPORI</b>	667	3,115	2,448 U		1,317	17,170	8,118




<p><b>DUNEDIN CITY COUNCIL</b> <b>Statement of Cashflows</b> <b>For the Period Ending 30 April 2022</b> Amount : \$'000</p>				
	<b>Year to Date Actual</b>	<b>Year to Date Budget</b>	<b>Full Year Budget</b>	<b>LY YTD Actual</b>
<b>Cash Flow from Operating Activities</b>				
<i>Cash was provided from operating activities</i>				
Rates Received	143,362	144,183	178,929	130,939
Other Revenue	90,834	86,112	105,295	97,200
Interest Received	4,031	4,040	7,389	4,049
Dividend Received	1,155	1,021	1,229	1,061
Income Tax Refund	-	-	864	-
<i>Cash was applied to</i>				
Suppliers and Employees	(174,134)	(177,971)	(204,190)	(165,224)
Interest Paid	(7,250)	(9,613)	(9,943)	(9,039)
<b>Net Cash Inflow (Outflow) from Operations</b>	<b>57,998</b>	<b>47,772</b>	<b>79,573</b>	<b>58,986</b>
<b>Cash Flow from Investing Activities</b>				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	3,681	3,000	3,120	69
Reduction in Investments	-	-	-	-
<i>Cash was applied to:</i>				
Increase in Investments	(511)	-	(2,550)	(6,117)
Capital Expenditure	(115,960)	(116,430)	(145,528)	(82,048)
<b>Net Cash Inflow (Outflow) from Investing Activity</b>	<b>(112,790)</b>	<b>(113,430)</b>	<b>(144,958)</b>	<b>(88,096)</b>
<b>Cash Flow from Financing Activities</b>				
<i>Cash was provided from financing activities:</i>				
Loans Raised	-	-	63,975	-
Increase in Short Term Borrowings	67,300	63,975	-	42,000
<i>Cash was applied to:</i>				
Loans Repaid	(10,000)	-	-	(14,000)
Decrease in Short Term Borrowings	-	-	-	-
<b>Net Cash Inflow (Outflow) from Financing Activity</b>	<b>57,300</b>	<b>63,975</b>	<b>63,975</b>	<b>28,000</b>
<b>Total Increase/(Decrease) in Cash</b>	<b>2,508</b>	<b>(1,683)</b>	<b>(1,410)</b>	<b>(1,110)</b>
<b>Opening Cash and Deposits</b>	<b>7,939</b>	<b>7,481</b>	<b>7,481</b>	<b>15,362</b>
<b>Closing Cash and Deposits</b>	<b>10,447</b>	<b>5,798</b>	<b>6,071</b>	<b>14,252</b>



<div><div><div>DUNEDIN CITY COUNCIL</div><div>Capital Expenditure Summary by Activity</div><div>For the Period Ending 30 April 2022</div><div>Amount : \$'000</div></div><div> <b>DUNEDIN</b> CITY COUNCIL</div><div>kaunihera a-rohe o Ōtepoti</div></div>							
Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget	YTD Actual vs FY Budget
Galleries, Libraries & Museums	1,237	1,599	362	U	951	2,363	52.3%
City Development	26	260	234	U	(74)	350	7.4%
Corporate Services	2,740	3,785	1,045	U	1,845	4,652	58.9%
Property	12,781	15,517	2,736	U	9,268	21,800	58.6%
Other	117	220	103	U	135	570	20.5%
Parks and Recreation	8,329	16,816	8,487	U	3,482	25,729	32.4%
Transport	30,457	36,028	5,571	U	40,002	40,000	76.1%
Waste & Environmental	3,508	3,476	32	O	907	8,273	42.4%
Three Waters	50,893	34,604	16,289	O	26,542	41,791	121.8%
	110,088	112,305	2,217	U	83,058	145,528	75.6%

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<div> DUNEDIN CITY COUNCIL  Summary of Operating Variances  For the Period Ending 30 April 2022 </div> <div>  </div>												
Amount : \$'000												
Group	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)								
	Actual	Budget	Variance	Rates Revenue	Other Ext Revenue	Int Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n	
Waipori Fund	(872)	2,725	(3,597)	-	(3,623)	-	-	26	-	-	-	-
Galleries, Libraries & Museums	(644)	(765)	121	-	74	6	31	153	-	6	(149)	-
Community Development	453	(647)	1,100	-	117	38	(37)	979	4	-	(1)	-
Corporate Services	2,968	152	2,816	-	21	(112)	859	2,399	39	-	(390)	-
Enterprise Dunedin	567	5	562	-	1,996	52	254	(1,651)	(88)	-	(1)	-
Property	(2,253)	541	(2,794)	-	(497)	4	127	704	4	-	(3,136)	-
Investment	(1,550)	(2,512)	962	-	25	-	(401)	235	-	1,103	-	-
Parking Services/Operations	(117)	951	(1,068)	-	(1,395)	1	134	178	27	-	(13)	-
Parks and Recreation	3,451	4,564	(1,113)	-	(2,386)	1	364	1,062	21	-	(175)	-
Regulatory & Planning	973	(85)	1,058	-	1,004	-	240	(179)	13	-	(20)	-
Transport	(7,835)	(4,758)	(3,077)	-	(2,176)	-	188	(1,397)	1	-	307	-
Waste & Environmental	(1,316)	1,183	(2,499)	-	(686)	(74)	-	(1,644)	42	-	(137)	-
Three Waters	6,842	1,761	5,081	-	8,085	-	305	(2,433)	21	-	(897)	-
<b>Total Council</b>	<b>667</b>	<b>3,115</b>	<b>(2,448)</b>	<b>-</b>	<b>559</b>	<b>(84)</b>	<b>2,064</b>	<b>(1,568)</b>	<b>84</b>	<b>1,109</b>	<b>(4,612)</b>	

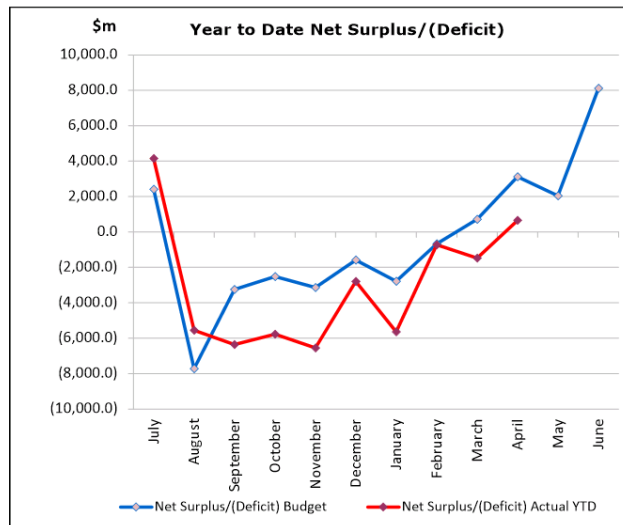
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## FINANCIAL REVIEW

For the period ended 30 April 2022

This report provides a detailed commentary on the Council's financial result for the period ended 30 April 2022 and the financial position at that date.

### NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)



The net surplus (including Waipori) for the period ended 30 April 2022 was \$667k or \$2.448 million less than budget.

#### REVENUE

The total revenue for the period was \$273.838 million or \$4.098 million greater than budget.

The major variances were as follows:

#### Other Operating Revenue

*Actual \$55.242 million, Budget \$58.780 million, Unfavourable variance \$3.538 million*

Aquatic Services revenue was unfavourable \$999k due to the impact of Covid-19 on the operation of the pool/gym facilities.

Parking related revenue was unfavourable \$1.396 million due primarily to the ongoing impact of Covid-19, and in particular the lockdown in August/September 2021.

Waste and Environmental revenue was unfavourable \$686k due to lower volumes of waste entering the Green Island landfill, as well as a drop off in the sales of plastic refuse bags. Some of this shortfall will be attributable to the Covid lockdown.

Three Waters revenue was unfavourable \$742k due mainly to lower water sales.

Transportation revenue was unfavourable \$355k due to less income from corridor access requests than expected.

Property revenue was unfavourable \$315k due partly to rent relief provided to tenants during the Covid-19 lockdown. Housing revenue was also unfavourable due to the timing of major upgrade projects resulting in lower tenancy rates than budgeted.

These unfavourable variances were partially offset by:

Building Services revenue was favourable \$641k primarily due to increased activity including building applications, inspections and code compliance certification.

Resource Consents revenue was favourable \$284k due to the number of consents processed year-to-date.

#### Grants and Subsidies Revenue

*Actual \$37.572 million, Budget \$28.568 million, Favourable variance \$9.004 million*

This variance was due to unbudgeted government income including Three Waters stimulus funding and Economic Development funding for the Centre of Digital Excellence, Otago regional development projects and the Strategic Tourism Asset Protection Programme.

These favourable revenue lines were partially offset by:

Parks and Recreation revenue was unfavourable \$1.425 million due to the delayed timing of the balance of external funding for the new Mosgiel aquatics facility, and timing of MBIE funding for the Tunnel Beach carpark/toilet project. It should be noted that the first tranche of pool funding was received in February (\$3.200 million).

Transportation revenue was also unfavourable (\$1.525 million) due to the lower level of subsidised capital expenditure – see capital expenditure comments below.

#### EXPENDITURE

The total expenditure for the period was \$272.299 million or \$2.949 million greater than budget.

The major variances were as follows:

##### Personnel Costs

*Actual \$56.204 million, Budget \$58.268 million, Favourable variance \$2.064 million*

This variance reflected a higher-than-expected level of position vacancies while recruitment activity is completed.

##### Operations and Maintenance Costs

*Actual \$60.029 million, Budget \$57.133 million, Unfavourable variance \$2.896 million*

Transportation expenditure was unfavourable \$2.334 million due to greater state highway street lighting maintenance, emergency works and traffic services maintenance than budgeted, including road marking which is a seasonal activity. There was also additional environmental maintenance, including road gritting and sweeping, which is weather dependant, as well as sealed pavement and drainage maintenance.

Economic Development costs were \$504k higher than budget due to the delivery of MBIE funded projects, including the engagement of contractors for the Centre of Digital Excellence and the Strategic Tourism Asset Protection Programme – see offsetting income note above.

Waste and Environmental costs were \$1.965 million unfavourable due to higher than expected landfill contract and ETS costs.

Property costs were \$966k less than budget due to some reactive maintenance unable to be carried out over the Covid-19 lockdown period, and expenditure on the Railway station to date being mainly capital in nature.

The year to date spend in Community Development was \$412k under budget reflecting the impact of cancelled events (including city activation) and delayed/lower than expected charges for costs associated with the ICC Women's Cricket World Cup.

##### Consumable and General Costs

*Actual \$17.759 million, Budget \$19.796 million, Favourable variance \$2.037 million*

BIS costs were favourable \$829k due to timing of software licence fees and IT consultant's expenditure. There were savings achieved in some software costs.

Corporate Policy expenditure was \$810k favourable, largely reflecting delayed timing of project expenditure while scoping work is completed.

Waste and Environmental expenditure was \$488k favourable as most consultants costs to date for the Smooth Hill landfill are capital in nature.

Transportation expenditure was \$818k favourable due to the timing of consultant costs related to capital project development (Central City and Cycleways). Some of these costs have been reclassified as capital expenditure in nature with project delivery now underway.

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The year to date spend in Community Development was \$413k under budget reflecting the impact of cancelled events (including city activation) and delayed/lower than expected charges for costs associated with the ICC Womens Cricket World Cup.

These favourable variances were partially offset by unbudgeted expenditure in Three Waters (\$2.067 million) for costs associated with water reform and design work for stimulus projects – see favourable income noted above.

#### **Depreciation**

*Actual \$68.377 million, Budget \$63.765 million, Unfavourable variance \$4.612 million*

This variance was due to a revaluation as at 30 June 2021 (Three Waters and Property in particular) impacting both the depreciable replacement cost and asset useful lives.

#### **Interest**

*Actual \$7.182 million, Budget \$8.291 million, Favourable variance \$1.109 million*

Interest expenditure was less than budget year to date due to a favourable floating interest rate applied to the non-fixed interest borrowing.

There will be upward pressure of interest rates in the coming months as the Reserve Bank increases the official cash rate to manage inflationary pressures and the elevated level of economic activity.

Note that as at 30 April, \$10.0 million of the term loan balance was subject to historical fixed rates of interest, with the balance being charged at the floating rate set by Dunedin City Treasury Limited.

#### **WAIPORI FUND NET OPERATING RESULT**

*Actual \$872k deficit, Budget \$2.725 million surplus, Unfavourable variance \$3.597 million*

International equities had positive market movements in the reporting month following a period of market decline. World events however continue to influence financial markets.

There has also been a year-to-date negative revaluation of fixed term investments as wholesale interest rates continue to rise.

#### **STATEMENT OF FINANCIAL POSITION**

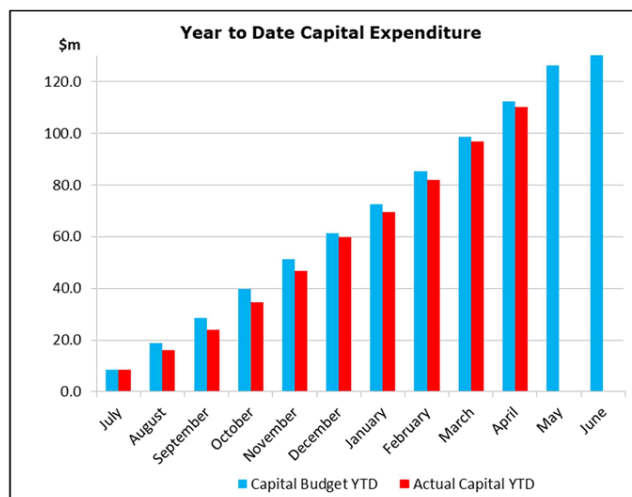
A Statement of Financial Position is provided as Attachment C.

Short term investments of \$10.546 million relate to the Waipori Fund.

#### **CAPITAL EXPENDITURE**

A summary of the capital expenditure programme by Activity is provided as Attachment E.

Total capital expenditure for the period was \$110.088 million or 98.0% of the year-to-date budget. The report also shows the relative level of expenditure versus the full year budget showing an overall spend of 75.6% after 10 months.



**Corporate Services** capital expenditure was \$1.045 million underspent

The underspend was primarily driven by lower-than-expected expenditure on IT related projects – Customer Self Service Portal, Internal Integration, Aquatic Retail System, Online Services, and Asset Management solution.

**Property** capital expenditure was \$2.736 million underspent

The Civic Centre roof renewal/window replacement project was behind budget due to programme adjustments required to manage the risk associated with asbestos. Work is about to commence on the fifth floor.

The Art Gallery roof renewal was behind budget due to additional work required for asbestos and roof framing remediation. Construction is progressing well with completion expected by June 2022.

Other projects have been delayed resulting in the underspend including the South Dunedin Library and Community Complex and new housing developments.

**Parks and Recreation** capital expenditure was \$8.487 million underspent

The underspend was primarily due to delayed timing of the Mosgiel Pool development. Construction work on this project is now underway.

Renewals expenditure was also behind budget due to timing of some projects including Moana Pool and playground and other recreational facilities renewals and upgrades.

**Transport** capital expenditure was \$5.571 million underspent

Transport's overall renewal spend was underspent due to the budget timing of some NZTA subsidised renewals projects, including street lighting renewals, shape correction, bridge renewals, reseal surface preparation and footpath resurfacing. The phasing of these budget lines will be reviewed in future to ensure they align with planned delivery.

Timing of the Shaping Future Dunedin projects and the Peninsula Connection has also contributed to the underspend. The tender for the next separable portion of the Peninsula widening project have now been awarded.

**Three Waters** capital expenditure was \$16.289 million overspent

Renewal's expenditure was ahead of budget \$18.163 million, including water and sewer renewals in North East Valley, Stuart St, Malvern St, Careys Bay and Sawyers Bay, and water renewals at Karitane and Mosgiel. Other projects included the biofilter media renewal at Green Island and Tahuna wastewater treatment plants, as well as the program to replace water toby taps and water meters.

#### **COMMENTS FROM GROUP ACTIVITIES**

Attachment F, the Summary of Operating Variances, shows by Group Activity the overall net surplus or deficit variance for the period. It also shows the variances by revenue and expenditure type.

#### **Community Development - \$1.100 million Favourable**

This favourable variance reflected reduced costs resulting from the impact on Covid19 on city events. This included cancellations and well as limited or no City Activations for premier events (World Cup Cricket, Rugby fixtures). The underspend also included delayed timing/lower than expected charges for costs associated with the hosting of the ICC WWC 2022.

#### **Corporate Services \$2.816 million Favourable**

Staff costs were favourable due to the current level of position vacancies.

Operating expenditure was favourable due mainly to timing of software licence fees and delayed project costs in Corporate Policy while scoping activities are completed.

#### **Property - \$2.794 million Unfavourable**

Depreciation was unfavourable \$3.136 million due to the revaluation of Property assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

Revenue was unfavourable \$497k due partly to rent relief provided to some commercial tenants during the covid-19 lockdown, as well as the timing of development contributions revenue. Housing revenue was also unfavourable due to the timing of major upgrade projects resulting in lower tenancy rates than budgeted.

Operating costs were favourable \$704k largely due to a higher-than-expected level of expenditure being classified as capital, particularly in the housing activity, as well as the Railway Station refurbishment project.



**Parking Services/Operations - \$1.068 million Unfavourable**

Revenue was unfavourable year to date primarily due to the ongoing impact of the Covid-19 pandemic, and in particular the lockdown earlier in the financial year.

**Parks and Recreation - \$1.113 million Unfavourable**

Overall revenue was unfavourable partly due the delayed timing of external funding for the Mosgiel aquatic facility. A significant portion of the expected community funding for the new facility has now been received with the balance due as project milestones are achieved. Revenue was also below budget due to the impact of Covid-19 closures on pool/gym revenue.

Operating costs were \$1.062 million favourable due partly to savings in energy, maintenance and cleaning costs at Moana Pool due to covid restrictions, as well as timing of consultant expenditure in the Recreation Planning and Coastal Planning activities. Greenspace contract costs and building maintenance costs were also favourable.

**Regulatory and Planning - \$1.058 million Favourable**

Consents revenue was favourable \$1.004 million due to increased activity including building applications, inspections, code compliance certification, and resource consent applications.

**Transport - \$3.077 million Unfavourable**

Revenue was unfavourable \$2.176 million mainly due to the lower than budgeted level of subsidised capital expenditure year to date. Revenue from corridor accessway applications was also less than budgeted.

Operating costs were unfavourable due to higher-than-expected road gritting and sweeping work in July and August which was weather driven. Drainage maintenance costs were also high due to some large jobs being undertaken at Mount Watkin Road, Portobello Road, Factory Road and Melrose Street.

**Waste and Environmental - \$2.499 million Unfavourable**

Revenue was unfavourable primarily due to lower than expected tonnage through the Green Island Landfill.

Operating costs were unfavourable primarily due to higher than expected ETS costs associated with landfill operations. NZUs required to offset emissions from the landfill now have to be purchased on the open market – previously there was a fixed price option for the offset.

**Three Waters - \$5.081 million Favourable**

Three Waters revenue was favourable \$8.085 million including \$9.636 million stimulus project funding from the Department of Internal Affairs, partly offset by lower than anticipated water sales, and consultancy fee recoveries.

Operating expenditure was unfavourable \$2.433 million primarily due to unbudgeted expenditure on stimulus funded project work. Depreciation was also unfavourable \$897k due to the revaluation of Three Waters assets as at 30 June 2021 impacting both the depreciable replacement cost and asset useful lives.

## RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit and Risk Subcommittee:

Pursuant to the provisions of the Local Government Official Information and Meetings Act 1987, exclude the public from the following part of the proceedings of this meeting namely:

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 21 April 2022 - Public Excluded	<p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information</p>	.	

	<p>should continue to be supplied.</p> <p>S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p>		
C2 Audit and Risk Subcommittee Actions Report	<p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

	information or information from the same source and it is in the public interest that such information should continue to be supplied.		
C3 Audit Fee Letter for Year Ending 30 June 2022	S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C4 Internal Audit Workplan Update	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.  S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	<p>S7(2)(h)</p> <p>The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>		
<p>C5 DCC Policy Update Report</p>	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C6 DCC Internal Audit Actions Update</p>	<p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

	same source and it is in the public interest that such information should continue to be supplied.		
C7 Health and Safety Monthly Reporting for April 2022	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C8 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C9 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C10 Protected Disclosure Register	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.  S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	<p>of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>		
C11 Investigation Register	<p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 6 and 7.</p>	

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