

Notice of Meeting:

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

Date: Thursday 2 March 2023
Time: 2.00 pm
Venue: Otaru Room, Civic Centre, The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Audit and Risk Subcommittee

PUBLIC AGENDA

MEMBERSHIP

Chairperson	Warren Allen	
Deputy Chairperson	Janet Copeland	
Members	Cr Sophie Barker	Cr Christine Garey
	Cr Cherry Lucas	Mayor Jules Radich
	Cr Lee Vandervis	
Senior Officer	Gavin Logie, Chief Financial Officer	
Governance Support Officer	Wendy Collard	

Wendy Collard
Governance Support Officer

Telephone: 03 477 4000
Wendy.Collard@dcc.govt.nz
www.dunedin.govt.nz

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

ITEM	TABLE OF CONTENTS	PAGE
1	Apologies	4
2	Declaration of Interest	5
PART A REPORTS (Committee has power to decide these matters)		
3	Overview of the Audit and Risk Subcommittee	11
4	Audit and Risk Subcommittee Work Plan 2023	12
5	Financial Result for period ended 31 December 2022	16
	RESOLUTION TO EXCLUDE THE PUBLIC	34

1 APOLOGIES

An apology has been received from Janet Copeland.

That the Subcommittee:

Accepts the apology from Janet Copeland.

DECLARATION OF INTEREST

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 Committee:

- 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

	Title	Page
 A	Register of Interests	6

Audit and Risk Subcommittee - Register of Interest - current as at 15 February 2023				
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.
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.
	Trustee	Te Puka Rakiua Trust T/A Predator Free Rakiua	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Law Society - Standards Committee (Southland)	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
Mayor Jules Radich	Shareholder	Izon Science Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Taurikura Drive Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Golden Block Developments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Terrace Properties Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Southern Properties (2007) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Arrerway Drive Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Golden Centre Holdings Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	IBMS Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Raft Holdings Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Otago Business Coaching Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Effectvise Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Athol Street Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder	Allandale Trustee Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Aberdeen St No2 Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Road Safety Action Plan	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	100% Shareholder/Director	Panorama Developments Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Hospital Local Advisory Group (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Council of Social Services (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Sector Steering Group (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Sophie Barker	Director	Ayrmied Limited	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.
	Property Owner	Residential Property Owner - Dunedin	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
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Mentor	Business Mentors NZ	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Southern Heritage Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Friends of Otago Museum	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Orokonui Ecosanctuary	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Volunteer	Blue Penguins Pukekura	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Vegetable Growers Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Committee Member	Otago Anniversary Day Dinner	No conflict identified	Withdraw from discussion and leave the table. If in confidential leave the room. Seek advice prior to the meeting.
	Chairperson	Dunedin Heritage Fund (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Gasworks Museum Trust (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Otaru Sister City Society (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone (Council Appointment)	No conflict identified	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	Te Ao Tūroa Partnership (Council 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.
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.
	Member	Women of Ōtepoti	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member (alternate)	Grow Dunedin Partnership (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Museum Trust Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Sophia Charter (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	St Paul's Cathedral Foundation (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
	Member	Theomin Gallery Management Committee (Olveston) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Cherry Lucas	Trustee	Otago Farmers Market	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago A & P Society	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Henderson Lucas Family Trust - Residential Dunedin Property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Institute of Chartered Accountants	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Museum Trust Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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 (alternate)	Grow Dunedin Partnership (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgies-Taieri Community Board (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Te Poāri a Pukekura Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Lee Vandervis	Director	Lee Vandervis, Antonie Alm-Lequeux and Cook Allan Gibson Trustee Company Ltd - Residential Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Bunchy Properties Ltd - Residential Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Vandervision Audio and Lighting - Hire, Sales and Service Business	No conflict identified.	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.
	Chairperson	Disability Issues Advisory Group (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Staff				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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.

PART A REPORTS

OVERVIEW OF THE AUDIT AND RISK SUBCOMMITTEE

Department: Civic

EXECUTIVE SUMMARY

The Chairperson will provide an overview of roles and responsibilities of an Audit and Risk Subcommittee.

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2023

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Audit and Risk Subcommittee Work Plan for 2023 which has been aligned with work programmes scheduling and decision-making.
- 2 It should be note 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 for 2023.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Sharon Bodeker - Manager Governance

Attachments

	Title	Page
↓A	Audit and Risk Subcommittee Workplan 2023	13

AUDIT AND RISK SUBCOMMITTEE WORKPLAN 2023					
	Responsible	March	June	September	December
GOVERNANCE					
Audit and Risk Subcommittee Terms of Reference/Delegations	Governance				
REGULAR REPORTS					
Audit and Risk Subcommittee 2023 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	✓	✓	✓	✓
OTHER REPORTING					
Schedule of Top 100 Suppliers	Finance			✓	
Data Analytics	Finance	✓			
Insurance Update	Finance/Aon NZ			✓	
Corporate Risk Register	Risk and Audit				
Legal Update	Legal	✓			

Electronic Communications Email Quarantine Policy reporting	Governance		✓		
Annual Report Planning	Finance	✓			
Management Reporting - Audit New Zealand	Finance	✓			
POLICY REVIEWS/UPDATES					
Protected Disclosure "Whistle-Blower" Policy	Corporate and Quality	✓			
Health, Safety and Wellbeing Policy	H&S	✓			
Electronic Communications Email Quarantine Policy	HR		✓		
Gifts and Hospitality Policy	HR		✓		
Staff Conflict of Interest Policy	Corporate and Quality		✓		
Leave Management Policy	HR			✓	
Koha Policy	Finance			✓	
Information Management Policy	BIS				✓
ICT Acceptable Use Policy	BIS				✓
Staff Code of Conduct (Employee Values and Practices)	HR				✓
Procurement and Contracts Management Policy <i>(to be reviewed in 2024)</i>	Procurement				
Fraud Bribery & Corruption Prevention Policy <i>(to be reviewed in 2024)</i>	Risk and Audit				
Asset Management Policy <i>(to be reviewed in 2024)</i>	Infrastructure				
Risk Management Policy <i>(to be reviewed in 2024)</i>	Risk and Audit				
Treasury Risk Management Policy <i>(to be reviewed as part of 10 year plan)</i>	Treasury				
Asset Disposal and Write-Off Policy <i>(to be reviewed in 2024)</i>	Finance				

RISK OVERVIEW (DEEP DIVE)					
Climate Change Adaption and Mitigation	Policy		✓		
Central Government Reforms	Policy			✓	
Financial Risk	Finance				✓
Changes in Information Technology	BIS				

FINANCIAL RESULT FOR PERIOD ENDED 31 DECEMBER 2022

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Financial Results for the period ending 31 December 2022 that will be presented to the Finance and Council Controlled Organisations Committee meeting held on 14 February 2023.

RECOMMENDATIONS


That the Subcommittee:

- a) **Notes** the Financial Results for the period ending 31 December 2022 report.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Sharon Bodeker - Manager Governance

Attachments

	Title	Page
A	Financial Results - period ended 31 December 2022	17

FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2022

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 December 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.

\$ Million	Actual	Budget	Variance		Last Year
Revenue	177.379	173.724	3.655	F	163.209
Expenditure	205.309	182.975	(22.334)	U	169.297
Net Surplus/(Deficit) excluding Waipori	(27.930)	(9.251)	(18.679)	U	(6.088)
Waipori Fund Net	0.546	1.685	(1.139)	U	3.290
Net Surplus/(Deficit) including Waipori	(27.384)	(7.566)	(19.818)	U	(2.798)
Capital Expenditure	104.119	85.183	(18.936)		59.771
Debt					
Short Term Borrowings	76.000	51.000	(25.000)	U	31.800
Term Loans	334.273	334.273	-		271.973
Total Debt	410.273	385.273	(25.000)	U	303.773

RECOMMENDATIONS

That Committee:

- a) **Notes** the Financial Performance for the period ended 31 December 2022 and the Financial Position as at that date.

BACKGROUND

- 3 This report provides the financial statements for the period ended 31 December 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 \$177.379 million for the period or \$3.655 million greater than budget. This was primarily due to unbudgeted government grants for Economic Development, as well as increased revenue for Aquatic Services, landfill revenue, and roading capital expenditure subsidies.
- 5 These favourable variances were partially offset by lower than expected revenue from parking operations, water sales and water reform project subsidy revenue.
- 6 Expenditure was \$205.309 million for the period or \$22.334 million greater than budget. Operational expenditure was greater than expected due to additional roading maintenance expenditure (see revenue above), landfill contract and Ministry levies costs, along with costs associated with applying to extend the Green Island landfill consents and monies spent for government funded projects in Economic Development.
- 7 Depreciation expenditure was also higher than expected following asset revaluations as at 30 June 2022, impacting asset replacement cost (Three Waters and Transport). The level of uplift for Three Waters reflects a change in valuation methodology away from historical indexed costs to a fairer estimate of current replacement cost.
- 8 These unfavourable variances were partially offset by savings in personnel costs and delays for some project expenditure.
- 9 The Waipori Fund saw a month of negative valuations in equity markets following a period of recovery since the start of the financial year. There continues to be negative valuations for fixed term investments as wholesale interest rates continue to rise.
- 10 Capital expenditure was \$104.119 million for the period or 122.2% of the year-to-date budget (55.0% of the full year budget). Transportation and 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 delays for some projects.

NEXT STEPS

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

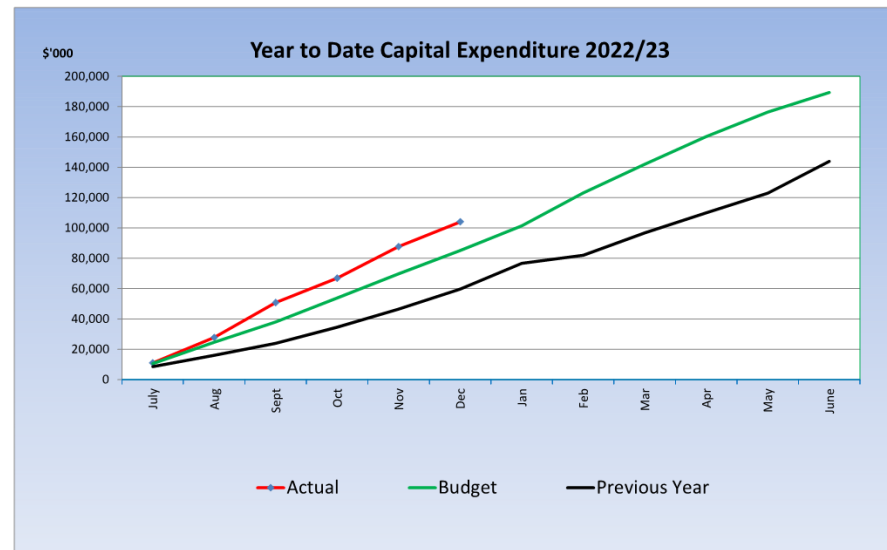
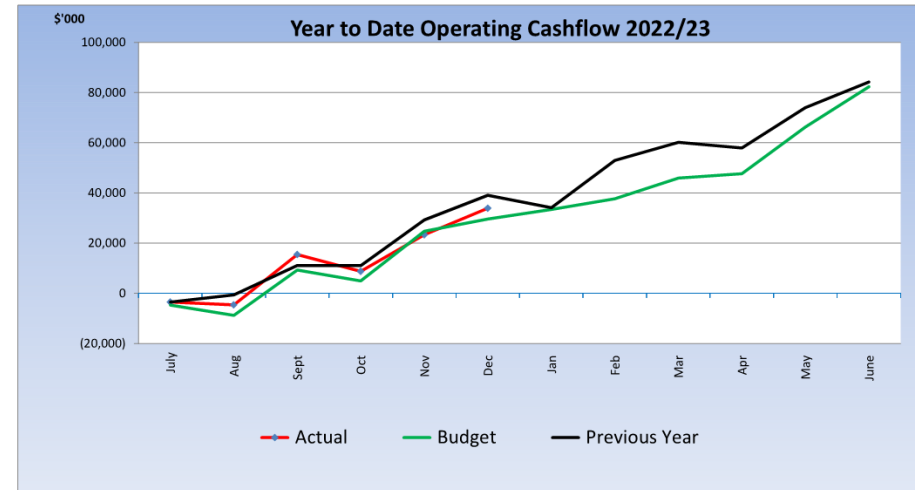
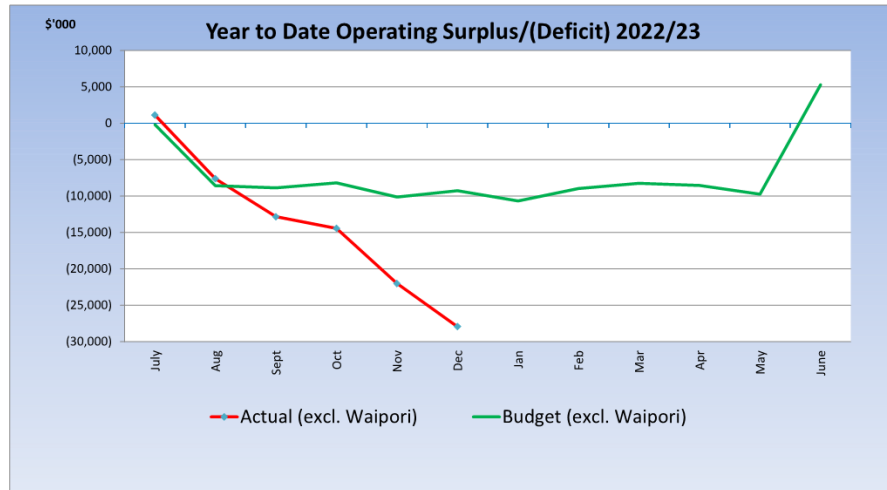
Signatories

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

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 31 DECEMBER 2022





Borrowing Metrics	Target		Actual	Budget
Interest as a % rates revenue	< 30%	*	7.1%	7.0%
Interest as a % total revenue	< 20%	*	4.3%	4.4%
Debt % annualised revenue	250.0% Max.		128.8%	119.8%


* represents the ability to fund interest costs from revenue

DUNEDIN CITY COUNCIL											DUNEDIN CITY COUNCIL	kaunihera a-rohe o ōtepoti
Statement of Financial Performance												
For the Period Ending 31 December 2022												
Amount : \$'000												
Mth Actual	Mth Budget	Mth Variance		REVENUE	Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget	
15,489	15,489	-		Rates Revenue	97,833	97,836	3	U	89,546	179,556	190,767	
216	111	105	F	Rates Penalties	627	457	170	F	527	1,058	850	
5,646	5,914	268	U	Other Operating Revenue	37,399	36,979	420	F	34,328	82,618	79,413	
3,593	3,210	383	F	Grants	22,123	18,744	3,379	F	19,849	45,311	43,771	
389	315	74	F	Contributions	1,309	1,892	583	U	1,290	10,471	6,784	
3,007	2,969	38	F	Internal Revenue	18,088	17,816	272	F	17,669	35,264	35,633	
28,340	28,008	332	F	TOTAL REVENUE	177,379	173,724	3,655	F	163,209	354,278	357,218	
				EXPENDITURE								
6,687	6,438	249	U	Personnel Costs	37,519	38,541	1,022	F	34,796	68,287	76,816	
6,914	6,195	719	U	Operations & Maintenance	41,710	38,557	3,153	U	34,950	75,022	76,624	
627	1,129	502	F	Occupancy Costs	17,772	17,562	210	U	16,243	28,217	30,059	
2,603	1,743	860	U	Consumables & General	12,638	11,505	1,133	U	11,015	27,708	22,781	
557	412	145	U	Grants & Subsidies	9,657	9,418	239	U	9,308	11,731	10,710	
3,006	2,969	37	U	Internal Charges	18,088	17,815	273	U	17,669	35,264	35,633	
12,608	7,121	5,487	U	Depreciation	61,013	42,728	18,285	U	41,284	81,351	85,595	
1,251	1,142	109	U	Interest	6,912	6,849	63	U	4,032	8,630	13,697	
34,253	27,149	7,104	U	TOTAL EXPENDITURE	205,309	182,975	22,334	U	169,297	336,210	351,915	
				NET SURPLUS (DEFICIT) EXCLUDING WAIPORI	(27,930)	(9,251)	18,679	U	(6,088)	18,068	5,303	
				Add								
				Waipori Fund Net Operating Result	546	1,685	1,139	U	3,290	(4,568)	3,369	
				NET SURPLUS (DEFICIT) INCLUDING WAIPORI	(27,384)	(7,566)	19,818	U	(2,798)	13,500	8,672	

		DUNEDIN CITY COUNCIL		 DUNEDIN CITY COUNCIL		kaunihera a-rohe o ōtepoti
		Statement of Financial Position				
		As at 31 December 2022				
		Amount : \$'000				
As at 30-Jun-22		As at 31-Dec-22	Budget 31-Dec-22 \$000s	Budget 30-Jun-23	As at 31-Dec-21 \$000s	
Current Assets						
11,986	Cash and Deposits	8,199	10,408	8,330	11,384	
23,293	Sundry Debtors	25,697	22,191	25,230	18,130	
7,999	Short Term Investments	5,007	10,539	10,539	10,218	
-	Assets held for Resale	-	-	-	694	
322	Inventories	608	472	472	429	
43,600	Total Current Assets	39,511	43,610	44,571	40,855	
Non Current Assets						
324,147	Investments	329,713	326,884	330,009	332,017	
5,112,763	Fixed Assets	5,155,722	3,655,034	3,803,117	3,505,729	
5,436,910	Total Non Current Assets	5,485,435	3,981,918	4,133,126	3,837,746	
5,480,510	TOTAL ASSETS	5,524,946	4,025,528	4,177,697	3,878,601	
Current Liabilities						
14,791	Sundry Creditors	14,701	12,000	12,000	16,135	
44,419	Accrued Expenditure	40,330	32,078	33,008	34,067	
-	Short Term Borrowings	76,000	51,000	-	31,800	
20	Derivative Financial Instruments	-	-	-	656	
59,230	Total Current Liabilities	131,031	95,078	45,008	82,658	
Non Current Liabilities						
334,273	Term Loans	334,273	334,273	440,273	271,973	
15,584	Other Non-Current Liabilities	15,584	15,232	15,232	14,232	
349,857	Total Non Current Liabilities	349,857	349,505	455,505	286,205	
409,087	TOTAL LIABILITIES	480,888	444,583	500,513	368,863	
5,071,423	COUNCIL EQUITY	5,044,058	3,580,945	3,677,184	3,509,738	
5,480,510		5,524,946	4,025,528	4,177,697	3,878,601	
Statement of Change in Equity						
3,512,539	Opening Balance	5,071,423	3,588,491	3,588,491	3,512,539	
13,500	Operating Surplus (Deficit)	(27,384)	(7,566)	8,672	(2,798)	
1,544,748	Movements in Reserves	(1)	(1)	80,000	(3)	
636	Adjustment Derivatives	20	21	21	-	
5,071,423		5,044,058	3,580,945	3,677,184	3,509,738	

<p>DUNEDIN CITY COUNCIL  DUNEDIN kaunihera CITY COUNCIL a-rohe o Ōtepoti</p> <p>Statement of Cashflows For the Period Ending 31 December 2022 Amount : \$'000</p>				
	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
Cash Flow from Operating Activities				
<i>Cash was provided from operating activities</i>				
Rates Received	97,350	96,719	190,481	91,091
Other Revenue	55,673	53,751	113,121	56,536
Interest Received	3,692	3,607	7,353	3,598
Dividend Received	779	615	6,754	779
Income Tax Refund	-	-	450	-
<i>Cash was applied to</i>				
Suppliers and Employees	(117,571)	(118,220)	(218,873)	(109,596)
Interest Paid	(5,957)	(6,823)	(14,349)	(3,282)
Net Cash Inflow (Outflow) from Operations	33,966	29,649	84,937	39,126
Cash Flow from Investing Activities				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	101	-	120	3,037
Reduction in Investments	-	-	-	-
<i>Cash was applied to:</i>				
Increase in Investments	(3,227)	-	(2,550)	(3,299)
Capital Expenditure	(110,627)	(80,086)	(190,022)	(67,219)
Net Cash Inflow (Outflow) from Investing Activity	(113,753)	(80,086)	(192,452)	(67,481)
Cash Flow from Financing Activities				
<i>Cash was provided from financing activities:</i>				
Loans Raised	-	-	106,000	-
Increase in Short Term Borrowings	76,000	51,000	-	41,800
<i>Cash was applied to:</i>				
Loans Repaid	-	-	-	-
Decrease in Short Term Borrowings	-	-	-	(10,000)
Net Cash Inflow (Outflow) from Financing Activity	76,000	51,000	106,000	31,800
Total Increase/(Decrease) in Cash	(3,787)	563	(1,515)	3,445
Opening Cash and Deposits	11,986	9,845	9,845	7,939
Closing Cash and Deposits	8,199	10,408	8,330	11,384

<div><div><div><div> DUNEDIN CITY COUNCIL</div><div>kaunihera a-rohe o ōtepoti</div></div><div><div>DUNEDIN CITY COUNCIL Capital Expenditure Summary by Activity For the Period Ending 31 December 2022 Amount : \$'000</div></div></div></div>						
Description	Year to Date Actual	Year to Date Budget	Year to Date Variance	Over Under Spend	LY YTD Actual	Full Year Budget
Galleries, Libraries & Museums	1,179	1,364	185	U	629	2,429
City Development	45	70	25	U	23	250
Corporate Services	1,719	2,456	737	U	1,436	5,857
Property	7,797	10,536	2,739	U	8,254	28,082
Other	2	137	135	U	105	620
Parks and Recreation	12,211	14,271	2,060	U	3,903	32,068
Transport	29,956	26,076	3,880	O	14,693	51,840
Waste & Environmental	2,198	3,348	1,150	U	1,763	16,079
Three Waters	49,012	26,925	22,087	O	28,965	58,847
Timing Adjustment	-	-	-		-	(6,600)
	104,119	85,183	18,936	O	59,771	189,472

<div><div><div><div><div></div><div>DUNEDIN CITY COUNCIL</div></div><div>Summary of Operating Variances</div><div>For the Period Ending 31 December 2022</div></div><div></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	546	1,685	(1,139)	-	(1,096)	-	-	(43)	-	-	-
Galleries, Libraries & Museums	116	(213)	329	-	503	(7)	(93)	(102)	1	-	27
Community Development	(952)	(1,368)	416	-	101	(6)	94	233	(5)	-	(1)
Corporate Services	1,085	149	936	-	(48)	(3)	514	604	9	-	(140)
Enterprise Dunedin	168	(94)	262	-	1,756	-	(11)	(1,493)	2	-	8
Property	(1,751)	(2,173)	422	-	93	-	99	197	2	-	31
Investment	(5,774)	(4,477)	(1,297)	(3)	367	-	(1,034)	(563)	(1)	(63)	-
Parking Services/Operations	113	569	(456)	-	(600)	(4)	96	-	-	-	52
Parks and Recreation	468	(428)	896	-	421	1	255	(175)	1	-	393
Regulatory & Planning	131	403	(272)	-	(155)	-	121	(240)	2	-	-
Transport	(1,216)	(444)	(772)	-	2,486	-	97	(2,229)	-	-	(1,126)
Waste & Environmental	(39)	(133)	94	-	577	291	149	(956)	5	-	28
Three Waters	(20,279)	(1,042)	(19,237)	-	(2,115)	-	735	(11)	(289)	-	(17,557)
Total Council	(27,384)	(7,566)	(19,818)	(3)	2,290	272	1,022	(4,778)	(273)	(63)	(18,285)

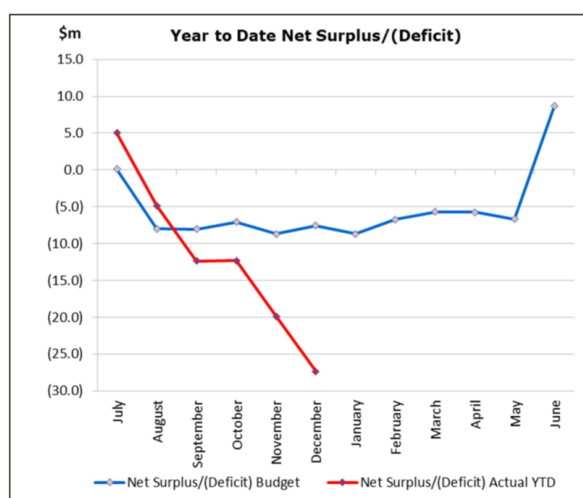
•

FINANCIAL REVIEW

For the period ended 31 December 2022

This report provides a detailed commentary on the Council's financial result for the period ended 31 December 2022 and the financial position at that date.

NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)



The net deficit (including Waipori) for the period ended 31 December 2022 was \$27.384 million or \$19.818 million greater than budget.

•

REVENUE

The total revenue for the period was \$177.379 million or \$3.655 million greater than budget.

The major variances were as follows:

Other Operating Revenue

Actual \$37.399 million, Budget \$36.979 million, Favourable variance \$420k

Property revenue was favourable \$180k. This included an unbudgeted insurance claim related to the Currie Street fire. There was also some unbudgeted rent revenue for the South Dunedin Community Complex building.

Aquatic Services revenue was favourable \$177k due mainly to gym and lean to swim activities. Retail sales at Moana Pool were also favourable \$46k.

Waste and Environmental revenue was favourable \$577k mainly due to an unexpected short-term increase in the volume of waste entering the Green Island landfill. Waste Strategy revenue was also favourable \$182k due to the timing of waste levy revenue from the Ministry of the Environment.

These favourable variances were partially offset by:

On-street and off-street parking revenue was unfavourable \$584k due to lower than expected activity. Parking continues to be impacted by changing habits with people continuing to work from home along with some lost revenue to due road closures.

Three Waters revenue was unfavourable \$332k due mainly to lower water sales and less consultancy recoveries than expected.

Grants Revenue

Actual \$23.123 million, Budget \$18.744 million, Favourable variance \$3.379 million

Enterprise Dunedin revenue was favourable \$1.758 million due to the receipt of unbudgeted government funding for the Centre of Digital Excellence and Destination Marketing and the Regional Events Fund.

Transport revenue was favourable \$2.735 million reflecting the higher level of subsidised maintenance and capital expenditure.

These favourable revenue lines were partially offset by delayed timing of Three Waters reform projects funding \$1.609 million.

-

EXPENDITURE

The total expenditure for the period was \$205.309 million or \$22.334 million greater than budget.

The major variances were as follows:

Personnel Costs

Actual \$37.519 million, Budget \$38.541 million, Favourable variance \$1.022 million

This variance reflected a higher-than-expected level of position vacancies to date while recruitment activity continues.

Operations and Maintenance Costs

Actual \$41.710 million, Budget \$38.557 million, Unfavourable variance \$3.153 million

Transportation expenditure was unfavourable \$2.315 million due to greater subsidised roading maintenance including: drainage maintenance, emergency works and traffic services maintenance including road marking.

Enterprise Dunedin costs were \$845k higher than budget due to unbudgeted expenditure for the Centre of Digital Excellence, Destination Marketing and Regional Events Fund– see offsetting income note above.

Waste and Environmental costs were \$505k unfavourable due mainly to higher variable landfill contract costs (volume driven) and refuse, litter and kerbside collection costs.

These unfavourable variances were partially offset by delayed timing in Three Waters reform project work – see Grants revenue discussion above.

Consumable and General Costs

Actual \$12.638 million, Budget \$11.505 million, Unfavourable variance \$1.133 million

Three Waters costs were \$805k unfavourable due mainly to unbudgeted Three Waters Reform project costs.

City Development costs were \$197k unfavourable due to legal fees relating to the 2nd Generation District Plan.

Waste and Environmental costs were unfavourable \$422k mainly due to consultancy costs associated with the planned extension of consents at the Green Island landfill, as well as increased Ministry for the Environment waste levy fees.

These unfavourable variances were partially offset by:

Council Communication and Marketing costs were favourable \$269k due to timing of advertising and software licensing costs as well as savings in media monitoring costs.

•

Depreciation

Actual \$61.013 million, Budget \$42.728 million, Unfavourable variance \$18.285 million

This variance primarily related to increased depreciation on reticulation assets within Three Waters. Previously the DCC valued its Three Waters assets based on historical replacement costs indexed annually to reflect the cost/valuation for accounting purposes. Last financial year it was concluded that this methodology was no longer appropriate, and a methodology based on current replacement costs has been applied as at 30 June 2022.

This change in methodology saw an increase in cost/valuation for accounting purposes of circa \$1.3 billion and comes with an increased level of depreciation which has been estimated for the first 6 months of the year. The valuation uplift is subject to audit clearance and further work is still required to ensure the depreciation correctly reflects the new values.

WAIPORI FUND NET OPERATING RESULT

Actual \$546k surplus, Budget \$1.685 million surplus, Unfavourable variance \$1.139 million

The Waipori Fund saw a month of negative valuations across all equity portfolios following a period of recovery since the start of the financial year. There continues to be negative valuations for 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 \$5.007 million relate to the Waipori Fund.

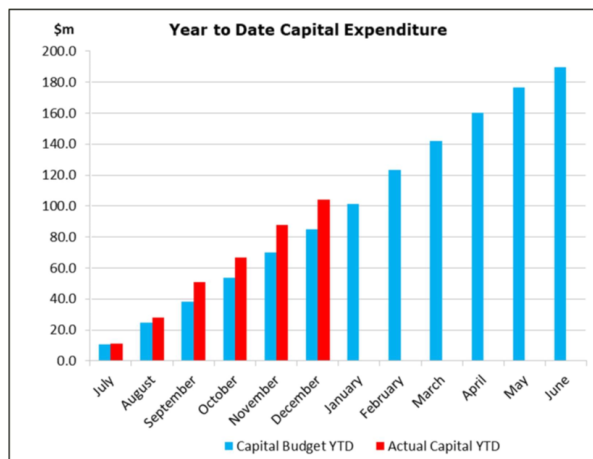
The level of fixed assets both 30 June 2022 and 31 December 2022 reflects the uplift in valuation of the Three Waters reticulation assets.

•

CAPITAL EXPENDITURE

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

Total capital expenditure for the period was \$104.119 million or 122.2% of the year-to-date budget.



Corporate Services capital expenditure was \$737k underspent

BIS capital was underspent \$1.211 million driven by lower-than-expected expenditure on IT related projects – Customer Self Service Portal, Aquatic Retail System, Online Services, Contract Management System and Mobility Solutions.

Fleet Operations capital was overspent \$474k due to the timing of the fleet vehicle replacement programme being brought forward due to the availability of vehicles and earlier than expected delivery of the new mobile library.

Property capital expenditure was \$2.739 million underspent

Renewals capital was underspent \$2.899 million due to:

- The Civic Centre upgrade project was behind budget due to some scheduled work yet to begin such as the LED lighting component.
- The Healthy Homes project was behind schedule due to difficulties getting sufficient contractors to complete the work.

-

Parks and Recreation capital expenditure was \$2.060 million underspent

This underspend reflected delays across the various portfolios including Moana Pool and associated hydroslide replacement and general renewal and upgrades to recreation facilities.

Transport capital expenditure was \$3.880 million overspent

Transport's overall renewal spend was \$535k overspent to date, on a year to date budget of \$11.014 million.

In terms of new capital delivery, the Central City project was running ahead of the year to date budget, partially offset by delays related to Shaping Future Dunedin projects and Urban Cycleways. Other projects ahead of budget include expenditure on Intersection Improvements. The overall status of the Central City project will be reported to the Infrastructure Services Committee.

Waste and Environmental capital expenditure was \$1.150 million underspent

The variance was driven by delayed timing of expenditure for the new kerbside bins. The contracts for the new service have now been signed with initial planning for service rollout underway.

Partially offsetting this variance was expenditure on the Smooth Hill landfill project.

Three Waters capital expenditure was \$22.087 million overspent

Renewal's expenditure was ahead of budget \$14.533 million, including water and sewer renewals related to the Central City project as well as pipe renewals in Waikouaiti, Careys Bay and Sawyers Bay. Other renewals projects included the program to replace water toby's and meters.

New capital expenditure was ahead of budget \$7.554 million, including the property purchase associated with the Bath St project and the new Tahuna sludge delivery project.

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.

Corporate Services - \$936k Favourable

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

Operating expenditure was favourable due mainly to savings on software licence fees, savings in advertising and media monitoring costs for Council Communications and Marketing and delayed project costs in Corporate Policy.

•

Property Services - \$422k Favourable

Overall revenue was favourable \$93k due to an unbudgeted insurance claim relating to a fire at a Community Housing site and unbudgeted rent revenue at the South Dunedin Community Complex property.

Operating expenditure was favourable \$197k due to reactive maintenance for a number of properties being less than budgeted.

Parks and Recreation - \$896k Favourable

Overall revenue was favourable \$421k partly due to a higher than expected levels of activity across the group – including Aquatics and Sportsgrounds.

Staff costs were \$255k favourable due partly to the number of vacancies within the group.

Transport - \$772k Unfavourable

Revenue was \$2.486 million favourable primarily reflecting the level of subsidised maintenance and capital expenditure for the year to date.

Operating costs were unfavourable \$2.229 million due to greater subsidised roading maintenance including: drainage maintenance, emergency works and traffic services maintenance including road marking.

Three Waters - \$19.237 million Unfavourable

Three Waters revenue was unfavourable \$2.115 million due to the delayed timing of Water Reform project funding from the Department of Internal Affairs and lower than anticipated water sales.

Staff costs were favourable pending recruitment into the new positions funded from the project monies discussed above.

Internal costs were \$289k unfavourable due to the amount of sludge and screenings material disposed of at Green Island landfill.

Depreciation was unfavourable \$17.557 million due to the new valuation effective 30 June 2022 discussed above.

RESOLUTION TO EXCLUDE THE PUBLIC

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:

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 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.	
C2 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	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 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>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>		
C3 DCC Internal Audit Actions Update	<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>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>	

	should continue to be supplied.		
C4 DCC Policy Update 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.	
C5 Health and Safety Monthly Reporting for December 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 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.	
C7 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	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	

	prejudice the commercial position of the person who supplied or who is the subject of the information.	withholding exists under section 7.	
C8 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>	
C9 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.