

Notice of Meeting:

I hereby give notice that an ordinary meeting of the Dunedin City Council will be held on:

Date: Tuesday 27 February 2024
Time: 10.00 am
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon,
Dunedin

Sandy Graham
Chief Executive Officer

Council
PUBLIC AGENDA

MEMBERSHIP

Mayor
Deputy Mayor

Mayor Jules Radich
Cr Cherry Lucas

Members

Cr Bill Acklin	Cr Sophie Barker
Cr David Benson-Pope	Cr Christine Garey
Cr Kevin Gilbert	Cr Carmen Houlahan
Cr Marie Laufiso	Cr Mandy Mayhem
Cr Jim O'Malley	Cr Lee Vandervis
Cr Steve Walker	Cr Brent Weatherall
Cr Andrew Whiley	

Senior Officer

Sandy Graham, Chief Executive Officer

Governance Support Officer

Lynne Adamson

Lynne Adamson
Governance Support Officer

Telephone: 03 477 4000
governance.support@dcc.govt.nz
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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 OPENING

Rev David Poultney, Dunedin Methodist Parish Superintendent will open the meeting with a prayer.

2 PUBLIC FORUM

AT THE CLOSE OF THE AGENDA PUBLIC FORUM REGISTRATIONS WERE STILL BEING TAKEN. THE SPEAKERS WILL BE CONFIRMED FOLLOWING CLOSURE OF REGISTRATIONS 24 HOURS BEFORE THE MEETING BEGINS.

3 APOLOGIES

An apology has been received from Cr Andrew Whiley.

That the Council:

Accepts the apology from Cr Andrew Whiley.

4 CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

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 any private or other external interest they might have.
2. Elected members are reminded to update their register of interests as soon as practicable, including amending the register at this meeting if necessary.
3. Staff are reminded to update their register of interests as soon as practicable.

RECOMMENDATIONS

That the Council:

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

Attachments

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Councillor Register of Interest - Current as at 9 February 2024				
Councillors are members of all committees				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Mayor Jules Radich	Shareholder	Izon Science Limited	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	Arrenway Drive Investments Limited	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	Effectivise 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.
	Member	Dunedin Club	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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	Connecting Dunedin (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Bill Acklin	Shareholder/Director	Dunedin Brokers Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	APRA - AMCOS	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Entertainer	Various functions	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.
	Casual Employee	Insulmax	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (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.
Cr Sophie Barker	Director	Ayrmed 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.
	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 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	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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 Trust (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	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 David Benson-Pope	Owner	Residential Property Ownership in Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee and Beneficiary	Blind Investment Trusts	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Yellow-eyed Penguin Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Heritage Fund (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (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.
Cr Christine Garey	Trustee	Garey Family Trust - Property Ownership - 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.
	Chairperson	Study Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Ashburn Hall Charitable Trust Board	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.
Cr Kevin Gilbert	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.
	Owner	Gipfel Limited - Bakery	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Schlubert Trust - Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Schlup Family Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	BNI	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Business South	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
	Shareholder	Air New Zealand	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Kevin Gilbert and Esther Gilbert Partnership - Residential Rental Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Biddies Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Advisors	Ronald McDonald House Supper Club Committee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Fair Trading Committee (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 (alternate)	Otago Regional Transport Committee (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	Keep Dunedin Beautiful (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Settlers Association (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Saddle Hill Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	National Industry Advisors Group Food and Beverage (Workforce Development Council)	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 Carmen Houlahan	Owner	Residential Property - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Rental Property - North Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Part Owner	Adobe Group Ltd, Wanaka	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Property Investors Association	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Acquisitions Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Creative Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	KBCLR Family Trust	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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Cr Marie Laufiso	Property Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Moray Place Community Building Trust - Trust Owner of Property 111 Moray Place	Duty to Trust may conflict with duties of Council Office	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Otago Mental Health Support Trust	Potential grants applicant which would result in pecuniary interest. Duty to Trust may conflict with duties of Council Office	Do not participate in consideration of grants applications. If the meeting is in public excluded, to leave the room.
	Member	Women of Ōtepoti Recognition Initiative	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Family Member	Staff member a relative	Potential conflict depending on level of staff member involvement	Managed by staff at officer level if a perceived conflict of interest arises.
	Secretary	Brockville Improvements and Amenities Society (BIAS)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Corso Ōtepoti Dunedin Trust	Potential grants recipient	Withdraw from discussion and leave the table. If in public excluded leave the room. Seek advice prior to the meeting.
	Member	Dunedin Manufacturing Holdings Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Secretary	BIAS Charitable Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Dunedin Branch Treasurer	P.A.C.I.F.I.C.A Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Green Party of Aotearoa New Zealand	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Abrahamic Interfaith Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Refugee Steering Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Social Wellbeing Advisory Group (Council Appointment)	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	Grants Subcommittee (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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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 (alternate)	Grow Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel 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.
Cr Mandy Mayhem	Chairperson	Waitati Hall Society Inc	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Blueskin News Committee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Co-ordinator	Waitati Market	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Co-ordinator	Emergency response group, Blueskin area	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	FENZ Local Advisory Committee for Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Waitati Music Festival Committee	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Blueskin Bay Amenities Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Blueskin A & P Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Keep Dunedin Beautiful (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Zone Representative and Board Member	Keep New Zealand Beautiful	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Coastal Community Cycleway Network	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	West Harbour Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Disability Issues Advisory Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Property Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Social Wellbeing Advisory Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Jim O'Malley	Owner	Biocentrix Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ocho Newco Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Northern AFC	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	Ice Sports Dunedin Incorporated (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.
	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	Otago Regional Transport Committee (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.
	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	Waikouaiti Coast Community Board (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	May contract and provide service to DCC	Withdraw from discussion and leave the table. If the meeting is in public excluded leave the room. Seek advice prior to the meeting.
	Member	District Licensing Committee (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.
Steve Walker	Board Member	Dunedin Wildlife Hospital Trust	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in public excluded leave the room. Seek advice prior to the meeting.
	Chairperson	West Harbour Beautification Trust	Potential conflict WHBT work with Parks and Reserves to co-ordinate volunteer activities	Withdrawal from all West Harbour Beautification Trust/ DCC discussions involving this relationship.
	Member	Orokouai Ecosanctuary	Potential grants recipient	Withdraw from discussion and leave the table. If the meeting is in public excluded leave the room. Seek advice prior to the meeting.
	Member	Port Chalmers Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Society of Beer Advocates	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Labour Party	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Port Chalmers Historical Society	Potential grants recipient	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property - Dunedin	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.
	Member	NZ Sea Lion Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Edinburgh Sister City Society (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	Predator Free Dunedin (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Brent Weatherall	Member	Urban Access	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Business George Street, Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Brent Weatherall Jeweller Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Weatherall Trustee Company	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Residential Rental Properties	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Craigieburn Reserve Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Public Art Gallery Society (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Andrew Whiley	Owner/Operator	Whiley Golf Inc and New Zealand Golf Travel Ltd	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director/Shareholder 22 May 2017	Estate of Grace Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Japek (Family Trust) - Property Ownership - Dunedin	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	Otago Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin South Rotary Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	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.
	Board Chair and Acting Chief Executive	Volunteer South	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	President	New Zealand PGA (Professional Golf Association)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chair	Dunedin Community House Executive Committee	Potential grants recipient	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Property Investors Association	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone Trust (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Peninsula Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Shanghai Association (Sister City Society) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Grow Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Masters Games Trust Board (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	Puketai Residential Centre Liaison Committee (Council Appointment	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Executive Leadership Team - Register of Interest - current as at 22 February 2024					
Name	Date of Entry	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.
	19/09/2018	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.
	25/07/2019	Member	St Clair Golf Club	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	02/03/2023		Family member works as a life guard at Moana Pool	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Leanne Mash	22/02/2024	Owner	Residential property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Robert West		Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Trustee	Caselberg Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Jeanette Wikaira		Trustee	Dunedin North Intermediate School	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Otago Institute of Arts and Science	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Trustee	Hone Tuwhare Charitable Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Claire Austin	17/09/2021	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Member	Institute of Directors	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		Fellow	Australia and New Zealand School of Government	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	26/09/2023	Part owner and Manager	Registered Thoroughbred Racehorse owner	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Nicola Morand	09/05/2022	Owner	Residential Property Dunedin	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	09/05/2022	Owner	Residential Property Millers Flat	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	09/05/2022	Trustee	Kōkiri Training Centre	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	09/05/2022	Minor Shareholder	OCHO	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	09/05/2022	Member	Manawhenua Komiti - Te Rūnanga o Ōtākou	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	20/09/2023	Trustee	Riki Te Mairiki Taiaroa Trust	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.
	09/05/2022	Partner	Morand Painting & Decorating	No conflict identified	Seeks advice in advance of meeting if actual conflict arises.

Executive Leadership Team - Register of Interest - current as at 22 February 2024					
Name	Date of Entry	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
David Ward	28/07/2022	Director	Ward Property Rentals	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	28/07/2022	Member	Water New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	28/07/2022	Member	IPWEA (Institute of Public Works Engineering Australasia)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	28/07/2022	Member	The Institution of Civil Engineers	No conflict identified.	Any decisions relating to The Institution of Civil Engineers will be referred to the CEO
Scott MacLean	23/01/2024	owner	Residential property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	23/01/2024	Trustee	Te Poari a Pukekura Charitable Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	23/01/2024	Spouse is Chair	Dunedin Wildlife Hospital Trust (DWHT)	DCC has funded the DWHT	Take no part in discussions or decision making about the Trust or participate in any transactions between the Trust and DCC.

CONFIRMATION OF MINUTES

ORDINARY COUNCIL MEETING - 30 JANUARY 2024

RECOMMENDATIONS

That the Council:

- a) **Confirms** the public part of the minutes of the Ordinary Council meeting held on 30 January 2024 as a correct record.

Attachments

	Title	Page
A↓	Minutes of Ordinary Council meeting held on 30 January 2024	18

Council MINUTES

Minutes of an ordinary meeting of the Dunedin City Council held in the Council Chamber, Dunedin Public Art Gallery, The Octagon, Dunedin on Tuesday 30 January 2024, commencing at 10.02 am

PRESENT

Mayor Mayor Jules Radich
Deputy Mayor Cr Cherry Lucas

Members

Cr Bill Acklin	Cr Sophie Barker
Cr David Benson-Pope	Cr Christine Garey
Cr Carmen Houlahan	Cr Marie Laufiso
Cr Mandy Mayhem	Cr Jim O'Malley
Cr Lee Vandervis	Cr Steve Walker
Cr Brent Weatherall	Cr Andrew Whiley

IN ATTENDANCE

Sandy Graham (Chief Executive Officer), Leanne Mash (Deputy CEO/General Manager Business and Community Engagement), Robert West (General Manager Corporate Services), Jeanette Wikaira (General Manager Arts, Culture and Recreation), Claire Austin (General Manager Customer and Regulatory), Scott MacLean (General Manager Climate and City Growth), David Ward (General Manager 3 Waters and Transition), Nicola Morand (Acting Manahautū - General Manager Policy and Partnerships), Richard Davey (Treasurer, Dunedin City Holdings Limited), Sharon Bodeker (Special Projects Manager), Dr Anna Johnson (City Development Manager), Gill Brown (Principal Policy Advisor Housing), Karilyn Canton (Chief In-House Legal Counsel) and Owen Graham (Senior Leasing and Land Advisor)

Governance Support Officer Lynne Adamson

1 OPENING

Peter Small (Dunedin Interfaith Council) opened the meeting with a prayer on behalf of the Buddhist community.

2 PUBLIC FORUM

2.1 Various matters

Diane Yeldon spoke to her precirculated information on various matters.

2.2 Heritage

Crs Sophie Barker and David Benson-Pope withdrew from this item.

Ted Daniels spoke to his tabled information and responded to questions on heritage matters.

The Mayor advised that it had been the anniversary of Robbie Burns birthday the previous week and thanked all involved in the delivery of the two Burns suppers held to commemorate the day.

3 APOLOGIES

There were apologies from Cr Kevin Gilbert for absence and Cr Marie Laufiso for lateness.

Moved (Mayor Jules Radich/Cr Andrew Whiley):

That the Council:

Accepts the apologies from Cr Kevin Gilbert for absence and Cr Marie Laufiso for lateness.

Motion carried (CNL/2024/001)

4 CONFIRMATION OF AGENDA

Moved (Mayor Jules Radich/Cr Cherry Lucas):

That the Council:

Confirms the agenda without addition or alteration.

Motion carried (CNL/2024/002)

5 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 (Mayor Jules Radich/Cr Steve Walker):

That the Council:

- a) **Notes** the Elected Members' Interest Register; and
- b) **Confirms** the proposed management plan for Elected Members' Interests.
- c) **Notes** the proposed management plan for the Executive Leadership Team's Interests.

Motion carried (CNL/2024/003)

6 CONFIRMATION OF MINUTES

6.1 ORDINARY COUNCIL MEETING - 5 DECEMBER 2023

Moved (Mayor Jules Radich/Cr Carmen Houlahan):

That the Council:

- a) **Confirms** the public part of the minutes of the Ordinary Council meeting held on 05 December 2023 as a correct record.

Motion carried (CNL/2024/004)

6.2 ORDINARY COUNCIL MEETING - 12 DECEMBER 2023

Moved (Mayor Jules Radich/Cr Cherry Lucas):

That the Council:

- a) **Confirms** the public part of the minutes of the Ordinary Council meeting held on 12 December 2023 as a correct record.

Motion carried (CNL/2024/005)

REPORTS

7 ACTIONS FROM RESOLUTIONS OF COUNCIL MEETINGS

A report from Civic provided an update on the implementation of resolutions made at Council meetings.

Moved (Mayor Jules Radich/Cr Mandy Mayhem):

That the Council:

- a) **Notes** the Open and Completed Actions from resolutions of Council meetings.

Motion carried (CNL/2024/006)

8 FORWARD WORK PROGRAMME FOR COUNCIL - JANUARY 2024

A report from Civic provided the updated forward work programme for the 2024 – 2025 year.

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

Moved (Mayor Jules Radich/Cr Cherry Lucas):

That the Council:

- a) **Notes** the updated Council forward work programme.
Motion carried (CNL/2024/007)

9 SIGNIFICANT FORECASTING ASSUMPTIONS FOR THE 10 YEAR PLAN 2024-34

A report from Civic sought approval of financial, waste, and future legislative significant forecasting assumptions that would be used in the development of the 10 year plan 2024-2034.

The Treasurer Dunedin City Holdings Limited (Richard Davey) and Special Projects Manager (Sharon Bodeker) spoke to the report and responded to questions.

Cr Carmen Houlahan left the meeting at 10.40 am and returned at 10.43 am.

Moved: (Mayor Jules Radich/Cr Steve Walker):

That the Council:

Adjourns the meeting for 5 minutes.

Motion carried

The meeting adjourned at 11.04 am and reconvened at 11.10 am.

Cr Marie Laufiso entered the meeting at 11.10 am.

Moved (Mayor Jules Radich/Cr Andrew Whiley):

That the Council:

- a) **Approves**, for the purposes of developing the 10 year plan 2024-34 and consulting with the community, the significant forecasting assumptions.
Motion carried (CNL/2024/008)

10 BUILDING OWNER INCENTIVES (SUSTAINABILITY, EARTHQUAKE STRENGTHENING, HERITAGE CONSERVATION) REPORT

A report from City Development and Māori, Partnerships and Policy provided an overview of work that had been undertaken in recent years to support housing growth and the protection of heritage buildings, possible initiatives to further incentivise vacant inner city space and discussed the specific building incentive actions contained in the *Ōtepoti Dunedin Housing Plan 2022*, *Ōtepoti Dunedin Heritage Action Plan*, and the *Zero Carbon Plan*.

The General Manager Corporate Services (Robert West), City Development Manager (Dr Anna Johnson) and Principal Policy Advisor Housing (Gill Brown) spoke to the report and responded to questions.

Moved (Mayor Jules Radich/Cr Mandy Mayhem):

That the Council:

- a) **Notes** the Building Owner Incentives (sustainability, earthquake strengthening, heritage conservation) Report.

Motion carried (CNL/2024/009)

11 REVISED MEETING SCHEDULE 2024

A report from Civic sought the adoption of a revised meeting schedule for 2024, in accordance with Clause 19(6)(a) of Schedule 7 of the Local Government Act 2002.

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

Moved (Cr Bill Acklin/Cr Carmen Houlahan):

That the Council:

- a) **Approves** the revised meeting schedule.

Motion carried (CNL/2024/010)

12 APPROVAL TO GRANT ELECTRICITY EASEMENT TO AURORA ENERGY LIMITED - PART LOCAL PURPOSE (ESPLANADE) RESERVE AT BURNSIDE, DUNEDIN

A report from Parks and Recreation sought approval for an application by Aurora Energy Limited to grant an electricity easement over part of a Local Purpose (Esplanade) Reserve (Reserve) at Burnside, Dunedin.

Karilyn Canton (Chief In-House Counsel) and Senior Leasing and Land Advisor (Owen Graham) spoke to the report and responded to questions.

Moved (Cr Lee Vandervis/Cr Andrew Whiley):

That the Council:

- a) **Grants**, as administering body of the Local Purpose (Esplanade) Reserve, pursuant to Section 48 of the Reserves Act 1977, an easement in gross to Aurora Energy Limited for the installation of an underground fibre cable and associated cabling over part of the Local Purpose (Esplanade) Reserve at Burnside (Record of Title 201821).
- b) **Decides** the criteria for exemption from public notification has been met.
- c) **Acting** under its delegation from the Minister of Conservation dated 12 June 2013 and pursuant to Section 48 of the Reserves Act 1977, approves an easement in gross to Aurora Energy Limited for the installation of an underground fibre cable and associated cabling over part of the Local Purpose (Esplanade) Reserve at Burnside (Record of Title 201821).

Motion carried (CNL/2024/011)

RESOLUTION TO EXCLUDE THE PUBLIC

Moved (Mayor Jules Radich/Cr Steve Walker):

That the Council:

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 Ordinary Council meeting - 5 December 2023 - Public Excluded	S7(2)(j) The withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage.	.	
	S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.		
	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).		
C2 Ordinary Council meeting - 12 December 2023 - Public Excluded	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.	.	
C3 Confidential Council Actions from Resolutions at Council Meetings	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons,	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the	

	including that of a deceased person.	disclosure of information for which good reason for withholding exists under section 7.
	S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.	
	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)(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).	
C4 Confidential Council Forward Work Programme	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.
C5 Potential Property Purchase	S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.	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)(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).

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.

Motion carried (CNL/2024/012)

The meeting moved into confidential at 11.32 am and concluded at 12.56 pm.

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MAYOR

REPORTS

OPTION TO PREPARE AN ANNUAL PLAN 2024/25

Department: Civic and Finance

EXECUTIVE SUMMARY

- 1 On 16 February 2024, the Water Services Acts Repeal Act 2024 (the Repeal Act) was enacted. The Repeal Act provides transitional options for local authorities to consider in terms of the preparation of their 2024-34 Long Term Plans. It includes the ability to prepare an enhanced Annual Plan for the 2024/25 year, followed by the completion of a 9 year plan for the period 2025-2034.
- 2 This report seeks a decision from Council on the option to complete an Annual Plan for the 2024/25 year, and then complete a 9 year plan covering the 2025-34 years. The following 10 year plan 2027-37 would be completed two years later, bringing the three yearly planning cycle back into line.
- 3 Deferring the 10 year plan is recommended, to enable a better understanding of revenue streams, rating impacts, investment returns, debt – both group and council, and interest costs. A more meaningful Financial Strategy would be developed, addressing Council's unbalanced budget and providing greater confidence in our outlook over the 9 year period 2025-34.
- 4 While there is likely to be some community disappointment that the 10 year plan may be delayed, the improved understanding and strategic alignment will lead to better consultation and engagement with the community and ideally, to a 9 year plan that better represents the aspirations and expectations of both Councillors and the community.

RECOMMENDATIONS

That the Council:

- a) **Approves** the preparation of an Annual Plan 2024/25 for community consultation, followed by a 9 year plan 2025-34.
- b) **Extends** the life of the current Development Contributions Policy to 30 June 2025.

BACKGROUND

- 5 On 14 December 2023, the Minister of Local Government (the Minister) announced a “New direction for water services delivery” and the intention to repeal the previous government’s water services legislation.
- 6 At that time, the Minister provided information about the key aspects of the Government’s plan, to ensure that councils had clarity and certainty needed to develop their 10 year plans. The Minister also indicated that the statutory deadline for adopting 10 year plans would be extended by three months to 30 September 2024, should councils choose to do so. A copy of the letter from the Minister to Mayor Radich is at Attachment A.
- 7 On 13 February 2024, the Minister introduced the Water Services Acts Repeal Bill (the Bill). Council was notified of this via an email from Michael Lovett, the Deputy Chief Executive of the Department of Internal Affairs. Mr Lovett advised that the Bill included a new option, to prepare an ‘enhanced’ Annual Plan for the 2024/25 financial year, followed by a 9 year plan for the period 2025-34. This new option had not been signalled earlier. A copy of the email is at Attachment B.
- 8 The Bill was enacted on 16 February 2024. It made amendments to various Acts, including the Local Government Act 2002 (LGA). The Repeal Act, through an amendment to the LGA, provides that a decision to prepare an enhanced Annual Plan needs to be made by 30 April 2024, otherwise a deferral may be authorised by an Order in Council. An Annual Plan is not audited.
- 9 Legal advice was obtained on the implications of the Water Services Acts Repeal Act, and this is provided at Attachment C.
- 10 If prepared, an “enhanced” Annual Plan must include the following additional information:
 - Groups of activities
 - Capital expenditure categorised between growth, new capital, and renewals
 - Statement of service provision (including levels of service, measures, targets, and any material change to the cost of a service)
 - Funding impact statements for groups of activities (includes sources of funding, amounts, and application of funding (i.e. spend)
 - A resolution related to balancing the operating budget (required for non-balanced budgets only).
 - A resolution to extend the development contributions policy is required if Council does revise its current policy by 1 July 2024
 - Consultation, in accordance with section 82 of the Local Government Act, is also mandatory.
- 11 If Council decides to defer the 10 year plan 2024-34, then a nine year plan covering the period 2025 – 34 must be adopted by Council no later than 30 June 2025. A 10 year plan 2027–37 would then be adopted within the following two years, by 30 June 2027, bringing the three yearly planning cycle back into line.

DISCUSSION

- 12 Development of the draft 10 year plan 2024-34 (draft 10 year plan) is in progress. Its development has been supported by 10 workstreams, each responsible for delivering specific areas of the draft 10 year plan. Overall, the draft 10 year plan content is at various stages of completion.
- 13 Over the past six months, Council has made decisions that have contributed to the draft 10 year plan's development, for example, approval of significant forecasting assumptions, groups of activities and community outcomes.
- 14 The announcement that an Annual Plan could be prepared instead of a 10 year plan is an attractive option. With a change of Government, and more legislative changes signalled to come, we have an increased level of uncertainty in our information in years 2 – 10 of the draft 10 year plan.
- 15 While we have made significant forecasting assumptions to progress the development of the draft 10 year plan, with the signalled legislative changes to come, there is a high chance that if Council decides to continue with the 10 year plan 2024-34, a full amendment to that plan would be required. This would involve a full consultative process and audit, resulting in additional compliance costs.
- 16 Council now has the option to prepare an Annual Plan 2024/25, followed by the preparation of a 9 year plan. Several matters should be considered in making this decision, and they are discussed below. Further matters for consideration are presented in the confidential attachment to this report.

Capital budgets

- 17 A 10 year plan requires a capital budget that covers the 10 year period. While year one of the draft capital budget is complete, years 2 -10 are challenging, given the uncertainty around significant asset groups such as the future of 3 waters and the level of co-funding that Council may receive from NZTA Waka Kotahi towards its transport activities. These concerns are discussed below.

3 Waters

- 18 The Minister has advised that following the enactment of the Repeal Act, further legislation will be introduced to implement Local Water Done Well. This will be progressed in a two-stage approach.
- 19 The first bill, establishing the framework and transitional arrangements for a new water services system, will be passed by the middle of 2024. The framework proposes establishing foundational information disclosure requirements as a first step to economic regulation and enabling Council's to shift the delivery of water services to newly established council controlled organisations, should they chose to do so.
- 20 A second bill providing for the long-term replacement regime will be introduced in December 2024, and is expected to be passed by mid-2025. It will provide a range of structural and financing tools, including a new class of financially independent council controlled organisations. A legislation plan, provided by DIA that shows the key components of two bills, is at Attachment D.

- 21 This Council has made no decision about a possible council controlled organisation option, and is progressing on the basis of 3 waters continuing to be delivered in house. The signalled legislative changes will need to be considered to see if they provide a better option for Council. This has a potential impact on capital budgets.
- 22 Clarity on what the council controlled organisational structure may look like will not be available until the release of the first bill in mid-2024. In the meantime, staff are considering potential options for regional/inter-regional co-operation around 3 Waters services.
- 23 Given the lack of information at this time, deferring the 10 year plan for 12 months would allow for better planning and information to be included in a 9 year plan.

Transport

- 24 The level of NZTA Waka Kotahi funding that may be available over the next three years, and the projects that may attract this funding are highly uncertain. The draft Government Policy Statement on land transport 2024 (the draft Statement) sets out the Government's priorities for land transport investment. Consultation on the draft Statement closed in September 2023. The final Statement must be released by July 2024.
- 25 The new Government has indicated that it has different priorities to that of the former government, and that there are certain transport activities that will not attract co-funding, e.g., cycleway development. A decision to defer the 10 year plan for 12 months would provide an opportunity for Council to assess its transport programme against the Government Policy Statement for land transport 2024, when released in July 2024.
- 26 Much of the current transport capital programme has been premised on receiving NZTA Waka Kotahi funding. With the expected changes in priority, we do not fully understand what funding will be available for those projects.
- 27 Deferring the 10 year plan would allow more time for Council to assess its transport programme against the Government Policy Statement for land transport, and the availability of co-funding.

Zero Carbon

- 28 Council considered initial zero carbon options in September 2023, based on very draft capital budgets. Those capital budgets have since been refined as part of the development the draft 10 year plan. The zero carbon options have been revised to align with the refined capital programme.
- 29 Due to timing, staff have a degree of confidence in year 1 of the capital programme, but further work is needed for years 2 – 10 of the 10 year plan as discussed above.
- 30 A key component of the zero carbon plan relies on changes in the transport area. The uncertainty with the NZTA Waka Kotahi funding now means that many of the projects that form part of the initial zero carbon plan are now likely to be unsubsidised. The programme would benefit from further work to understand the changes in co-funding. This will enable a more accurate programme to be presented to council for consideration as part of a 9 year plan. Further, it will enable us to have a more robust conversation with our community about what is affordable and achievable.

Levels of Service

- 31 As part of the development of the 10 year plan, levels of service statements have been revised, to focus on measurability, plain language and clear descriptions of the services and activities that council delivers. A decision to have an Annual Plan 2024/25 would mean that the new levels of service would not be introduced until the adoption of the 9 year plan 2025-34.
- 32 Deferring the introduction of new levels of service would allow future alignment with the refresh of the Strategic Framework as it progresses.
- 33 If Council decides to defer the 10 year plan, it is recommended that the revised levels of service be used as a basis for reporting to Committees, and enabling testing to ensure measurability and data integrity.

Investment Plan

- 34 A draft Investment Plan will be presented to the 12 March 2024 Council meeting for consideration. If the Annual Plan option is approved, deferring the 10 year plan would allow time to develop a detailed implementation plan including governance structures, oversight groups, and strategy development. Implementation proposals could then be budgeted and consulted on as part of the 9 year plan.

Infrastructure Strategy

- 35 In August 2023, the Infrastructure Services Committee approved the exclusion of 3 Waters from the Infrastructure Strategy. The announcement on 14 December 2023 that water service delivery legislation would be repealed resulted in the need to include the 3 waters activity in the draft Infrastructure Strategy.
- 36 Given the short timeframe to include 3 waters in the draft Infrastructure Strategy, a deferral of the 10 year plan would provide further opportunity to ensure alignment of the Infrastructure Strategy with the Future Development Strategy and draft capital budgets. It would also allow more time to ensure alignment of asset management plans (prepared under repealed legislation) with the strategies and draft capital budgets.

Community Expectation

- 37 The community will be expecting that a 10 year plan 2024-34 is produced and consulted on. If the decision is made to complete an Annual Plan, clear information will be provided to the community, explaining the reasons for deferring the 10 year plan and advising that a 9 year plan 2025-34 will follow.

Development Contributions Policy

- 38 Council's Development Contributions Policy is required to be reviewed every three years as part of the 10 year plan process. A review of this policy is in progress.
- 39 With the option to complete an Annual Plan and defer the 10 year plan for 12 months, the Repeal Act enables local authorities to extend their current development contribution policies for one year through to 30 June 2025. It is recommended that if the decision is made to prepare an Annual Plan 2024/25, then a decision is also made to extend Council's Development Contribution Policy to 30 June 2025.

- 40 A revised Development Contribution Policy would be completed for inclusion in the 9 year plan 2025-34, and would be based on the capital programme included in that plan.

Timeframes

- 41 Adoption of the 10 year plan 2024-34 has been planned for 1 July 2024. However, recent events have meant that there is a real risk that the audit would not be completed in time to achieved the planned adoption date.
- 42 A rates resolution can only be passed following the adoption of a 10 year plan or Annual Plan. Council charges its rates in four equal instalments throughout the year. A delay in passing a rate resolution may result in the first instalment being based on the 2023/24 rate requirement. With an anticipated increase in rates for the 2024/25 year, the remaining instalments would be higher than the first instalment. This would cause confusion for ratepayers.
- 43 If council decides to prepare an Annual Plan 2024/25, timeframes would be achievable as there is no audit requirement. Budget reports would be presented to the 12 March 2024 Council meeting. The Annual Plan would be consulted on in April, hearings and deliberations would be held in May and the Annual Plan would be adopted by 30 June 2024.
- 44 Further, staff would review the project structure, and roles and objectives to develop a new work programme for completing the 9 year plan 2025-34. The new work programme would be presented to Council at a future date, for its consideration.

Reports for March 2024 Council Meeting

- 45 If a decision is made to proceed with an Annual Plan 2024/25, then reports presented to the 12 March 2024 Council meeting will focus on the Annual Plan with topic specific reports such as Dunedin Railways Ltd and the Investment Plan.
- 46 Reports specific to a 10 year plan such as the Infrastructure Strategy, Financial Strategy, and Revenue and Financing Policy, will not be presented. The deferral of a 10 year plan provides additional time to revise and provide better information on these key strategies and policies, in time for completing a 9 year plan 2025-34.

OPTIONS

Option One – Prepare an Annual Plan 2024/25, with a 9 year plan to follow - Recommended Option

- 47 This option involves preparing an Annual Plan for the 2024/25 year, and then preparing a 9 year 2025-34 plan for adoption by 30 June 2025. Work completed to date on the 10 year plan would not be wasted, but be used in the preparation of a 9 year plan.
- 48 Along with the advantages and disadvantages presented below, this option would allow time to progress key strategic work that would inform the 9 year plan, including work on the Zero Carbon Plan, strategic refresh, climate adaptation plan, and investment plan recommendations. It would also allow time to consider the Government's proposals for 3 waters.

- 49 The three matters discussed in the confidential memorandum support the preparation of an Annual Plan, for the reasons outlined in the memorandum.

Advantages

- Greater certainty and better quality information would be provided in a 9 year plan.
- Levels of service can be aligned to strategic refresh work and budgets.
- Lower risk of needing to do a 10 year plan amendment.
- More robust information for decision making on zero carbon options.
- Opportunity to develop and consult on an Investment Plan Implementation Plan.
- Ability to meet adoption timeframes.
- Rates instalment clarity.
- No audit required, saving time and money.
- Community engagement will still be undertaken.

Disadvantages

- Levels of service would remain unchanged from the current 10 year plan and would be reported on in the 30 June 2025 Annual Report.
- Community expectation for a 10 year plan not met.

Option Two – Defer the 10 year plan for 3 months to September 2024

- 50 This option provides for continuing with the draft 10 year plan 2024-34, but adopting it by 30 September 2024. This option would not enable significant progress to be made on key strategic work discussed above, that would inform a 9 year plan. The current plan that staff had been working to adopted the 10 year plan in July 2024, so this is effectively the status quo position.
- 51 The level of uncertainty and new information, including the material in the confidential memorandum means that the timetable would need to be recast to meet the timeframe.

Advantages

- Use of updated Levels of Service.
- Ability to meet the 30 September 2024 timeframe.
- Meet community expectations.
- Increased cost and complexity.

Disadvantages

- Rating confusion with different instalment amounts

- Higher risk of needing to do a 10 year plan amendment, given matters listed in the confidential memorandum.
- Less certainty and quality of information with partial information available.
- Difficulty in meeting timeframes as Annual Report preparation and audit clashes with the 10 year plan preparation and audit.

NEXT STEPS

- 52 If Council decides to prepare an Annual Plan 2024/25, budget reports will be presented to the 12 March 2024 Council meeting. Consultation, deliberations, and hearings will run through April/May and the plan will be adopted by 30 June 2024.
- 53 A new project plan will be prepared for completing the 9 year plan, and be presented to Council for its consideration.
- 54 If council decides to continue with a 10 year plan, then staff will revise its timeframe based on the new information received recently, and provide an update to council on the revised timetable at the March 2024 Council meeting. This will involve liaison with audit to understand their requirements.

Signatories

Author:	Sharon Bodeker - Special Projects Manager Carolyn Allan - Chief Financial Officer
Authoriser:	Sandy Graham - Chief Executive Officer

Attachments

	Title	Page
↱A	Letter of 14 December 2023 re new water services delivery	36
↱B	Email re Ministerial announcement on water services - 13 February 2024	40
↱C	Legal advice on the implications of the Repeal Act	43
↱D	Legislation Plan for implementing Local Water Done Well	53

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities. This decision promotes the social, economic, environmental and cultural well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Arts and Culture Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Spatial Plan	✓	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Parks and Recreation Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Other strategic projects/policies/plans	✓	<input type="checkbox"/>	<input type="checkbox"/>

10 year plans and Annual Plans contribute to all of the objectives and priorities of the strategic framework as it describes the Council's activities and provides a long term focus for decision making and coordination of the Council's resources, as well as a basis for community accountability.

Māori Impact Statement

Annual Plans and 10 year plans impact broadly across all Dunedin communities including Māori. The adoption of Te Taki Haruru – Māori Strategic Framework signals Council's commitment to mana whenua and to its obligations under the Treaty of Waitangi. Mana whenua and Māori will have an opportunity to engage with 10 year plan or Annual Plan consultation processes.

Sustainability

The current 10 year plan, and draft 10 year plan 2024-34 contains content regarding the Council's approach to sustainability. Major issues and implications for sustainability are discussed in the Infrastructure Strategy and financial resilience is discussed in the Financial Strategy. An Annual Plan would be based on the current 10 year plan.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

This report considers the preparation of either an Annual Plan or 10 year plan. Levels of service would be included in either option.

Financial considerations

Financial considerations would be included in both an annual plan or 10 year plan.

Significance

This report is considered of low significance under the Significance and Engagement Policy. The 10 year plan or Annual Plan processes will include public consultation.

Engagement – external

The 10 year plan or Annual Plan processes will include community engagement and public consultation.

SUMMARY OF CONSIDERATIONS

Engagement - internal

Staff from across council are involved in the development of the 10 year plan and the Annual Plan.

Risks: Legal / Health and Safety etc.

The option to prepare an Annual Plan reduces the risks around the level of uncertainty in the information that would be provided in a 10 year plan.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

Community Boards will be consulted on the 10 year plan 2024-34 or Annual Plan 2024/25.

Hon Simeon Brown

MP for Pakuranga

Minister for Energy

Minister for Auckland

Minister of Local Government

Minister of Transport

Deputy Leader of the House



Mayor Jules Radich
Dunedin City Council
Email: jules.radich@dcc.govt.nz

cc. Sandy Graham Chief Executive
Email: sandy.graham@dcc.govt.nz

Dear Mayor Radich

New direction for water services delivery

This morning I announced that earlier this week Cabinet agreed to repeal the previous government's water services legislation. I also signalled next steps for implementing our plan for water services, Local Water Done Well.

I wish to provide you with further information about three key aspects of our plan, to ensure you have the clarity and certainty you need as you develop your council's 2024-34 long-term plan and prepare for your next financial year:

1. Repeal of the previous government's water services legislation
2. Options to help your council complete its 2024-34 long-term plan
3. Local Water Done Well – key principles of our future direction for water services.

I want to acknowledge that councils across the country are facing multiple challenges, including pressures with water infrastructure. I also want to acknowledge that many councils have done a good job of managing their water infrastructure, and that there is not a one size fits all solution to moving to more financially sustainable water services.

The Government is committed to addressing the longstanding challenges this country is facing with our water services infrastructure.

Our Local Water Done Well approach recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

1. Repealing the previous Government's water services legislation

Cabinet has agreed to introduce a repeal bill that will restore council ownership and control of water infrastructure and services. The bill makes the following changes:

- All legislation relating to water services entities will be repealed (Water Services Entities Act 2022, Water Services Entities Amendment Act 2023, and Water Services Legislation Act 2023).

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- Previous legislation related to the provision of water services will be reinstated (including local government legislation). This will restore continued council ownership and control of water services, and responsibility for service delivery.
- The Northland and Auckland Water Services Entity (the only entity that had been legally established under the Water Services Entities Act 2022) will be disestablished and any outstanding work on the entity's set-up will cease.
- Councils will need to add and integrate information about water services into their 2024 long-term plans. Some transitional support options are available to assist you (below).

The repeal bill is expected to be introduced in February 2024 and enacted as soon as possible.

2. Options to help your council complete its 2024-34 long-term plan

I have heard that councils are seeking legislative certainty for your 2024-34 long-term plan and are seeking direction and support for how to continue to plan for and finance water services.

I am also conscious that different councils will have different needs and preferences and will be at various stages of developing their long-term plans.

To provide flexibility for these local circumstances, Cabinet has agreed the repeal bill will include temporary modifications to local government legislation for the transitional period affecting the 2024 long-term plans. Once the bill is passed, these options will be available for councils to use, as appropriate.

I recognise a few councils are preparing an unaudited three-year plan, with a focus on cyclone recovery, rather than a standard 10-year plan. As such, some of the proposed modifications may be less relevant to you.

If your council is...	Options available
Starting to prepare or consult on long-term planning material that includes water services information – ahead of the repeal bill being enacted	<p>The enacted provisions clarify that the council can include water services material in the final plan, without re-consulting, but:</p> <ul style="list-style-type: none"> • Must include new/updated information on water services in its final plan – to reflect the continuation of its responsibilities; • Must consider the views and preferences of affected and interested persons as it considers appropriate; and • Does not have to delay the adoption of its long-term plan past 30 June 2024 (in order to provide opportunities for public consultation on its revised proposals). <p>Transitional provisions will also help ensure the risks of future legal challenge (associated with concerns about possible issues in process) will be minimised.</p>

If your council is...	Options available
Needing more time to develop and consult on long-term planning material	The statutory deadline by which the 2024 long-term plan must be adopted will be extended by three months – to 30 September 2024.
	This flexibility may be desirable to smaller councils with fewer resources, or those councils that would prefer to wait until the repeal legislation is enacted before starting consultation.
	The deadline for adopting the 2023/24 annual reports will also be extended, to reflect the possible overlap in auditing processes if councils are taking longer than usual to finalise the long-term plan.
	Councils will be permitted to have unaudited long-term plan consultation documents.
	This would allow auditing of the final long-term plan to proceed in tandem with consultation, to help achieve statutory deadlines.

3. Local Water Done Well – key principles of our future direction for water services

With Local Water Done Well we are going to do things in a way that recognises the importance of local decision making and flexibility for communities and councils to determine how their water services will be delivered in future. We will do this while ensuring a strong emphasis on meeting rules for water quality and investment in infrastructure.

We want to enable councils and communities to determine what works best for them, while establishing clear expectations and bottom lines.

Key principles of our future plan for the delivery of water services include:

- Introducing greater central government oversight, economic and quality regulation.
- Fit-for-purpose service delivery models and financing tools, such as improving the current council-controlled organisation model and developing a new class of financially separate council-owned organisation.
- Setting rules for water services and infrastructure investment.
- Ensuring water services are financially sustainable. Financial sustainability means revenue sufficiency, balance sheet separation, ring-fencing and funding for growth.

I intend to work with all councils on the development of our Local Water Done Well policy to ensure it reflects your local needs and circumstances.

I look forward to working with you in the New Year to refine our approach to water services delivery.

Yours sincerely,



Hon Simeon Brown
Minister of Local Government

From: [Sandy Graham](#)
To: [Sharon Bodeker](#)
Subject: FW: Ministerial announcement on water services
Date: Tuesday, 13 February 2024 03:04:52 p.m.
Attachments: [image002.png](#)
[Implementing Local Water Done Well - Legislation plan \(Feb 2024\).pdf](#)

From: Michael Lovett <Michael.Lovett@dia.govt.nz>
Sent: Tuesday, 13 February 2024 12:33 p.m.
To: Hamish Riach <hamish.riach@adc.govt.nz>; Phil Wilson <Phil.Wilson@aucklandcouncil.govt.nz>; fiona.mctavish@boprc.govt.nz; steve.gibbling@bdc.govt.nz; geoffh@cdc.govt.nz; doug.tate@chbdc.govt.nz; Peter.Kelly@codc.govt.nz; paul.eagle@chathamislands.govt.nz; Richardson, Mary <Mary.Richardson@ccc.govt.nz>; steve.hill@cluthadc.govt.nz; Sandy Graham <Sandy.Graham@dcc.govt.nz>; stefanie.rixecker@ecan.govt.nz; wilma.falconer@es.govt.nz; Guy.Holroyd@fndc.govt.nz; Nedine.Thatcher-Swann@gdc.govt.nz; sparry@goredc.govt.nz; paul.morris@greydc.govt.nz; CEO@hcc.govt.nz; nigelb@hdc.govt.nz; Langley@hauraki-dc.govt.nz; Nic.Peet@hbrc.govt.nz; michael.mccartney@horizons.govt.nz; moniqued@horowhenua.govt.nz; ceo@hurunui.govt.nz; Jo Miller <Jo.Miller@huttcity.govt.nz>; michael.day@icc.govt.nz; will.doughty@kaikoura.govt.nz; jmarris@kaipara.govt.nz; darren.edwards@kapiticoast.govt.nz; russell.george@kaweraudc.govt.nz; angela.oosthuizen@mackenzie.govt.nz; shayne.harris@mdc.govt.nz; Mark.Wheeler@marlborough.govt.nz; kym.fell@mstn.govt.nz; Don McLeod <DMcLeod@mpdc.govt.nz>; Louise.Miller@napier.govt.nz; nigel.philpott@ncc.govt.nz; gareth.green@npdc.govt.nz; jong@nrc.govt.nz; stacel@odc.govt.nz; Richard.Saunders@orc.govt.nz; tanya@otodc.govt.nz; waid.crockett@pncc.govt.nz; wendy.walker@porirua.govt.nz; mike.theelen@qldc.govt.nz; kevin.ross@rangitikei.govt.nz; geoff.williams@rotorualc.govt.nz; clive.manley@ruapehuc.govt.nz; sharon.mason@selwyn.govt.nz; Fiona Aitken <Fiona.Aitken@stdc.govt.nz>; susan.law@southwaikato.govt.nz; janice.smith@swdc.govt.nz; Cameron.McIntosh@southlanddc.govt.nz; shanne@stratford.govt.nz; steve.ruru@trc.govt.nz; bryan.nicholson@tararua.govt.nz; leonie.rae@tasman.govt.nz; jgardyne@taupo.govt.nz; marty.grenfell@tauranga.govt.nz; aileen.lawrie@tcdc.govt.nz; Nigel.Trainor@timdc.govt.nz; geoff.swainson@uhcc.govt.nz; gavin.ion@waidc.govt.nz; Chris.McLay@waikatoregion.govt.nz; jeff.millward@wmk.govt.nz; stuart.duncan@waimatedc.govt.nz; Garry.Dyet@waipadc.govt.nz; kitea@wairoadc.govt.nz; aparmley@waitaki.govt.nz; Ben.Smit@waitomo.govt.nz; barbara.mckerrrow@wcc.govt.nz; Nigel.Corry@gw.govt.nz; darryl.lew@wrc.govt.nz; john.holyoake@westernbay.govt.nz; simon.bastion@westlanddc.govt.nz; Steph.OSullivan@whakatane.govt.nz; david.langford@whanganui.govt.nz; Simon.Weston@wdc.govt.nz
Subject: Ministerial announcement on water services

Kia ora koutou

Yesterday the Prime Minister and Minister of Local Government provided an update on progress and outlined the plan for the next 12-18 months to implement Local Water Done Well.

The Government will pass a bill that will repeal the previous Government's water services legislation by 23 February 2024. Further legislation to implement Local Water Done Well will progress in a two-stage approach. The first bill, which will establish the framework and transitional arrangements for the new water services system, will be passed by the middle of 2024. A second bill to provide for the long-term replacement regime will be introduced in

December 2024.

I've attached a copy of the legislation plan here for your information, showing the different components expected to be included in each bill.

The Minister also announced the establishment of a Technical Advisory Group to provide expert advice to the Department and the Minister on the implementation of Local Water Done Well. You can find out more about the Technical Advisory Group on the DIA website, [here](#).

The Minister's press release is available on the [Beehive website](#).

Prior to the introduction of the repeal bill and recognising that councils are currently planning for the year ahead, I wanted to provide a heads-up about two aspects in the bill that may be of interest to you.

1. An additional option that will enable councils to defer their 2024-34 long-term plan by 12 months

In December 2023 the Minister communicated directly with mayors and council chief executives regarding options that will be available in the bill to assist councils to include water services in their 2024-34 long-term plans.

In addition, the bill will provide a further option that will enable councils to defer their 2024-34 long-term plan by 12 months, and to prepare an 'enhanced' annual plan for the 2024/25 financial year instead.

If a council chooses this option, it will be required to include additional information (about groups of activities and capital expenditure) in the 2024/25 annual plan, and to consult on that plan. A council will be able to exercise this option by resolution by 30 April 2024, or if authorised to do so by an Order in Council, after that date.

2. Transitional provisions that enable councils to defer the review of water services bylaws

The bill will also include transitional provisions that enable councils to defer the review of water services bylaws (similar to the approach previously provided through the water services legislation).

The bill allows councils to defer a review, if that review would ordinarily be required between 15 December 2022 and the end of 2025. If there is a deferral, the review would need to be completed by 1 July 2026 at the latest.

I will keep you updated as we continue to support the Government in implementing Local Water Done Well.

The Department is continuing to work with Taituarā to ensure councils receive timely information and guidance regarding legislative changes impacting councils' work.

In the meantime, please contact me directly if you have any questions.

Ngā mihi

Michael

Michael Lovett | Deputy Chief Executive
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Te Tari Taiwhenua
Internal Affairs

Thriving local communities, together



Our advice

Prepared for	Karilyn Canton, Dunedin City Council
Prepared by	Mike Wakefield, Graeme Palmer, Jonathan Salter and Judith Cheyne
Date	15 February 2024

PRIVILEGED AND CONFIDENTIAL

Options and implications arising from the Water Services Acts Repeal Act

Background	<p>The Water Services Acts Repeal Bill (Bill) has, as of 14 February 2024, passed through the House. The Bill is expected to receive Royal Assent this week and will come into force before the end of the month.</p> <p>The Bill repeals the key legislation related to the previous government’s “Affordable Water Reforms” and introduces transitional provisions¹ that are most relevant to territorial authorities. This includes provisions related to the inclusion of water services content in long-term plans (LTP), which is reintroduced as a requirement of the Local Government Act 2002 (LGA).</p> <p>While the usual LTP content requirements are reinstated by the Bill, several procedural options are made available to local authorities. The explanatory note to the Bill² provides more detail on these options, but in summary they include:</p> <ul style="list-style-type: none"> • Provision for the inclusion of water services content after consultation has already commenced; • Allowance for unaudited long-term plan consultation documents, which are required to include water services; • The ability to adopt the 2024-34 LTP by no later than 30 September 2024 (a three-month extension to the statutory deadline); • The ability to defer the LTP by 12 months, and adopt an “enhanced” annual plan (AP) for the 2024-25 financial year instead. <p>This advice considers the AP option and the associated legal and practical implications.</p>
Key questions and summary of advice	<p>Q1: What process needs to be followed for deferral of the LTP, and what does the “enhanced” AP involve?</p> <p>The enhanced AP has additional content requirements (namely, some</p>

- 1 Amendments that insert new Part 8 into Schedule 1AA of the Local Government Act 2002, as set out in Schedule 2 of the Act.
- 2 See [Water Services Acts Repeal Bill 13-1 \(2024\), Government Bill Explanatory note – New Zealand Legislation](#)

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content which is normally in the LTP), and mandatory consultation (in accordance with section 82). If an enhanced AP is adopted for 2024-25, and the deferred LTP for 2025-34, the next LTP must follow 2 years later (2027-37) so that the standard 3-yearly cycle for LTPs nationwide is maintained.

We set out the process requirements below.

Q2: Does the Bill address the potential for an LTP amendment, if the “enhanced” AP option is adopted?

No. If an LTP amendment is required, then the usual LGA process and statutory requirements will apply.

Q3: When is an LTP amendment required?

An LTP amendment is required where the Council proposes to make a decision captured by section 97 of the LGA, and that decision is not already explicitly provided for in the LTP. This is a mandatory obligation but it can be a matter of judgment whether the trigger criteria are satisfied. In practice, this can only be assessed by considering all of the details of the proposed change.

There is a more conservative argument that proposals that amount to significant changes from what is in a current LTP can also require an LTP amendment, but that is both context and proposal dependent. A council’s significance and engagement policy may refer to additional context in which a LTP consultation may be indicated for specific proposals. These situations would need to be addressed in terms of that policy, although section 80 could apply.

The Bill does not change the circumstances in which an LTP amendment is required. An “enhanced” AP has the same status as a normal AP i.e. inclusion of a matter in the enhanced AP does not modify the need for an LTP amendment if that is otherwise required.



Reasoning explained

Process for deferring an LTP

1. Clauses 48 to 53 of new Part 8 to Schedule 1AA of the LGA set out the process steps for deferral of the LTP by 12 months. Deferral is optional.
2. A council wanting to defer its LTP for 12 months beyond the statutory timeframe in section 93 must:
 - 2.1 resolve to do so no later than 30 April 2024, although there is provision for an Order in Council to be made that authorises a deferral;³
 - 2.2 adopt an enhanced AP by no later than 30 June 2024;⁴
 - 2.3 include in the enhanced AP the information specified in clauses 50 to 52, which is in addition to the normal content of an AP;⁵
 - 2.4 consult on the enhanced AP in a manner that gives effect to the requirements of section 82,⁶ which will also involve the preparation of a consultation document.
3. We address the enhanced AP process and requirements further below.

There are various consequences of deferring a LTP

4. In terms of the legal and practical consequences, if the 2024-34 LTP is deferred for 12 months:
 - 4.1 the 2021-31 LTP will continue in force until 30 June 2025;⁷
 - 4.2 a resolution will need to be passed to extend any development contributions and financial contributions policy (DCP), if the Council wishes to do that (i.e. it is not ready, or does not want, to make a decision on its reviewed DCP by 1 July 2024);⁸
 - 4.3 the deferred LTP must be adopted by no later than 30 June 2025, and then a further LTP must be adopted another two years later, by no later than 30 June 2027. This requirement is designed to

³ Bill, clause 48.

⁴ Clause 46 extends the time-frame to adopt a 2024-34 LTP to no later than 30 September 2024 but does not change the requirement in section 95(3) that an annual plan must be adopted before the commencement of the year to which it relates.

⁵ Bill, clause 49(1)(f) and (g).

⁶ Bill, clause 53(b), which overrides section 95(2A) of the LGA. For reference, section 95(2A) provides that consultation is not required if the proposed annual plan does not include significant or material differences from the content of the long-term plan for the financial year to which the proposed annual plan relates.

⁷ Bill, clause 49(1)(d)

⁸ Bill, clause 49(1)(e)

bring the deferred LTPs into line with all other LTPs that were adopted in 2024.⁹

5. While clause 49 expressly provides for the extension of a DCP so that it continues to apply alongside the LTP, there is no description of what process is to be followed to extend a DCP, and no explicit provision that provides for the extension of other section 102 policies that are normally adopted alongside, the LTP. However, this omission is probably explained by the fact that (unlike a DCP) these policies do not normally have an expiry date and therefore do not need to be “extended”.
6. The most important of these other section 102 policies is the revenue and financing policy (**RFP**). Although the RFP must be included in the LTP, it is adopted as a separate document. Sections 102 and 103, which relate to the RFP, do not state or imply a fixed “life” for the RFP - unlike the DCP there is no requirement to review the RFP within a specified period of time. In our view, an RFP remains in force until replaced.¹⁰ Therefore, if there is no new RFP until the deferred LTP is adopted in 2025, the current RFP will continue to apply in the meantime. For completeness, changes to rating systems, including ones that require a RFP amendment, do not require an LTP amendment.
7. Of note, the Bill does not include any other provision that streamlines or relaxes the LGA statutory requirements for the LTP. There is no exemption from having to comply with section 97 if an enhanced AP is progressed instead of a LTP. What this means is that if the Council proposes to make a decision which is caught by section 97, inclusion of that decision in the enhanced AP will not amount to compliance with section 97. An LTP amendment will still be required to provide for the relevant proposal or decision.

Additional content is required for an “enhanced” AP, and consultation, but there is no audit requirement

8. If a council resolves to defer its LTP, the enhanced AP will need to include additional information usually found in an LTP (as well as the usual AP content) and it must be consulted on.
9. The additional information requirements are specified in clauses 50 to 52 of the Bill. We have highlighted in the appendix the additional information required by the Bill for an enhanced AP.
10. In relation to consultation, clause 53 makes it mandatory to consult “in a manner than gives effect to the requirements of section 82”, before adoption of an enhanced AP.
11. This is a modification of the usual approach for APs, as section 95(2A)

⁹ Bill, clause 49(1)(a) and (c)

¹⁰ Unless the RFP itself says that it expires on a certain date.

	<p>does not require consultation if a proposed AP does not include “significant or material differences from the content of the long-term plan”. For completeness, there is no requirement to use the special consultative procedure, but a council could resolve to consult in that manner.</p>
	<p>12. As the enhanced AP option is an annual plan, and not an LTP, there is no audit requirement. The subsequent annual report will, of course, be subject to audit as usual.¹¹</p>
If, as part of adopting an enhanced AP, a LTP amendment is required, the consultation document would need to be audited	<p>13. New Part 8 of the LGA does not alter any of the statutory requirements that apply to LTP amendments.</p> <p>14. What this means is that if an enhanced AP is opted for and a LTP amendment is required, the usual statutory requirements (including consultation using the special consultative procedure) will need to be satisfied.</p> <p>15. This includes:</p> <p>15.1 Preparing and publishing a consultation document for a LTP amendment that complies with section 93D;</p> <p>15.2 Audit of the consultation document;</p> <p>15.3 Consultation using the special consultative procedure; and</p> <p>15.4 Adoption of the LTP amendment, and further audit.¹²</p> <p>16. In our view, the final audit report required by section 94(2) relates to the LTP as amended, and not to the amendments themselves.</p>
An LTP amendment is only mandatory when section 97 is triggered	<p>17. As per subsections 96(1) and (2) of the LGA, an LTP provides a statement of the Council’s intentions, but does not constitute a decision to act on matters included in a LTP. Section 96(3) clarifies that a local authority can make decisions that are inconsistent with a LTP, “subject to section 80, and except as provided in section 97”.</p>
In other cases, not triggering section 97, if a proposed decision is significantly inconsistent with a	<p>18. Section 80 sets out a process that the Council must observe when making a decision that is significantly inconsistent with a plan or policy,¹³ but section 80 itself does not prevent the making of any decision.</p> <p>19. The enhanced AP has no special status under the Bill – it is still an AP.</p>

¹¹ LGA, s99.

¹² LGA, s94(2).

¹³ Identify the inconsistency, the reason for it, and explain what, if anything, the Council will do about it such as amending the policy or plan in the future.

**LTP, then section
80 will apply**

In particular, it is not regarded as a “de facto” LTP for 2024-25 (as if an AP is opted for, the current LTP will continue in force). This means that if for any reason the LTP is required to be amended, it will not be sufficient that that new content is included in the enhanced AP. The LTP must still be amended.

20. Section 95A of the LGA addresses the content of an AP consultation document and refers to “significant” (as well as “material”) differences from the content of the LTP. This suggests that the fact that what is proposed is significantly different from the LTP does not necessarily require an LTP amendment (as distinct from AP consultation). However, where the Council proposes to make a decision covered by section 97 of the LGA, and that decision is not already explicitly provided for in the LTP an LTP amendment is mandatory. It can be a matter of judgment whether an LTP amendment is required, and this can only be assessed by considering all of the details of the proposed change.
21. Section 97 decisions involve:¹⁴
 - 21.1 decisions to alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the local authority, including a decision to commence or cease any such activity; and
 - 21.2 a decision to transfer the ownership or control of a strategic asset to or from the local authority.
22. If the relevant decision captured by section 97 is not explicitly provided for in the current LTP, then an LTP amendment will first be required to make provision for the proposed decision. This will, due to section 93, require consultation using the special consultative procedure, and the preparation of a consultation document that satisfies sections 93D and 93E.
23. The Bill does not modify or streamline in any way the LGA provisions relating to an LTP amendment. What this means is that if a council that decides to opt for an enhanced AP and proposes a section 97 decision, it will also need to undertake an amendment to the LTP (with a combined consultation document, if the two processes are being carried out at the same time¹⁵).
24. If an LTP amendment is required, and while the process requirements are not as significant or complex as for a full LTP, the amendment (including consultation) will need to be completed and adopted so that the enhanced AP can be validly adopted. For any Council considering

¹⁴ LGA, s97(1).

¹⁵ LGA, s95B.



whether to choose the LTP deferral option, whether an LTP amendment is nevertheless required as well as the enhanced AP, and the timing of that process, will clearly be a key consideration.

25. While we have not identified any other mandatory statutory requirements for an LTP amendment, we note that a significance and engagement policy could include provisions indicating circumstances where an LTP consultation may be expected. The extent to which this may give rise to a mandatory obligation will be a matter of interpretation, but generally section 80 may apply to significant departures from a significance and engagement policy.
26. For completeness, if no amendment to the LTP is necessary, then any consultation on an enhanced AP will not need to use the special consultative procedure.

What implications may arise for a deferral to the LTP?

27. Without knowing the full extent of the proposals that the Council is considering including in its consultation document for the upcoming LTP, there are several possible implications of opting for a deferral of the LTP.
28. These include:
 - 28.1 If the Council is proposing to make a section 97 decision, then an LTP amendment would need to be progressed with the enhanced AP. This would necessitate a combined consultation document and single SCP process, with some duplication of content between the two documents due to the additional information requirements for the AP, but this is largely a process / documentation implication that is, in our view, manageable.
 - 28.2 The next LTP after the deferred LTP would follow relatively shortly afterwards, only 2 years later. This is a process risk and would involve an increased resourcing burden for Council's. If the enhanced AP requires an LTP amendment in any case, then there would be added resource burden due to the requirement to complete a combined AP / LTP amendment in 2024, and then a LTP in 2025 and 2027.
 - 28.3 The potential impact on other policy processes, for example the Future Development Strategy (FDS) under the NPS-UD, whose statutory role includes "informing" preparation of the LTP. The first FDS is required to inform the 2024 LTP,¹⁶ however if an LTP is deferred we consider that would likely be interpreted as referring to the 2025 LTP. In those circumstances, there will still be

¹⁶ Clause 4.1(2) of the NPS-UD.



opportunity for the current FDS to inform the next LTP, albeit later than anticipated. What may be more problematic is that after the deferred LTP is adopted, there will be a tighter timeframe within which to complete the review and update of the FDS under clause 3.16 of the NPS-UD (if an update is required at all).

28.4 Although the Council could choose to extend the life of its DCP to mirror that of the LTP, if it wishes to make changes to the DCP with effect from 1 July 2024 that require consultation (e.g. to increase the amount of its development contributions beyond those authorised under section 106(2B) and (2C) of the LGA, or to capture new projects that are to be funded by DCs), the normal DCP amendment process will have to be used. The Bill provides that a council “may extend” a DCP, but does not expressly contemplate any review or amendment to the DCP as part of that extension. If any amendment to a DCP is required, then that would need to occur separately, but could happen at the same time as the enhanced AP process.

Appendix: additional information requirements for an enhanced AP as required by clauses 50-52 of the Bill

Schedule 10	Local Government Act 2002	Version as at 23 December 2023
2	Groups of activities	
(1)	A long-term plan must, in relation to each group of activities of the local authority,—	
	(a) identify the activities within the group of activities;	
	(b) identify the rationale for delivery of the group of activities (including the community outcomes to which the group of activities primarily contributes);	
	(c) outline any significant negative effects that any activity within the group of activities may have on the social, economic, environmental, or cultural well-being of the local community;	
	(d) include the information specified in clauses 4 and 5—	
	(i) in detail in relation to each of the first 3 financial years covered by the plan; and	
	(ii) in outline in relation to each of the subsequent financial years covered by the plan.	
(2)	In this schedule, each of the following activities is a group of activities:	
	(a) water supply;	
	(b) sewerage and the treatment and disposal of sewage;	
	(c) stormwater drainage;	
	(d) flood protection and control works;	
	(e) the provision of roads and footpaths.	
(3)	Despite subclause (2), a local authority may treat any other activities as a group of activities.	
	Schedule 10 clause 2(1)(c): replaced, on 14 May 2019, by section 9(1) of the Local Government (Community Well-being) Amendment Act 2019 (2019 No 17).	
3	Capital expenditure for groups of activities	
(1)	A long-term plan must, in relation to each group of activities of the local authority and for each financial year covered by the plan, include a statement of the amount of capital expenditure that the authority has budgeted to—	
	(a) meet additional demand for an activity; and	
	(b) improve the level of service; and	
	(c) replace existing assets.	
(2)	For the purpose of this clause, capital expenditure budgeted for 2 or all of the purposes in subclause (1) may be treated as if it were made solely in relation to the primary purpose of the expenditure.	
	Schedule 10 clause 3(2): amended, on 8 August 2014, by section 72 of the Local Government Act 2002 Amendment Act 2014 (2014 No 55).	

Version as at
23 December 2023

Local Government Act 2002

Schedule 10

4 Statement of service provision

A long-term plan must, in relation to each group of activities of the local authority, include a statement of the intended levels of service provision that specifies—

- (a) any performance measures specified in a rule made under section 261B for a group of activities described in clause 2(2); and
- (b) the performance measures that the local authority considers will enable the public to assess the level of service for major aspects of groups of activities for which performance measures have not been specified under paragraph (a); and
- (c) the performance target or targets set by the local authority for each performance measure; and
- (d) any intended changes to the level of service that was provided in the year before the first year covered by the plan and the reasons for the changes; and
- (e) the reason for any material change to the cost of a service.

5 Funding impact statement for groups of activities

- (1) A long-term plan must, in relation to each year covered by the plan, include a funding impact statement in relation to each group of activities of the local authority.
- (2) The funding impact statement must be in the prescribed form and must identify—
 - (a) the sources of funding to be used by the local authority; and
 - (b) the amount of funds expected to be produced from each source; and
 - (c) how the funds are to be applied.

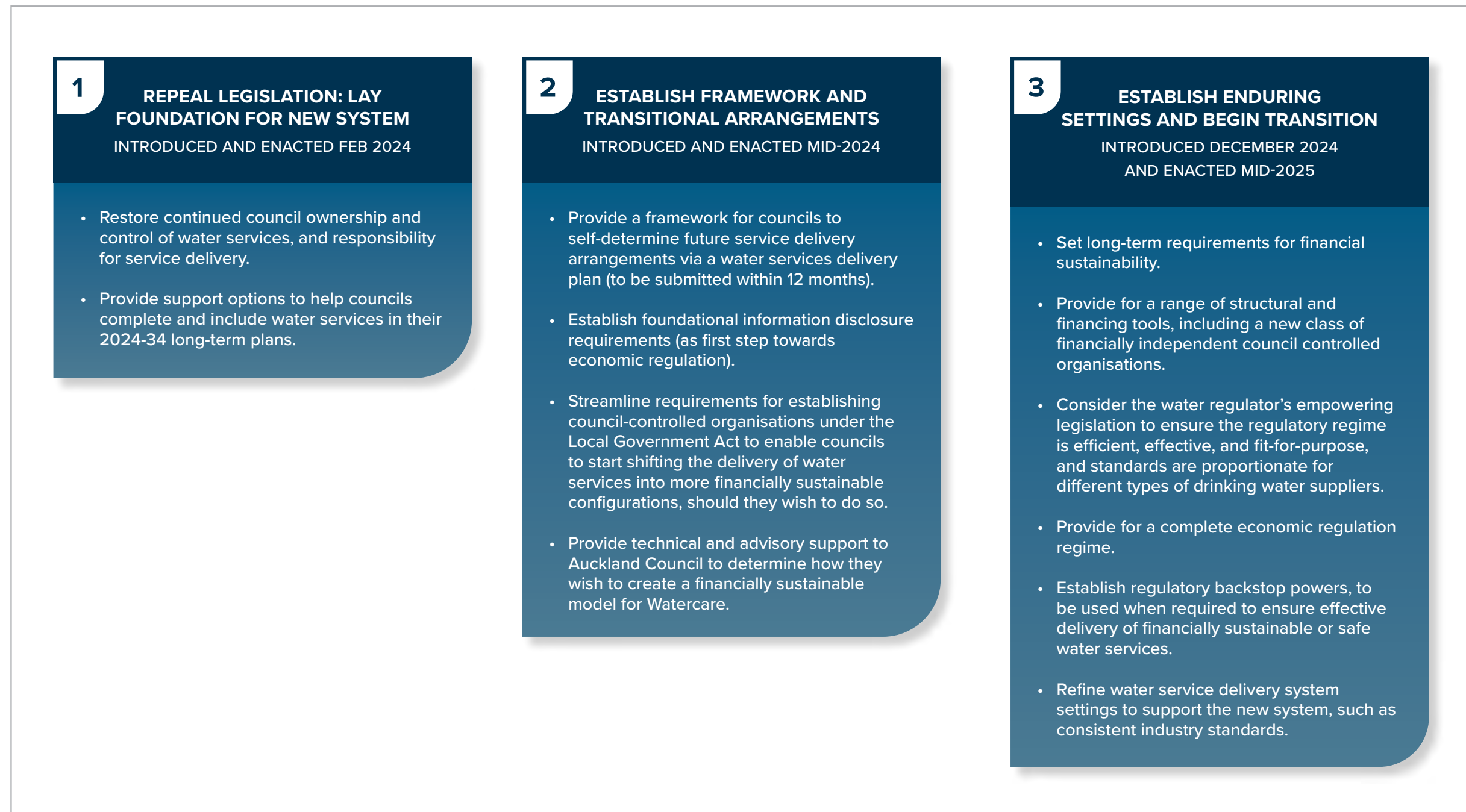
14 Statement concerning balancing of budget

If the local authority has resolved, under section 100(2), not to balance its operating budget in any year covered by the long-term plan, the plan must include—

- (a) a statement of the reasons for the resolution and any other matters taken into account; and
- (b) a statement of the implications of the decision.

Implementing Local Water Done Well: Three-stage legislation plan

Legislation to implement Local Water Done Well has three stages. Key components that are expected to be included in each bill are outlined below.



Note: All timeframes are subject to parliamentary processes and timelines.

MINISTRY OF PRIMARY INDUSTRIES PROPOSAL TO MAINTAIN AND EXPAND NZ FOOD SAFETY'S REGULATORY SERVICES UNDER THE FOOD ACT 2014 - SUBMISSION

Department: Customer and Regulatory

EXECUTIVE SUMMARY

- 1 This report seeks Council approval for Dunedin City Council (DCC) to submit on the Ministry for Primary Industries' (MPI) proposal (the Proposal) to "maintain and expand" New Zealand Food Safety's (NZFS) core regulatory services under the Food Act 2014 (the Act).
- 2 MPI proposes introducing a food levy on domestic food businesses and food importers in order to "maintain and expand" NZFS's services.
- 3 DCC's submission focuses predominantly on domestic food businesses.
- 4 The proposed annual levy of \$115 per domestic food business site would be phased in over three years from 1 July 2025. Territorial Authorities (TAs) would be expected to administer and collect the levy on behalf of the NZFS.
- 5 MPI's Crown Appropriation under 2023/24 Vote Agriculture, Fisheries, Bio-Security and Food Safety includes \$128 million for assurance, information, response, standards, trade and market access for food safety. It is unclear what additional services the proposed levy would fund over and above NZFS's existing responsibilities.
- 6 The DCC submission (Attachment A) does **not** support the Proposal to impose a levy on domestic food businesses for the following reasons:
 - a) NZFS are already funded for most of the services cited in the Proposal.
 - b) The Proposal will place a disproportionate burden on food businesses.
 - c) The Proposal requires TAs to collect the proposed levy on behalf of NZFS which will impose additional financial and administrative burdens upon TAs.
 - d) The Proposal introduces an additional level of bureaucracy.
 - e) The approach is inequitable.
 - f) The Proposal appears to conflict with the principles of the Act.
- 7 Submissions must be received by MPI no later than 5pm on 15 March 2024.

RECOMMENDATIONS

That the Council:

- a) **Approves** the DCC submission (or amended) rejecting MPI's proposal to impose a levy on domestic food businesses, administered by Territorial Authorities.

BACKGROUND

Legislative framework

- 8 New Zealand's current legislative framework (Food Act 2014) makes food businesses responsible for the safety and suitability of their products. It also makes MPI and its business unit, NZFS, responsible for regulatory oversight.
- 9 There is a dual registration system as both NZFS and TAs such as DCC provide registration services for food businesses. TAs also provide information and support as well as verification audits of how food businesses operate against their applicable registration.

MPI Proposal

- 10 MPI proposes "maintaining and expanding" the service it provides to support a robust food safety system in New Zealand. (The Proposal can be found in Attachment B.)
- 11 MPI also proposes domestic food businesses and food importers fund their service via a food levy. For domestic food businesses, an annual food levy of \$115 would be introduced from 1 July 2025. The levy would be phased in over three years: \$57.50 from 1 July 2025, increasing to \$86.25 in 2026/27, and \$115 per site from 2027/28 onwards.

OPTIONS

Option One – Approve the DCC submission (or amended) on the MPI Proposal (Recommended Option)

Advantages

- DCC outlines the Proposal's potential risks and impacts on Dunedin food businesses.
- DCC raises the additional financial and administrative burden that would be placed upon TAs and the implications for relationships between TAs and food businesses if the food levy was imposed.

Disadvantages

- There are no known disadvantages of submitting.

Option Two – Do not approve the DCC submission

Advantages

- There are no known advantages.

Disadvantages

- The Proposal would be implemented without due consideration of the risks and costs imposed upon food businesses and TAs.

NEXT STEPS

- 12 If the Council approves DCC's submission on this proposal, it will be sent to MPI by the closing date of 5pm Friday 15 March 2024.

Signatories

Author:	Ros MacGill - Manager Compliance Solutions Anne Gray - Policy Analyst
Authoriser:	Claire Austin

Attachments

	Title	Page
A	DCC submission on MPI food levy proposal	60
B	MPI food levy proposal	62

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This decision enables democratic local decision making and action by, and on behalf of communities.
This decision promotes the social well-being of communities in the present and for the future.
This decision promotes the economic well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	✓	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Arts and Culture Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Spatial Plan	✓	<input type="checkbox"/>	<input type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	✓
Other strategic projects/policies/plans	<input type="checkbox"/>	<input type="checkbox"/>	✓

This decision contributes to the *healthy and safe people* priority of the Social Wellbeing Strategy, *business vitality*, and *compelling destination* themes of the Economic Development Strategy, and *liveable city* theme of the Spatial Plan.

Māori Impact Statement

There are no known impacts for Māori.

Sustainability

The MPI proposal could have economic implications for food businesses.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

No implications are identified.

Financial considerations

As noted above.

Significance

This decision is considered low in terms of the Council's Significance and Engagement Policy.

Engagement – external

There has been no external engagement.

Engagement - internal

There has been no internal engagement outside the Customer and Regulatory group.

Risks: Legal / Health and Safety etc.

No direct risks of submitting have been identified. Operational capacity, economic and relationship risks of implementing the Proposal have been raised in the submission.

Conflict of Interest

There are no identified conflicts of interest.

SUMMARY OF CONSIDERATIONS

Community Boards

There are no known implications for Community Boards.



Xxx March 2024

Cost Recovery Directorate – Corporate Branch
Ministry for Primary Industries
PO Box 2526
Wellington 6140
Email: costrecovery@mpi.govt.nz

Tēna koe,

DCC SUBMISSION ON PROPOSAL TO “MAINTAIN AND EXPAND” NEW ZEALAND FOOD SAFETY’S CORE REGULATORY SERVICES UNDER THE FOOD ACT 2014

Introduction

1. The Dunedin City Council (DCC) welcomes the opportunity to submit on the Ministry for Primary Industries’ (MPI) proposal (the Proposal) to “maintain and expand” New Zealand Food Safety’s (NZFS’s) core regulatory services under the Food Act 2014 (the Act).

Submission

2. DCC recognises that food safety contributes to maintaining the health and well-being of New Zealanders.
3. We note that the Proposal covers both domestic food business and food importers. This submission focuses predominantly on domestic food businesses.
4. DCC does not support the proposal to impose a levy on domestic food businesses to recover costs for its current and proposed expanded service.
5. Reasons the DCC does not support the proposal are:

a. NZFS is already funded for most of the services cited in the Proposal.

The consultation document references \$1.7m baseline Crown funding for food safety. However, 2023/24 Vote Agriculture, Fisheries, Bio-security and Food Safety includes an appropriation of \$128 million to provide assurance, information, response, standards, trade and market access for food safety. It is also unclear what additional services over and above NZFS’s existing responsibilities would be provided.

b. The Proposal will place a disproportionate burden on food businesses.

The Proposal to impose charges on domestic food businesses will have a direct financial impact on those businesses. Many are recovering from the impacts of the COVID-19 epidemic and its economic, social and business consequences.

c. Requiring territorial authorities to collect the proposed MPI levy imposes additional financial and administrative burdens upon territorial authorities and businesses.

The DCC does not support the proposed requirement for territorial authorities to collect MPI levies. Territorial authorities are already struggling to meet increasing costs to deliver services to their residents. This would impose additional financial and administrative burdens on Councils, compounding the existing pressures facing the local government sector and in turn, their ratepayers.

d. Relationships with stakeholders.

DCC staff have worked to build positive and constructive relationships with Dunedin food businesses over a long period of time. Using territorial authorities to collect MPI levies (and any unpaid debt collection costs) risks compromising these local relationships with food businesses.

e. The Proposal introduces an additional level of bureaucracy.

As well as financial and administrative burdens, new MPI levies would introduce an unnecessary layer of government administration. It would increase complexity and operational workload as businesses have a variety of registration time-cycles. This appears to conflict with the Coalition Government's intended direction¹.

f. The approach is inequitable.

The Proposal calculates the recommended levy based on the number of registered sites, which would be inequitable. This would mean a large, high turnover business such as a supermarket would have the same levy as a small, low turnover business such as a dairy. MPI acknowledges it does not have adequate information to support an alternative approach. Further work is required to consider the impact and risks of such a broad approach. Also, s198(a) of the Food Act 2014 (The Act) requires cost recovery under s199 apply the principle of equity and "be sourced from the users and beneficiaries of the service, commensurate with their use or benefit of that function or service".

g. The Proposal appears to conflict with the principles of the Act.

Section 16 of the Act outlines the principles that should be applied in exercising the duties and functions under the Act. These include:

- the need to minimise compliance costs for food businesses (s16(d))
- the importance of ensuring that regulatory requirements are applied consistently and fairly across sectors and groups (s16(e))
- the scale of the operations of food businesses within the sector or group, and the extent of distribution of the food in which they trade. (s16(1)(e)(iv)).

The Proposal appears to conflict with the requirements and principles of the Act. For the reasons outlined above, the DCC does not support the Proposal.

Ngā mihi,

Jules Radich
MAYOR
DUNEDIN CITY COUNCIL

¹ 2023 Coalition Agreement: "Improving the efficiency and effectiveness of public services."

New Zealand Food Safety

Haumaru Kai Aotearoa

Proposal to maintain and expand New Zealand Food Safety's regulatory services under the Food Act 2014 (Food Act)

February 2024

Te Kāwanatanga o Aotearoa
New Zealand Government

Ministry for Primary Industries
Manatū Ahu Matua



Disclaimer

While every effort has been made to ensure the information in this publication is accurate, the Ministry for Primary Industries does not accept any responsibility or liability for error of fact, omission, interpretation or opinion that may be present, nor for the consequences of any decisions based on this information.

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<http://www.mpi.govt.nz/news-and-resources/publications/>

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1 Introduction

New Zealand's food system¹ is world leading and based on international best practice science and risk assessment. In general terms the current legislative framework makes businesses responsible for the safety and suitability of their products, with the Ministry for Primary Industries (MPI) and its business unit New Zealand Food Safety (NZFS) responsible for ensuring this happens.

The system is critical for protecting and supporting the health of New Zealanders and to support New Zealand's exports. With around 80% of food produced in New Zealand being exported, both domestic and international customers expect food products to be safe to consume, and subject to robust regulatory oversight.

1.1 What does this document cover?

We are seeking your views on proposals to maintain and expand NZFS's services under the Food Act 2014 (Food Act) which provide rules, education, oversight, and monitoring services. We also seek your views on whether these services should be cost recovered from the industries that benefit from them.

These proposals may affect all food businesses who are required to comply with the Food Act. This includes those who must register and food control plan, a national programme, or as a food importer, whether this is with their local council or MPI.

The fees and levies in this document are GST-exclusive. We have taken this approach to ensure consistency and comparability within and between cost recovery regimes. This approach also means that regulated charges will still be valid in the event of any GST variations.

1.2 Introduction to services under the Food Act

1.2.1 Current services

Currently NZFS and Territorial Authorities provide registration services for food businesses to operate in New Zealand, and NZFS provides registration services for companies to register as food importers. This registration is a prerequisite to being allowed to legally operate. Verification Agencies (Territorial Authorities and private businesses) also perform verification audits of how food businesses operate against their applicable registration. NZFS currently has limited Crown funding available for rules setting work, while temporary Crown funding to provide education and system oversight has expired.

1.2.2 Proposed services

This document proposes expanding some of the services required to support a robust food safety system, including measures for:

- robust and modern risk management through improved rules setting, while easing rules that place unreasonable regulatory burden on food businesses;
- timely and additional advisory and education support for food businesses to meet their regulatory requirements;
- oversight and coordination of regulatory partners to support their provision of a fair and consistent level of service to food businesses, that appropriately reflects the level of risk in their operations; and
- monitoring to provide assurance the system is working well and to proactively identify and manage systemic issues.

¹ The food system includes the Food Act 2014, the Animal Products Act 1999, the Agricultural Compounds and Veterinary Medicines Act 1997, and the Wine Act 2003.

The cost of the services discussed throughout the document range from \$1.7 million at current funding levels through to \$10.4 million (3-year average, 24/25 – 26/27). One purpose of this document is to consult on the appropriate scale of services, with MPI's recommendation at \$7.1 million per annum, though the costs growing annually in line with inflation assumptions. This analysis is detailed in Sections 7 – 14.

Since October 2022, the Office of the Auditor General has been conducting a performance audit to evaluate the effectiveness of MPI in monitoring importers of higher-risk foods. A final report, including any suggested improvements is expected in early 2024. The implications of this report could alter the level of service offered in the future, aligning it with the system's robustness.

1.2.3 Proposed levies

MPI's assessment is that the activities listed above are appropriate for cost recovery. This judgement remains regardless of the eventual service cost agreed. As such, we are consulting on cost recovery for existing services and the proposed expansion of services. The analysis of the appropriateness for cost recovery is detailed in Sections 7 – 14.

We propose implementing new levies for full cost recovery from 2024/25 onwards. At the proposed service cost at \$7.1 million, the implications are:

- **Introduction of a Domestic Food Business Levy:** an annual levy of \$57.50 - \$115 phased in from 1 July 2025 per domestic site would be payable, leading to annual average revenue of \$5.7 million.
- **Introduction of a Food Importer Levy:** a levy shared based on a proportion of the economic volume of goods imported, generating total revenue of \$1.453 from 2024/25 onwards.

The levy distribution and economic impacts of the preferred options are analysed further in Sections 15 - 16. If public consultation resulted in a different level of service being preferred, this would have a corresponding impact on any levy rates.

Registration is already a requirement of being allowed to operate as a food business. Under this proposal, paying the respective levies would also be a requirement of operation. Wherever possible, MPI will seek to charge the levy at point of registration to make the process as easy as possible for businesses to comply. This includes using Territorial Authorities to collect the Domestic Food Levy on MPI's behalf when a business registers with their local Territorial Authority.

1.3 Cost recovery regimes in general

Around 70% of NZFS's baseline funding per annum is from cost recovery.

MPI takes a principles-based approach to cost recovery. In line with section 202 of the Act, MPI generally undertakes a review of each cost recovery regime at least once every three years.

MPI aims to set fees and levies at levels that ensure memorandum account balances trend towards zero over a three-year period. To achieve this, fees and levies may also be updated outside this normal three-year review cycle if a material surplus or deficit accumulates in a memorandum account. If MPI collects too much money, then MPI would either return the funding, lower the levy rates, or agree with industry to fund projects for industry good (or a combination of the three). In line with section 201 (4) of the Act, MPI may also allow for an allowance of priori over recovery to offset against future levies.

MPI's cost recovery principles are detailed further in Section 5 and at Appendix 1.

2 Summary of proposed services, costs and funding mechanism

The following table provides a summary of the services discussed throughout this document, their current funding level, and MPI's proposed funding level.

Service name	Description	Current funding level, \$m per annum	Proposed amount for cost recovery, to recover from 1 July 2024, \$m per annum
Domestic food safety and suitability rules	Develop and maintain accessible rules and templates to make it easier for domestic food businesses to meet legislated requirements. This does not include international standards which are currently Crown funded.	\$0.728, Crown funded	Average \$1.540, recovered from domestic food businesses.
Imported food safety and suitability rules	Develop and maintain accessible rules and templates to make it easier for registered food importers to meet legislated requirements. This does not include international standards which are currently Crown funded.	\$0.199, Crown funded	Average \$1.121, recovered from food importers.
Oversight of co-regulator systems and services	Maintain the national register of all registered food businesses, and work with Territorial Authorities to support them to fulfil their regulatory role.	\$0.178, Crown funded	Average \$1.820, recovered from domestic food businesses and food importers.
Oversight of verification systems and services	Supporting national consistency of verification services, including providing further training.	\$0.294, Crown funded	Average \$0.766, recovered from domestic food businesses.
Business education and support services	Ongoing development and maintenance of content and tools to help guide food businesses to find the rules that apply to them.	\$0.318, Crown funded	Average \$1.171, recovered from domestic food businesses and food importers.
Identify and deliver nationwide interventions to raise performance	Identify areas of national poor performance, investigate drivers of performance to target and work with co-regulatory partners to develop and deliver national interventions to lift business compliance through education, assistance, and deterrence.	Not currently funded	Average \$0.458, recovered from domestic food businesses and food importers.
National monitoring programmes	This service is not currently proposed for cost recovery. Instead, this consultation document seeks feedback on the role that monitoring programmes could perform under the Food Act system.	Not currently funded	Not currently proposed for cost recovery. Any monitoring programmes would be subject to future consultation prior to cost recovery.
Systems auditing	Undertake audits to enable provision of assurance regarding specific food sectors, or issues.	Not currently funded	Average \$0.267, recovered from domestic food businesses and food importers.
		Total	\$1.717 baseline Crown funding
			Average of \$7.143 per annum from 2024/25 through phased implementation.

2.1 Summary of levies to fund the proposed services

Total proposed levy revenue is \$7.143m per annum (average), beginning with a phased implementation from 2024/25 onwards. Proposed levies are analysed further in Section 15. Services for the benefit of domestic food businesses are proposed for recovery from the 38,300 domestic food businesses. Services for importers' benefit are proposed for recovery from 3,600 registered food importers. Costs for services that benefit both groups are proposed to be split based on the economic activity that the two groups undertake – 17.5% to importers and 82.5% (as food importers account for \$8.6 billion of food while domestic businesses account for \$40 billion).

Domestic Food Business Levy:

There are 39,000 registered domestic food businesses operating 44,800 sites across New Zealand. As we don't have data on the economic size of individual businesses (and therefore the benefit they individually receive), we propose that domestic food businesses share the \$5.710 million based on the number of sites (premises) they operate, as this is the best proxy we have identified for the level of benefit a business will receive. Using forecast growth in the number of food businesses (Appendix 2), we propose charging registered sites an annual levy of \$57.50 - \$115 from 1 July 2025. It is proposed that introduction of the levy is phased over three years to facilitate the expansion of services and give businesses time to budget for the cost. Around 93% of businesses operate one site and would pay \$57.50 from 1 July 2025, increasing to \$86.25 in 2026/27, and \$115 per site from 2027/28 onwards. 29 businesses have more than 50 sites (average of 127 sites) and would pay an average of \$14,700 per annum from 1 July 2027.

Food Importer Levy:

In 2023 3,600 food importers were responsible for \$8.6 billion (excl. GST and duty) of imports. As data is held on the volume of imports per business, we propose that the Food Importer Levy be shared on a basis of how much food a business imports. On average, each business would pay \$388 per annum from 2024/25. If a business imported less than 50 tonnes of food (78% of importers), they would be liable for a flat fee levy payment of \$67.50. The 6 businesses that import more than 50,000 tonnes per annum would pay an average of around \$63,199 each.

Domestic Food Business Levy forecast, \$m

	2024/25	2025/26	2026/27	2027/28
Amount to recover (\$m)	-	2.712	4.198	5.777
Number of sites to recover costs from	-	47,171	48,681	50,239
Levy revenue raise (\$57.50 - \$115 per site)	-	2.712	4.198	5.777
Surplus / Deficit	-	0.000	0.000	0.000
Closing balance (\$m)	-	0.000	0.000	0.000

Food Importer Levy forecast, \$m

	2024/25	2025/26	2026/27	2027/28
Amount to recover	1.418	1.453	1.484	1.32
Number of businesses to recover costs from	3,909	4,007	4,107	4,208
Levy revenue raised (shared on volume)	1.416	1.452	1.488	1.52
Surplus / Deficit	(0.002)	(0.001)	0.003	0.202
Closing balance (\$m)	0.002	0.003	0.000	0.202

3 Consultation

3.1 Making a submission

We welcome submissions on the proposals contained in this document. We seek to understand your view on the nature and benefits of the services discussed in this document, the cost of the services, and how they are proposed to be funded (and by whom).

Submissions must be received no later than **5pm on 15 March 2024**.

You can return your submission by:

Email: costrecovery@mpi.govt.nz

Mail: Cost Recovery Directorate
Ministry for Primary Industries
PO Box 2526
Wellington 6140

We encourage you to make your submission using survey monkey using the link
<https://mpi.surveymonkey.com/r/FoodActConsultation2024>

The submission template is available on the MPI website at: www.mpi.govt.nz/consultations. Providing a submission is optional. Please include the following information:

- the title of this discussion document
- your name and title
- your organisation's name (if you are submitting on behalf of an organisation) and whether your submission represents the whole organisation or a section of it, and
- your contact details (such as phone number, address and/or email).

3.2 What will happen with the submission

MPI staff will read all responses and summarise the nature of the feedback provided. This will be provided to the Minister for Food Safety as part of the process of decision making.

3.3 Official Information Act 1982

Submissions are official information and may be the subject of requests for information under the Official Information Act 1982 (OIA). The OIA specifies that information is to be made available to requesters unless there is a good reason for withholding it.

Submitters may wish to indicate grounds for withholding specific information contained in their submissions, such as where they consider information is commercially sensitive or wish personal information be withheld. We will consider these requests in accordance with the provisions of the OIA. MPI decisions, including withholding of information, are reviewable by the Ombudsman.

3.4 Next Steps

All submissions received within the timeframe will be considered and used to inform final policy decisions. We aim to implement cost recovery from 1 July 2024.

We will undertake stakeholder engagement during the consultation period and notify all known potential levy payers via email. If you would like to meet with us to discuss the contents of this document, or other matters related to cost recovery, please contact us by emailing costrecovery@mpi.govt.nz.

4 Purpose and application of the Food Act regulatory system

4.1 Purpose of the Food Act

4.1.1 Outcomes and goals of the Food Act

The purposes of the Food Act are to achieve the safety and suitability of food for sale in New Zealand, maintain confidence in New Zealand's food safety system, minimise the impacts of foodborne disease on public health, and protect human health. In doing so, the Food Act makes food businesses responsible for the safety and suitability of food.

The Food Act provides the regulatory system for the supply and sale of food. This includes food that is domestically produced, imported, and exported (however many food exports occur under the Animal Products Act 1999 and Wine Act 2003).

4.1.2 Roles and responsibilities identified by the Food Act

The Food Act identifies the responsibility of different participants in the food system as below.

Overview of the roles and responsibilities of different parties as set out in the Food Act

Actor	Roles and Responsibilities
Food Businesses	Producing, selling, exporting, and importing food that is safe and suitable. Required to register, arrange verification checks by verifiers, and report problems to their Registration Authority.
Minister for Food Safety	Leading policy and legislation development, decision-making.
MPI, NZFS	Supporting policy and legislation development. Leading technical standard setting and guidance development, risk communication, and response/recall. Registration, and enforcement regarding certain food businesses (typically manufacturers and multi-site businesses). Market access negotiation and setting export-specific requirements where necessary.
Territorial Authorities	Registering, checking, and enforcement regarding certain food businesses (typically single-site cafes and restaurants).
Evaluators	Specialist service providers with the skills to identify critical hazards and evaluate the effectiveness of control points in food production processes.
Verification Agencies	Private companies and Territorial Authorities that provide independent assurance checks that a food business is successfully applying the food safety rules.
Consumers	Manage food safety risks that are within their control within the home environment.

4.2 Problem definition

The food safety system's primary role is to manage risk to consumers in New Zealand and overseas. While the primary responsibility to provide safe and suitable food rests with food businesses, both consumers and international trading partners expect robust regulatory oversight and assurance that businesses are meeting their responsibilities. With limited funding available for rules setting work and the expiry of temporary Crown funding to provide education and system oversight, the system is facing challenges in maintaining Food Act regulatory services sufficient to mitigate risks of market failures.

Market failures associated with the food safety system are broadly as follows:

- Private and public cost externalities
 - This relates to public health and productivity costs of foodborne illness. Predominantly hospital treatments, loss of life, and/or time off work. In 2008, it was estimated the public health and productivity costs of the top six foodborne illnesses in New Zealand alone was \$86 million per

annum.² This is against a backdrop of an estimated \$40 billion in annual sales in 2021/22.³ New Zealand companies operating under the Food Act export around \$9 billion worth of food annually.⁴

- Information Asymmetry
 - It is impractical for consumers to determine the safety of a product prior to purchasing it, using the tools generally available– sight, touch, and smell. Consumers rely on businesses and regulators to provide assurance that food is safe. It is more practical and efficient to control hazards during production, processing, and handling, with occasional testing and monitoring to confirm businesses are managing the hazards appropriately.
- Collective reputation benefit externality
 - All members of a sector benefit (through increased sales and exports) from a strong reputation, but this reputation can be easily undermined by some members of the sector cutting corners to operate at lowest cost, avoid compliance requirements or market products which may inadvertently lead to food safety risks and reputational loss. Where this behaviour is not detected and addressed it can reflect badly on compliant businesses.
- Market panic
 - Market panic arises when consumers and governments lose confidence in the safety and suitability of certain food products (e.g. salad greens contaminated with listeria). This can lead to unavailability of products, significant price increases, and uncertainty/unpredictability of future availability of those products. This market failure has greater potential in industries where there is a dominant provider in the supply chain, and where the affected product has been widely distributed.
 - Domestic food safety incidents can be reported internationally and adversely impact on New Zealand's reputation as an exporter of safe and trusted food, potentially impacting on an export industry worth \$72 billion.

In general, the Food Act sets out to reduce the market failures above, so that food businesses can operate with the confidence of their consumers and with the confidence of overseas jurisdictions that they may export to.

A second order problem can be created in that regulatory interventions to reduce market failure can place a burden on businesses to understand regulatory requirements. Regulators have a responsibility to minimise this burden while still achieving the objectives of the Food Act.

4.3 How the regulatory system addresses market failures

To achieve the objectives of the Food Act, regulatory parties undertake a wide range of interventions. These are each outlined in the table below, with the interventions in scope of this document in green. Non-shaded interventions are not proposed for expansion or further cost recovery.

² Cressey & Lake, March 2008. Risk Ranking: Estimates of the cost of foodborne disease for New Zealand, <https://www.mpi.govt.nz/dmsdocument/25955/direct>

³ See Section 16: Economic Impact of the Proposed Levies

⁴ MPI, Situation Outlook for Primary Industries, June 2022, <https://www.mpi.govt.nz/dmsdocument/51754-Situation-and-Outlook-for-Primary-Industries-SOPI-June-2022>. This figure includes 2022 actual exports for horticulture and proceed food and other products (excluding live animals and honey).

Overview of food regulatory interventions available to minimise identified market failures

Regulatory intervention	How the regulatory intervention activities address market failure	Responsible regulatory partner
Setting production and processing requirements for food businesses to follow	This activity primarily reduces information asymmetry and manages public and private externalities by setting rules. These cover for example: product labelling and identity, business plans and programmes, verification, limits for business processes (e.g. heat treatment time and temperature), microbiological safety and process control (e.g. acceptable number of bacteria per volume, if any), and acceptable levels of chemicals (e.g. heavy metals). This activity also addresses other market failures, for example market panic, by setting rules for traceability and recall.	MPI, including NZFS, Food Standards Australia New Zealand (FSANZ)
Registration of food business	This activity provides NZFS with information about a business's sector, hazards, and controls as well as contact details for the business and key responsible people within the business.	Registration authorities (NZFS and territorial authorities)
Undertaking verification of food businesses	This activity primarily reduces information asymmetry and manages public and private externalities by checking that businesses are following their plan or programme and meeting technical limits. Checking high-performing businesses less frequently, and more frequent checks on higher risk or less compliant businesses incentivises business performance.	Verification agencies (territorial authorities and private businesses)
Providing support and education to build understanding within food businesses	This activity primarily reduces information asymmetry and manages public and private externalities by supporting businesses to understand what they need to meet requirements to make and sell safe food. This activity also addresses other market failures like market panic by supporting businesses with effective traceability and recall procedures.	NZFS
Compliance and response action	This activity primarily reduces information asymmetry and manages public and private externalities by investigating non-compliance with rules and holding offenders to account. This activity also addresses other market failures, for example market panic, by coordinating recalls and responses.	NZFS and territorial authorities
Monitoring system effectiveness	This activity provides oversight and enables the Government to provide assurance to New Zealand consumers and overseas governments that businesses are operating as expected, and that risks to safety and suitability are being appropriately managed.	NZFS
Market Access and Assurance	This activity addresses potential public and private health costs of overseas consumers and governments by negotiating access conditions for New Zealand products into overseas markets and setting export-specific requirements where necessary.	MPI, including NZFS
Risk Communication	This activity addresses potential public and private health cost externalities by supporting New Zealand consumers to understand risks remaining (e.g. raw products intended for cooking have some inherent risk of contamination), and their role in managing those risks in the home environment (e.g. clean preparation surfaces, cook thoroughly, cover and chill cooked food).	MPI, including NZFS

5 Cost Recovery Principles and the approach to cost recovery

This section summarises MPI's Cost Recovery Principles, how they relate to each other, and what this means for the overall approach to cost recovery.

The principles of cost recovery are about first making sure that the services provided by government are of appropriate nature and scale, and subsequently deciding the appropriate mechanism through which these services should be funded.

5.1 MPI's Cost Recovery Principles

MPI's four Cost Recovery Principles are:

- **Transparency** – Costs should be identified and allocated as closely as practicable in relation to tangible service provision for the recovery period in which the service is provided.
- **Justifiability** – Costs should be collected only to meet the actual and reasonable costs (including indirect costs) of the provision or exercise of the relevant service.
- **Efficiency** – Costs should generally be allocated and recovered in order to deliver maximum benefits at minimum cost.
- **Equity** – Funding for a service should generally, and to the extent practicable, be sourced from the beneficiaries of the services at a level commensurate with their use or benefit.

These principles are set out in the Food Act⁵ and in MPI's cost recovery guidelines.⁶

If the Transparency and Justifiability principles are met, the Efficiency and Equity principles state that the beneficiaries of services should generally pay for services. That is, beneficiaries pay 100% of costs unless there is a strong efficiency or equity reason why they should not.

A fuller description of the principles and how they relate to each other is set out in Appendix 1.

5.2 Customers / beneficiaries generally pay

Customers / beneficiaries should generally pay for the services they benefit from.

Charging beneficiaries encourages them to demand or use only the quantity and quality of services that they value highly enough. If the cost is subsidised by others, then beneficiaries will demand more services (with the cost being met by others). The extra demand from a subsidy is inefficient as it results in more use of resources in production than people value and are willing to pay for.

Charging beneficiaries helps ensure MPI service volumes or quality are not higher than is economically efficient.

5.3 Calculating charges

In line with the Treasury's guidelines, section 198(1) of the Act is to seek to recover all costs associated with providing services including:

- direct costs associated with services (such as staff time, travel costs, systems and equipment used in delivering the specific service)
- support costs associated with delivery of the service (such as training and development costs for staff, administrative support, management, project and capital costs), and
- a fair proportion of wider business support or common costs (for example costs associated with corporate functions like finance, human resources management, information technology (IT), and costs of property and utilities).

⁵ <https://legislation.govt.nz/act/public/2014/0032/latest/DLM2996310.html>

⁶ <https://www.mpi.govt.nz/dmsdocument/30855/direct>

5.4 Memorandum accounts

MPI generally uses memorandum accounts to track revenue and expenditure associated with cost recovered services. Memorandum accounts record the accumulated balance of surpluses or deficits incurred in providing cost recovered services. In general, MPI aims to set charges at levels that ensure memorandum accounts trend towards zero over a three-year period.

6 Summary of legal basis for Food Act levies

This section identifies the legislative provision for the services in this consultation document.

The Food Act states that the Minister for Food Safety and the Chief Executive of MPI must take all reasonable steps to ensure that the direct and indirect costs incurred in administering the Food Act that are not provided for by Crown funding are to be recovered. The Food Act allows for the creation of a levy in regulations if the Minister is satisfied that the Principles of Cost Recovery (Appendix 1) have been met.

The following table summarises the respective sections of the Food Act that the services would operate in line with.

Summary of legislative basis of services

Regulatory function	Service	Services provided under the following sections:
Setting production and processing rules for food businesses to follow	Imported food safety and suitability rules	s18(2)(e), (g) and specific sections Part 5, Subpart 6
	Domestic food safety and suitability rules	s18(2)(f), s291, s387, ⁷ Part 5, Subpart 6
Providing support and education to build understanding within food businesses	Business education and support	s18(2)
	Identify and deliver nationwide interventions to raise performance	s18(2)
Registration of food businesses	Oversight of Territorial Authority co-regulatory services	s18(2)(a), s18(2)(k), s175, s184, s185 - s192, Schedule 5 cls 2-13 s197
Undertaking verification of food businesses	Oversight of verification systems and services	s18(2), assurance that functions under s155-s157A are appropriately performed
Monitoring system effectiveness	National monitoring programmes	s101 - s105
	Systems Audit	s18(2)(c)

⁷ There are a number of regulations and notices in place that have been created under the umbrella of this service. Examples of this include a November 2021 Imported Food notice which defines High and Increased Regulatory Interest foods, the hazard to be managed, along with border clearance requirements. [Importing Food \(mpi.govt.nz\)](https://www.mpi.govt.nz/importing-food/)

7 Domestic food safety and suitability rules

7.1 Description of the service

This service develops and maintains accessible risk and science-based rules and templates that protect consumer health, ensure fair practices in trade, and make it easier for domestic food businesses to understand requirements.

7.1.1 Problem definition

The Food Act regulatory system is mandatory and risk-based, covering 38,000 food businesses (operating 45,000 sites) across more than 30 business sectors. This is a considerably more extensive and complex system than prior to the Food Act, identifying and managing a wide variety of risks to keep food safe and suitable and underpin a resilient export sector.

The Food Act rules form the foundation of New Zealand's food safety system. As well as keeping New Zealanders safe from foodborne illness⁸, our access to export markets is negotiated from the strength of the domestic food safety system. Action is needed to ensure it remains robust so that our trading partners and overseas consumers trust that New Zealand is a reliable producer of safe food.

Effective rules help businesses know and understand what they must do to meet their food safety responsibilities. When a business is not confident about how to meet regulatory requirements, it can affect investment decisions and constrain growth.

For rules to be most effective for food businesses, they need to be focused, responsive, capable, flexible and fit-for-purpose. When these factors are not met it is a handbrake on businesses. There is an opportunity to improve sustainability through new product alternatives and low waste production methods. However, new technologies must be fully assessed from a food safety perspective before products can be sold. The current level of service does not ensure these outcomes.

Case Study: Creating a domestic standard for medium rare burgers

Minced meat is not safe to eat raw or undercooked as bacteria on the surface are minced throughout the product. Cooking the outer surface like a steak will not kill the bacteria in the centre of the burger.

Some bacteria, like Salmonella or E.coli, only need a few cells to cause illness that can lead to permanent kidney or brain damage, even death. While no deaths have been directly attributed to food in New Zealand, it has happened overseas (most notoriously at a fast-food chain in the USA, where 4 children died, and 732 people became sick). These same bacteria are present on red meat in New Zealand.

In early 2017 a Territorial Authority verifier rightly stopped a popular restaurant from serving undercooked 'pink' burgers to their customers. NZFS found there was a lack of understanding around the risks involved, as well a strong consumer appetite for 'medium rare' burgers. A cross-section of chefs, restaurateurs, scientists, and food safety professionals were brought together at a professional catering school to explore safe ways to thoroughly cook a 'pink' burger. One safe method was identified, while two further potential methods were also identified. A new standard was drafted, consulted on nationally, and made legal late in 2017. Restaurants across the country can now follow this standard and legally provide their consumers with safe medium rare burgers.

The expiry of temporary Crown funding to support implementation of the Food Act means standard development would be delayed or declined if a similar situation arose today, resulting in the affected food being off the menu across the country.

⁸ Food borne illnesses pose several possible societal costs including income or productivity loss and/or medical, psychological and other illness costs. A lists of these costs can be found in Table 2-2 in [The Overall Benefits of Food Safety – A Literature Review](#).

7.1.2 Options to address the problem definition

The potential types of functions that could be provided under this service include:

- Review, update and create template food control plans, such as “Simply Safe & Suitable template” for food service and retail businesses, “Food Safety Template for Cheesemakers” and “Food Safety Template for Winemakers”.
- Develop rules for the safe application of high-risk processes, such as medium rare burgers, acidified sushi rice, sous vide, biltong and Chinese style roast duck.
- Assess risks and develop rules for new/emerging technologies used in food production and processing.
- Review and update [National Programme](#) requirements that apply to lower risk businesses.
-

The full range would support NZFS to effectively and efficiently manage current, evolving, and emerging risks. The table below considers options of different scale and their costs.

NZFS currently delivers the status quo option with time-limited Crown funding. Costs identified below are the annual averages from 2024/25 through to 2026/27, which is the status quo option below.

Options for the service level of 'Domestic food safety and suitability rules'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	\$0.728 million	\$1.540 million	\$2.240 million
Resources (inputs)	4.5 staff. Regular online industry engagement.	8.3 staff. Regular online industry engagement. Occasional in-person industry engagement. Communication of rules, including translation when beneficial.	11.1 staff. Regular online industry engagement. Regular and high-quality in-person industry engagement. Communication of rules, including translation when beneficial. Data analysis and prioritisation.
Outputs	Each year 2-3 existing rules reviewed, with 2 improved.	Each year 2-5 existing rules reviewed, with 2-3 improved. Plus the development of 1-3 new rules to address emerging issues.	Each year 4-6 existing rules reviewed, with 3-4 improved. Plus the development of 2-4 new rules to address emerging issues.
Outcomes	Rules are developed to address urgent issues.	Deeper understanding of businesses' operating practices and business models. Rules are easier to understand. Compliance rates help to guide the future programme of improvements.	Businesses are engaged early, including exploration of the risk and on finding feasible solutions that are desirable to them and viable. Better integration of rules with the food safety system and other legislation. Compliance rates and industry feedback help to guide the future programme of improvements.
Risks	Urgent issues may crowd out other important but less pressing work. Less effective or dated rules may remain in place for long periods, leading to higher costs. New technologies are not able to be implemented in New Zealand Food businesses affecting business growth and competitiveness in global trade.	Reviewed and new rules developed create inconsistencies with existing rules (with insufficient resource to enable them to be reviewed), leading to uncertainty for businesses about what to do and/or higher rates of non-compliance or higher costs. Rules may not align with common business practices, making compliance difficult.	Rules are developed and reviewed frequently, and businesses struggle to keep up-to-date with the changes required, leading to change fatigue and lower compliance rates.

The status quo has an unacceptable level of risk that rules are no longer fit for purpose or responsive to an increasingly complex, growing and innovating food system, and a backlog of rules to review and develop. Option 2 is our best estimate of the capacity required to address the backlog of work and facilitate deeper industry engagement to ensure rules reflect industry need and the level of food risk. However due to uncertainty about the exact level of output required for the outcome, and the precise value of inputs required for the outputs, we are proposing to scale the service provision at Option 1 – an average cost of \$1.540 million from 1 July 2024.

7.2 Who should pay?

7.2.1 The nature of the good and the beneficiaries

This service sets the rules that form the foundation of operations for all food businesses. The benefits of rules are non-rivalrous. One business applying a standard does not prevent another business from applying the same standard. Both registered and exempt businesses are required to apply rules. All businesses will benefit from this service and it is therefore appropriate for levy funding.

7.2.2 Transparency and justifiability

We consider the cost information above to sufficiently meet the cost recovery transparency principle. Staff expertise and experience from previous rules development inform the effort needed to address un-resourced rules and to identify the alternate funding levels. We consider this meets the justifiability principle as the best available method of identifying the level of service required.

7.2.3 Economic and administrative efficiency considerations

Charging those who utilise the rules created by NZFS supports economic efficiency, as it strengthens the incentive for businesses to provide feedback about areas of difficulty, reducing unnecessary compliance costs. This means the service provided will more appropriately reflect business needs.

There are no administrative efficiency reasons to depart from full cost recovery.

7.2.4 Equity

The Crown funded this service during the implementation of the Food Act, so as not to disadvantage early adopters, but now that the Food Act regulatory system is fully embedded, we do not see a rationale for continued Crown funding. The equity principle is met if beneficiaries of the service pay for it.

7.2.5 Summary and recommendation

MPI recommends domestic food businesses bear the costs of the service at the service level of Option 1. To minimise duplication of analysis for how costs are shared between individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

7.3 Questions for submitters

- Do you agree that Option 1 (\$1.540 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that domestic food businesses benefit from guidance and tools under this service, and are obliged to comply with any rules established, and therefore should pay for the service? Why or why not?

8 Imported food safety and suitability rules

8.1 Description of the service

This service develops and maintains accessible risk and science-based rules and templates that protect consumer health, ensure fair practices in trade and make it easier for food importers to understand legislated requirements.

8.1.1 Problem definition

New Zealand's population is growing and becoming more diverse, as is the food New Zealand businesses import. Supply chains are becoming more complex and globalised. This means consumers are exposed to new and changing risks as they demand more affordable, nutritious, and diverse foods.

Imported food rules have changed little over recent decades, and primarily rely on food safety border clearance to manage a small number of traditional and known risks. In addition, biosecurity import health rules do change, allowing more trade, and creating new food safety risks. While the border is an effective place to manage some risks, most food safety risks are better managed overseas where the food is manufactured, or further along in the domestic supply chain.

There is a backlog of imported food safety risks that need rules to be developed to manage them, as well as existing rules that can be improved so they are more effective and efficient for the businesses applying the rules. The current level of funding is insufficient to address this backlog or improve the existing rules.

Food and ingredients are also imported by many of our exporters. It is important we manage these risks well to collectively protect New Zealand's overseas reputation for safe and suitable food.

Office of the Auditor General Review

All New Zealanders expect the food they buy to be safe. In 2022 and 2023, a range of imported foods that have a greater health risk to consumers – such as tahini and frozen berries were recalled due to the presence of Salmonella and Hepatitis A, reflecting a lack of capacity to review imported food standards.

The Office of the Auditor General (OAG) is completing a review looking at how well MPI monitors whether importers are meeting the requirements of high regulatory interest and whether the import controls for higher-risk foods are working effectively. The review is expected to be completed in the first quarter of 2024.

Case Study: Amendment of import requirements for beef products

Imported beef is one of 13 High Regulatory Interest and Increased Regulatory Interest foods. These imported foods require border clearance for entry into New Zealand as part of measures taken to ensure both biosecurity and food safety risks are managed. Imported food border clearance costs are currently recovered from food importers at a rate of \$135 per hour for time taken to facilitate entry to New Zealand.

The food safety requirements for beef have recently been reviewed, with public consultation on proposed amendments having concluded on 23 August 2022. In addition to ensuring alignment to biosecurity import requirements, the outcome of the review proposed the removal of border clearance requirements for certain beef products that present a low level of food safety risk. This change will have potential savings for food importers of low risk beef products that previously required clearance of at least \$202.50 (90 minutes) per consignment. Some importers of low risk

beef products will also benefit from a blanket exemption for their imports, rather than having to demonstrate on a consignment-by-consignment basis that the food is low risk.

8.1.2 Options to address the problem definition

This service will create and improve rules to keep pace with the increasing diversity and volume of imported food trade. By ensuring fit-for-purpose rules are in place to manage low, medium, and high-risk foods, food importers can confidently find a way to comply.

Examples of work in this area include:

- Review and improve existing imported food rules to ensure that they modernised and fit-for-purpose. For example:
 - Implement better ways to manage the risks of mould toxins in peanuts and peanut butter.
 - Develop more effective controls to address the poor management and labelling of mandatory allergens that pose health risks to some consumers.
- Identify changing risks and emerging issues that require the development of rules to manage the risks which are effective, reasonable, and proportionate. For example:
 - Develop new food safety rules to align with proposed changes to Biosecurity Act Import Health Standards, such as chilled and frozen meat.
 - Develop new ways to manage microbiological and heavy metals risks in imported seaweed.
 - Implement new ways to better manage the risk of pesticide residues.

The benefits of these rules are to ensure evolving and emerging risks are effectively managed, keeping consumers safe. Clearer rules that are easy to understand will ease compliance costs and increase importer confidence. NZFS currently delivers the service with Crown funding, which is the status quo option below. Costs identified below are the annual averages from 2024/25 through to 2026/27.

Options for the service level of 'Imported food safety and suitability rules'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	\$0.199 million	\$1.121 million	\$1.526 million
Resources (inputs)	1.3 staff.	6.6 staff, as well as dedicated research, travel and communication costs associated with development of rules.	8.8 staff, as well as dedicated research, travel and communication costs associated with development of rules.
Outputs	Each year 1-2 existing rules reviewed, with up to 1 improved.	Each year 2-4 existing rules reviewed, and 2-3 improved. Development of 1-3 new rules to address emerging issues.	Each year 3-5 existing rules reviewed, and 2-4 improved. Development of 2-4 new rules to address emerging issues.
Outcomes	Rules are developed to address urgent issues.	Stronger engagement with importers on developing rules that affect them. Rules are easier to understand. Importers have access to all rules. Importer's confidence in their compliance is enhanced.	As with option 1, with greater capacity to engage with importers on the design of rules.
Risks	Less effective or dated rules may remain in place for long periods, causing higher costs for some importers.	The level of resourcing may not be sufficient to ensure all rules are up to date, leaving some residual costs for importers.	

The status quo has an unacceptable level of risk that rules are no longer fit for purpose or responsive to an increasingly complex range of foods being imported, and a backlog of rules to review and develop. Option 2 is our best estimate of the capacity required to facilitate deeper industry engagement to ensure rules reflect industry need and the level of food safety risk. However, due to uncertainty about

the exact level of output required for the outcome, and the precise value of inputs required for the outputs, we propose Option 1 – an average cost of \$1.121 million from 1 July 2024.

8.2 Who should pay?

8.2.1 The nature of the good and the beneficiaries

Food importers need to meet any rules that apply to the food they import. The creation of rules is non-rivalrous, as one importer applying the rule does not prevent any other importer using the same standard. Benefits of rules are excludable to the food importers who are importing under that standard, and as all importers will benefit it is appropriate for levy funding.

8.2.2 Transparency and justifiability

We consider the information above to sufficiently meet the cost recovery transparency principle. The justifiability of the costs is based on staff expertise about the required effort to create a standard, and the difference between the number of rules created and maintained under current resourcing compared with the number that have been identified as needed.

8.2.3 Economic and administrative efficiency considerations

This service could be levied on a product value or volume basis using information provided at point of import. It would mean that importers who import more products more frequently would pay a higher cost. This more appropriately reflects the benefit an importer receives from a strong import system than charging all importers an equal amount regardless of scale.

8.2.4 Equity

It is equitable for food importers as the group who will benefit to pay for rules development.

8.2.5 Summary and recommendation

MPI recommends food importers bear the costs of the service at the service level of Option 1. To minimise duplication of analysis for how costs are shared between individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

8.3 Questions for submitters

- Do you agree with our assessment of Option 1 (\$1.121 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that food importers benefit from guidance and tools under this service, and are obliged to comply with any rules established, and therefore should pay for this service? Why or why not?

9 Oversight of co-regulator systems and services

9.1 Description of the service

NZFS is responsible for administration of the Food Act, including oversight of co-regulatory partners in delivering their functions. This service will maintain the national register of all registered food businesses, and work with Territorial Authorities to support them to fulfil their regulatory roles.

9.1.1 Problem definition

There are 67 Territorial Authorities (local councils) across the country, each a legal co-regulatory partner with specified registry and enforcement functions. If a co-regulator fails in these duties, poor performing food businesses may cause people to get sick, seriously ill or even die.

Currently there are no performance rules for Territorial Authorities, and little monitoring and support for local councils. NZFS needs to be able to track Territorial Authority's performance against clear rules in order to find issues before they become big (or surprising) problems. The current level of funding does not allow for the development of performance rules or allow for a high standard of oversight of co-regulator systems and services.

9.1.2 Options to address the problem definition

Oversight of co-regulator systems and services will ensure the early detection of any performance issues, allowing action to be taken before a serious food safety problem occurs that might threaten public health. This service will:

- Engage with senior leaders in Territorial Authorities to build strategic relationships, clarify accountabilities and maintain focus.
- Establish national outcomes in collaboration with co-regulatory partners
- Undertake routine performance monitoring, audit, and performance reporting of territorial authorities.
- Deliver regional operational training, support, guidance, and co-ordination.
- Monitor food businesses' national compliance trends and establish national operational priorities.

As a result, food businesses will experience fairer and more consistent levels of regulation wherever they are in the country, while territorial authorities will still be able to tailor services to meet community needs.

Case Study: Practice Notes

There are challenges to deliver a nationally fair and consistent registry and enforcement functions between 67 Territorial Authorities and NZFS. To assist with this, during implementation of the Food Act 2014 NZFS published 'Practice Notes' for Territorial Authorities on various topics to help guide co-regulatory partners on their own operations.

Practice Note 6, published in 2018, guides Territorial Authorities on sharing services across boundaries, addressing accountability issues and legal liabilities. Practice Note 4 explains what services can and cannot be contracted out by Territorial Authorities. Currently NZFS staffing is insufficient to develop new Practice Notes or to update the existing ones.

NZFS currently delivers the service through Crown funding, which is the status quo option below. Costs identified below are annual averages from 2024/25 through to 2026/27.

Options for the service level of 'oversight of co-regulator systems and services'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	\$0.178 million	\$1.820 million.	\$2.562 million
Resources (inputs)	1.2 staff. Running the national register of food businesses.	7.8 staff, as well as travel and engagement costs. Running the national register of food businesses and supporting systems.	11.7 staff, as well as travel and engagement costs. Running the national register of food businesses and supporting systems.
Outputs	Registry IT system technical support available to Territorial Authorities.	National performance rules. Monitoring and audit of co-regulatory partner performance. Training, support, and co-ordination. Engagement with Territorial Authority leaders for ongoing accountability.	In addition to Option 1, Option 2 will improve local services by strengthening the support in place for Territorial Authorities.
Outcomes	Trend analysis of self-reported registry and enforcement data identifies national trends.	Businesses are treated consistently throughout the country regardless of location. Local, and national performance issues are identified early and widely reported. Creation of national compliance priorities for food businesses to co-ordinated system response.	In addition to Option 1, Option 2 will find suitable solutions any national performance issues identified.
Risks	If a co-regulator fails to deliver their functions, there is increased risk of illness.	There may be insufficient resources to address some important issues that might be identified.	

While the status quo only provides funding for 1.2 staff, transition funding (that expired in 2020) funded four staff. Recognising four staff was insufficient to provide the identified outputs (like National Outcomes), MPI is unsure about the exact level of resourcing required to achieve the outcomes identified in Option 2. While Option 2 is our best estimate of the cost to achieve the desired outcome, there is a chance that the true cost will be lower. As a result, we propose to scale the services in line with Option 1 – an average cost of \$1.820 million from 1 July 2024.

9.2 Who should pay?

9.2.1 The nature of the good and the beneficiaries

The primary beneficiaries are the territorial authorities who have functions and duties set out in s173-s174 of the Food Act. This service is targeted at aligning, supporting, and improving the quality of service provided by Territorial Authorities. However, MPI does not have legal powers to levy Territorial Authorities.

Food businesses are the secondary beneficiaries. All food businesses who access regulatory services benefit, meaning the benefits would be non-rivalrous. The benefits are excludable, as only registered businesses benefit.

9.2.2 Transparency and justifiability

We consider the information above to meet the cost recovery transparency principle. The National Register noted is in place already, and so actual costs have been used. Staff have been costed based on MPI pay bands, and Option 1 has been recommended to minimise the possibility of levying costs in excess of that required to deliver the service.

9.2.3 Economic and administrative efficiency considerations

Costs to deliver oversight of co-regulator systems and services would be most efficient to charge to Territorial Authorities as they are the recipient of the services. This would support Territorial Authorities only demanding services which are of value to them, and which they cannot provide themselves at a lower cost.

Levying businesses for the services does not support economic efficiency, as food businesses do not have a mechanism to reduce Territorial Authorities consumption of the service, and Territorial Authorities are incentivised to demand more. However, this is also true of general taxpayers too, and food businesses are more direct beneficiaries than taxpayers generally.

9.2.4 Equity

It is not legally possible to recover the costs from those who directly benefit from the service (Territorial Authorities). As such both Crown funding or charging food businesses will have some draw-backs about apportioning costs to beneficiaries. If food businesses are levied, those who register with Territorial Authorities will receive more benefits from the service than those who register with NZFS.

9.2.5 Summary and recommendation

We recommend domestic food businesses bear the costs of the service at the service level of Option 1. To minimise duplication of analysis for how costs are shared between individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

9.3 Questions for submitters

- Do you agree with MPI that Option 1 (\$1.820 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that domestic food businesses benefit from NZFS providing oversight of Territorial Authorities regulatory practices for food businesses, and therefore food businesses should pay for this service? Why or why not?

10 Oversight of verification systems and services

10.1 Description of the service

Businesses are responsible for providing safe and suitable food. Verification provides business with assurance they are meeting their obligations under the Food Act, and consumers with confidence that compliance issues are identified and addressed. Business verification is a cornerstone of the food safety assurance system. Most food businesses must be routinely verified, though some low-risk businesses do not require ongoing verification.

This service will support national consistency of verification services, including by providing further training for verifiers.

10.1.1 Problem definition

Inconsistent verification scrutiny could lead to unequal outcomes applied to businesses, imposing inconsistent costs to resolve. Performance rules are needed to benchmark verification services. Training and support are also needed to ensure the verification workforce is professionally aligned.

The Food Act generally requires food businesses to be verified. It is important that businesses have access to reasonably priced services that meet their specific technical needs and meet minimum quality rules. The Food Act establishes a devolved competitive market for the provision of many verification services. While the intent is for the market to be competitive, and therefore resulting in reasonably priced and appropriate services, there are many reasons why this may not occur in practice, for example:

- The Food Act recognises Territorial Authorities as the exclusive providers of service for some template Food Control Plans within their geographical area, removing competition in some cases.
- Some businesses have niche technical needs and may find there are very few verifiers with the necessary technical skills for them to choose from, curtailing any real choice.
- New Zealand is a small country, this poses challenges to delivery of reasonably priced services for some businesses. E.g. low-risk remote businesses may be unable to bear higher travel costs for verifiers visiting their premises.

The current situation means that businesses may be receiving verification services of differing quality and price depending on where they are in the country, with a risk of either increasing direct costs and compliance costs (through disproportionately expensive and onerous verification) or causing risk to public health through a lack of robust verification.

Case Study: Remote Verification

Verification is a user-pays service, including travel costs for the verifier getting to individual sites. For businesses in isolated parts of the country these costs can be significant. These costs can quickly become a financial barrier for some businesses depending on their location, especially small businesses.

In 2018 NZFS used Crown funding to explore technical solutions that would allow remote checks to be made of food businesses using technology-based tools to live-stream information from businesses in Gisborne and Auckland to a verifier sitting in their own office.

Following successful trials, a specific training and assessment programme was developed for verifiers to become recognised by NZFS to deliver 'remote verification' services. There are now 30 verifiers across the country who can provide cost effective remote verification services to low-risk businesses.

Other opportunities to reduce verification costs and increase accessibility to verifiers exist but current resourcing within NZFS is constraining the exploration and introduction of these.

10.1.2 Options to address the problem definition

When the verification system is performing well, poor food safety practices are detected early and at a reasonable cost to business. This service will:

- Maintain Agency and Persons recognition processes, including independent quality systems and accreditation services, and performance rules.
- Support operational alignment across 380 individual verifiers and 83 verification agencies, develop verifier training materials and manage the national Continual Professional Development programme.
- Review a sample of verification reports and seek business feedback.
- Monitor the provision of verification services to identify if any service gaps or unreasonable cost barriers occur.

NZFS delivers elements of the service through Crown funding, which is the status quo option below. Costs identified below are the annual averages from 2024/25 through to 2026/27.

Options for the service level of 'oversight of verification systems and services'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	\$0.294 million	\$0.766 million	\$1.002 million
Resources (inputs)	1.2 staff, as well as travel and engagement costs.	4.7 staff, as well as travel and engagement costs.	5.9 staff, as well as travel and engagement costs.
Outputs	Facilitate verifier access to online training materials. Monitor and manage the Continuous Professional Development programme.	Review and update training materials Deliver 1-2 new or overhauled training programmes per year. Host 2-3 national verifier webinars annually. Maintain processes and rules for the recognition of verifiers, including agency accreditation. Monitor national services and identify supply gaps. Limited sponsorship and annual conference for Territorial Authority verifiers. Independently review verifier reports, and undertake verification agency audits.	In addition to the outputs provided by Option 1, Option 2 will: Develop 2-3 new or overhauled training programmes per year. Host a national conference for all Food Act verifiers. Investigate alternative verification methods with potential to reduce costs for food businesses.

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	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Outcomes	New verifiers can continue to be trained and get recognised.	Consumers are assured that business compliance is independently checked by skilled professionals, and poor performance is addressed. Core verifier capabilities are consistent across the country, so businesses are all treated fairly. Training is developed so industry can access reasonably priced services. Poorly performing verification service providers are identified and issues resolved.	In addition to the outcomes of Option 1, Option 2 will see stronger leadership and adaptation for future verifier workforce capability needs.
Risks	Evolving verification needs may outpace verifier capability, curtailing access to effective and affordable services, which may undermine food safety system integrity. Alignment between verifiers from Territorial Authorities and private service providers will continue to be inconsistent for some businesses.	Effort to align verifiers from Territorial Authorities and private service providers may be insufficient, leaving some inconsistency in services and costs for some businesses. Inability to take advantage of new technology or opportunities to deliver verification in alternative ways that would deliver cost savings to businesses	

The established service oversees and supports many professional verification service providers. Option 1 delivers established interventions with a proven record of being effective. We propose funding the service at Option 1 – an average cost of \$0.766 million from 1 July 2024.

10.2 Who should pay?

10.2.1 The nature of the good and the beneficiaries

The immediate beneficiaries are the verification agencies through reduced training costs for their staff (through access to nationally-consistent training and resource materials), and the staff members who improve their human capital. However, Territorial Authorities are a significant provider of verification services, and the Food Act does not allow for the levying of Territorial Authorities.

Indirect beneficiaries are the food businesses who get verified, as the service will support nationally consistent verification and a benchmarked level of scrutiny.

10.2.2 Transparency and justifiability

We consider the information above to meet the transparency and justifiability principles as the costs and outputs are able to be interrogated for reasonableness by potential levy payers.

10.2.3 Economic and administrative efficiency considerations

Economic efficiency supports charging Verification Agencies for this service. Economic efficiency typically assumes that it is most efficient to charge those who have the ability to affect the level of demand for the service. Charging verification agencies would provide an incentive to improve the quality of verification as this will reduce the need for the service. However, the Food Act does not allow the levying of Territorial Authorities.

This leaves the option of Crown funding or levy funding from businesses who get verified. Crown funding would support economic efficiency, as NZFS would be incentivised to manage funding pressures against competing demands for Crown funding.

10.2.4 Equity

Equity considers whether the beneficiaries are paying for services in proportion to the level of effort received. This would support charging food businesses who get verified (rather than Crown funding through general taxpayer funding). NZFS does not have information at point of registration on the frequency of verification a business does or will receive. A close proxy is the average verification rate that a class of food businesses gets verified (i.e. National Programme 1 businesses are on average verified at a lower rate than National Programme 3 businesses).

10.2.5 Summary and recommendation

We recommend domestic food businesses bear the costs of the service at the service level of Option 1. While food importers can be verified, they are not currently subject to routine verification. To minimise duplication of analysis for how costs are shared between individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

10.3 Questions for submitters

- Do you agree with MPI that Option 1 (\$0.766 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that the domestic food businesses benefit from greater consistency of training for verifiers and provision of verification services, and therefore should pay for the service? Why or why not?

11 Business education and support

11.1 Description of the service

This service will ensure ongoing development and maintenance of content and tools to help guide food businesses to find and implement the rules that apply to them.

11.1.1 Problem Definition

There are many food safety rules, and it can be challenging for any business to identify just those that apply to them at a particular moment in time. It is not uncommon for business to miss one, which may lead to inadvertent non-compliance and associated costs to fix.

Food safety and suitability rules can be difficult for businesses to navigate, as what rules apply will depend on what they make and sell, and how they do it. Each year many businesses close up shop while new ones enter, creating continuous demand for education.

A food business will engage with many regulatory processes to identify the rules that apply to their operations, find a suitable template or National Programme, create a plan, amend a plan, register a plan, suspend operations, surrender a registration, renew a registration, change their scope of operations, find a new verification agency, and more. Businesses need to know which rules to comply with, and navigate regulatory processes like registration, evaluation and verification.

Guidance and collateral is increasingly out of date. Ongoing funding is required to maintain guidance and promote it to those who need it. As the turnover rate of food businesses is an estimated 20% each year, there is a steady stream of entrants engaging with the regulatory system for the first time but with out-of-date guidance.

Case Study: Food Safety Toolkit & Buddy Magazine

The [Food Safety Toolkit](#) was first published in 2018. Co-designed with businesses, the toolkit was built to promote good food safety practices among staff and to support business's training programmes. The toolkit was supplied free to all Simply Safe & Suitable template registered businesses across the country.

Each box included posters, informative magnets, an Allergy Aware card game and the first edition of the [Food Safety Buddy](#) magazine. Materials are still commonly seen in food service kitchens across the country. In addition, the online Toolkit webpage shares a series of YouTube infomercials on useful topics, such as single use tongs, hand washing, and record keeping.

No new content has been added to the toolkit since 2020, as this service is no longer funded.

11.1.2 Options to address the problem definition

To support businesses to confidently identify and comply with their requirements, we propose a multi-channel service that any food business can access. This will fund the development and maintenance of content and tools to help guide food businesses to find and implement the rules that apply to them.

Business education and support will help businesses understand the rules that apply to them, in ways that meet their needs. Guidance will target all business stages such as expanding or moving site, and will be co-designed with businesses to make them easier to use. Increased support and guidance will help lift business' confidence that they know what to do to successfully meet food safety, even during times of change and growth.

Email and phone enquiry channels will continue to be provided. Trained advisers remain available to answer enquiries from food businesses about the rules which apply to their business.

NZFS already responds to business enquiries and this is currently Crown funded, which is the status quo below. Costs identified below are the annual averages from 2024/25 through to 2026/27.

Options for the service level of 'business education and support'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	\$0.318 million	\$1.171 million	\$1.739 million
Resources (inputs)	2.1 staff. Email and phone channels.	6.8 staff. Email and phone channels. Travel, logistics and venue hire.	9.7 staff. Email and phone channels. Travel, logistics and venue hire.
Outputs	Email and phone replies to businesses' enquiries.	Digital and print guidance material. Targeted outreach and engagement. Promote NZFS guidance and services in targeted media, e.g. industry magazines. Key collateral translated into key user languages when needed. Maintain online tailoring tools, like My Food Rules and My Food Plan.	In addition to the Outputs provided by Option 1, Option 2 seeks to engage at industry events and conferences. Expanded outreach of guidance material.
Outcomes	Businesses can seek answers to questions that apply to them.	Businesses can identify the rules that apply to their type of operations. Greater confidence reduces uncertainty and leads to fewer enquiries for targeted guidance topics.	Businesses can easily search and filter for rules specific to their context and operations. Increased confidence and accessibility of information reduces enquiries.
Risks	Current service depends on businesses knowing when and how to ask questions. Many more may benefit from this service, but continue operating without effective education and support, which may unnecessarily raise their risk of poor food safety performance. In periods of high demand, wait times for responses can be long, creating delays for business activities (increasing costs) and disincentivising reaching out for help.	Outreach and promotion of support services may increase demand for assistance in topics where guidance has not yet been developed beyond capacity of available resources.	

Option 1 enables tools such as "My Food Rules" that help businesses find rules tailored to their specific situation to be maintained. Option 2 provides for further enhancement and development of tools to enable greater personalisation and improved efficiency.

Option 2 would add benefits from deeper engagement with business, with better tools created as a result. However, as the service level is greater than which NZFS has undertaken in the past, there is some uncertainty about the actual cost to produce the identified outputs, and the level of output necessary to achieve the outcomes. As such, to avoid the possibility of over-levying, we propose funding the service at Option 1 – an average cost of \$1.171 million per annum from 1 July 2024.

11.2 Who should pay?

11.2.1 The nature of the good and the beneficiaries

The beneficiaries of the service are those who are the target of education, support, and guidance. The benefits of the service will largely be non-excludable (depending on how the information is provided) and non-rivalrous, as support is aimed at large groups and not individual businesses.

Businesses benefit from greater ease of navigating the food safety system, with potentially lower downstream compliance costs (such as through decreased frequency of verification).

When an individual business contacts NZFS about a query, the effort undertaken to answer the query is tailored to and provided directly to that individual. This is excludable, and as such, elements of this service are private goods.

11.2.2 Transparency and justifiability

Advisors to respond to business enquiries are based on current resourcing levels, and additional service components have been delivered in the past and costs are based on this direct experience. We are confident that the level of service provision is appropriate. We consider this to meet the transparency and justifiability principles.

11.2.3 Economic and administrative efficiency considerations

Guidance will not directly benefit all businesses. For example, guidance can be sector specific, rule specific, or aimed at a certain time in a business's lifecycle.

For those business operators who make an enquiry, it would be economically efficient to directly charge them, as those who have both a need and willingness to pay would enquire. However, it would be administratively inefficient to invoice each business compared to a single funding source for the service.

Administrative efficiency supports charging businesses generally for the costs on the assumption that over the medium term all businesses receive some benefits from at least one or more education and support guides. It is impractical to identify which businesses receive more or less benefit.

11.2.4 Equity

There may be some equity concerns from the risk of levying businesses who do not benefit from the education and support, however we consider it would be impracticable to identify these businesses. As such, we do not suggest departing from full cost recovery for the service.

It would be equitable to only charge businesses that enquire for the cost of answering. However, charging fees for answers would likely disincentivise many businesses from asking questions. This may lead to higher rates of non-compliance as businesses may not enquire about perceived issues. Non-compliance may expose consumers to greater risk of harm and placing New Zealand's trading reputation at risk. On balance, the positive externalities generated from higher compliance is a sufficient reason to not charge a user-pays service.

11.2.5 Summary and recommendation

The existing enquiries service is currently Crown funded and resourced to reflect the level of business demand. While direct answers to enquiries are a private good, we see positive externalities from helping businesses sell safe food.

We recommend domestic food operators and importers share the costs of the service. The method and impact of allocating costs is analysed in section 15.

11.3 Questions for submitters

- Do you agree with MPI that Option 1 (\$1.171 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you have any current difficulties in finding information about what you have to do under the Food Act, and what would you find useful to help you to meet your responsibilities?
- Do you agree that both domestic food businesses and food importers benefit from up to date and accessible information and guidance, and therefore should pay for the service? Why or why not?

12 Identify and deliver nationwide interventions to raise performance

12.1 Description of the service

This service will identify areas of low national performance, investigate drivers of performance to target and work with co-regulatory partners to develop and deliver national interventions through education, assistance, and deterrence.

12.1.1 Problem definition

Through analysis of nationally reported data (such as verification, monitoring, and enforcement data) the rate of compliance with rules can be measured. Patterns emerge about rules that many businesses are not complying with.

If NZFS has insufficient resources to address performance, businesses may continue operating poorly, which could pose food safety risks to consumers and place businesses' collective reputation at risk.

Case Study: Allergen management

Even tiny amounts of allergens can cause serious harm for people with allergies. Food businesses must manage 15 mandatory allergens, including soy, gluten, shellfish, milk, and nuts. Allergen management enables reliable warnings to be placed on product labels and provided in restaurants.

Sickness investigations and consumer complaints lead to more than 120 product recalls each year, when businesses try to recover products after a serious problem has occurred. Domestically produced foods account for 60-70% of recalls, and imported food 30-40%. The most common problem is the presence undeclared allergens.

Widespread non-compliance could benefit from a systematic and co-ordinated national approach which includes improved education, active assistance, and effective deterrents. There is currently no funding for this holistic approach so too many businesses fail to meet the rules and protect consumers with allergies.

12.1.2 Options to address the problem definition

This service will identify areas of significant national poor performance, investigate drivers of performance, and work with co-regulatory partners to develop and deliver proactive national level operations that lift the rate of business compliance – including education, assistance, and deterrence.

Proactively finding and tackling areas of widespread low performance will lift consumers' trust in food safety regulation, and protect the reputation of well-performing businesses. This is more than would be achieved by responding only to complaints and reacting to issues after they occur.

NZFS does not currently provide this service. Continuing without the service is the status quo below. Costs identified below are the annual averages from 2024/25 through to 2026/27.

Options for the service level of 'identify and deliver nationwide interventions to raise performance'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	Not provided currently.	\$0.458 million	\$0.792 million
Resources (inputs)	None.	2.5 staff. Travel, logistics and venue hire. Publication, printing, postage, and media.	4.1 staff. Publication, printing, postage, and media. Researchers and specialist expertise

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
		Researchers and specialist expertise	Travel, logistics and venue hire.
Outputs	None.	1 targeted operation per year. Behavioural and social research and investigations. Digital and print resources. Proactive media messaging. Virtual events and promotions.	2 targeted operations per year. Extensive behavioural and social research and investigations. Digital and print resources. Proactive media messaging and engagement. Targeted physical events and promotions.
Outcomes	None.	Improved national rate of compliance. Consumers are better protected from harm.	Proactive engagement with hard-to-reach groups increases overall operation effectiveness and protects consumers from harm.
Risks	Under-performing businesses may continue operating poorly for long periods of time, increasing the risk to consumers.	Resourcing may be insufficient to undertake operations for all areas of identified non-compliance.	

Given the level of non-compliance is unknown until the work has begun, to avoid the risk of building unnecessary capacity, we suggest Option 1. As such, we propose funding this service at Option 1 – an average cost of \$0.458 million per annum from 1 July 2024. If a high level of non-compliance is identified, MPI could consider consulting in the future on expanding the level of funding to further improve performance.

12.2 Who should pay?

12.2.1 The nature of the good and the beneficiaries

The beneficiaries of the service are those who are the target of the operations. The benefits of the service will largely be non-excludable (depending on how the information is provided) and non-rivalrous, as interventions will be aimed at the non-compliant group.

Once compliant, businesses will benefit from a reduction in downstream compliance costs, such as through decreased frequency of verification or risk of enforcement action.

High performing businesses will benefit from being part of a regulatory system that addresses poor performance as this maintains consumer trust.

12.2.2 Transparency and justifiability

NZFS has first-hand experience in developing information collateral and delivering engagement and media campaigns. While different, the intervention behind compliance operations is similar enough that staff experience can be used to estimate the costs to identify and address non-compliance. As such, we consider the information above to meets the cost recovery transparency and justifiability principles.

12.2.3 Economic and administrative efficiency considerations

Not all operations will directly benefit all businesses. For example, operations can be sector specific, rule specific, or aimed at a point in the supply chain.

It would be administratively inefficient to accurately attribute costs to specific beneficiaries of individual operations. Assuming that over the medium term, all businesses will receive benefits, and that it is impractical to identify which businesses receive more or less benefit, all businesses who take part in the broader food system are proposed to be levied.

12.2.4 Equity

Levy funding a service which would disproportionately target areas of non-compliance could be seen to benefit only those that are non-compliant. However, as all businesses benefit from a robust system, on balance we consider equity considerations support full cost recovery for the service.

12.2.5 Summary and recommendation

We recommend that domestic food businesses and food importers bear the costs of the service at the service level of Option 1. To minimise duplication of analysis on how costs are shared between domestic food businesses and food importers, and how costs are shared between individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

12.3 Questions for submitters

- Do you agree with MPI that Option 1 (\$0.458 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that both domestic food businesses and food importers benefit from interventions to raise nationwide performance, and therefore should pay for the service? Why or why not?

13 National monitoring programmes

13.1 Description of the service

The Food Act provides for national monitoring programmes. National monitoring programmes could increase food safety assurance and confidence in the food safety system and reduce the costs of other services including existing verification requirements, systems auditing and identifying systematic issues. This section seeks feedback on the principle of recovering costs for national monitoring programmes, which the Food Act allows for under Subpart 4. However, the requisite regulations have not yet been developed, so cost calculations are excluded.

Regulation will be developed incorporating feedback from submissions, and once the consultation process concludes, the costing for this service will be taken into consideration.

13.1.1 Problem Definition

Consumers rightly expect the food they buy is safe, but cannot see or check most food safety risks themselves. Food businesses are legally responsible for food they sell being safe and suitable. However, food safety risks are numerous, often complex, and sometimes difficult to manage. Regulatory rules and systems set the parameters within which businesses must operate and verifiers check that businesses are complying with requirements.

Adherence to the regulatory rules and systems can sometimes be difficult or impossible to check or verify at an individual business level. National monitoring can help fill this gap and better understand the effectiveness of the food safety system. In the absence of monitoring programmes additional checks for indicators of risks can mean verifications are taking longer to establish a reasonable estimate of safety and compliance, leading to increased verification costs.

Some of the known risks that monitoring programmes could be effective at helping manage are:

- Chemical residues (e.g. pesticides, fungicides, veterinary medicines, rodenticides)
- Microbiological contamination (e.g. campylobacter, listeria)
- Non-permitted ingredients (e.g. colourings, vitamin fortification)
- Species verification (e.g. fish fillets, horse meat)
- Fraud and adulteration (e.g. oils, spices)
- Natural contaminants (e.g. heavy metals)

Strengthening the system in this way would allow consumers and export markets to be better assured New Zealand's food safety system is effective at managing these types of risks.

Case Study: Olive Oil

Many consumers pay extra for high quality olive oil, such as 'extra virgin'. Olive oil is expensive to produce, and once pressed and bottled most consumers cannot tell the difference between the best and worst quality, or even completely different types of oil like vegetable oil.

Around the world, investigators regularly find cases of people who substitute lower grade or unsuitable oils and sell these as high-quality olive oil. Italian authorities recently confiscated 2,000 tons of fake olive oil and launched an investigation in to seven leading producers. Some researchers claim that as much as 80% of olive is 'fake', while one study in the USA found 98% was authentic.

In New Zealand it is illegal for producers and importers of olive oil to sell adulterated olive oil. However, there is currently no monitoring to check how widespread, how frequently, or to what extent this issue is occurring in New Zealand. It is impractical for consumers to check themselves and is beyond the resources of many businesses to effectively do on their own.

There are a range of scientific ways to analyse oils, such as spectroscopy and chemometric techniques. Designing and implementing an effective national programme to monitor olive oil adulteration would be a cost-effective way to provide assurance to businesses and consumers.

13.1.2 Intervention and outputs

The Food Act allows for monitoring programmes for a range of purposes. These may apply to types of businesses, processes, operations and places. Providing for matters such as monitoring, surveillance, sampling and testing, in relation to food and anything in the environment.

Monitoring can deliver a range of valuable outcomes such as determining whether a food is safe or suitable, whether the food safety system is effective, determining the need for rules, or determining regulatory performance in protecting public health.

Depending on specific monitoring goals, issues could be monitored over short or long-term time horizons, as well as periodic or one-off surveys. Sometimes simply having recent reliable information is adequate to understand if an issue is a problem here in New Zealand or not, so domestic consumers and export trading partners can be reassured.

Non-compliance that is identified (if any) can be addressed at both the individual business level and/or at a more systematic level such as improving or creating a standard.

This service could include actions that identify short-term and long-term monitoring priorities, design effective monitoring methodologies and surveys, contract specialist service providers, collect samples, laboratory and other analysis, quality assurance, report and publish findings.

13.1.3 Benefits related to the service

To know whether a regulatory system is working, effective regulatory systems should actively seek evidence to undertake reality checks from time-to-time. Without this, significant issues could remain hidden or be underestimated until a problem arises, eroding consumer trust.

There are different ways for assurance to be demonstrated. Routine verification of individual businesses is a key part of the food safety assurance system. However, in some situations it is not the most effective way to assess compliance and monitoring can be a cost-effective alternative or supplementary option. It can be especially useful in assessing the degree of national consistency, for example checking that few poor performers are not representative of the majority of businesses doing a good job.

National monitoring programmes help exporters access overseas markets. Trading partners expect our exports are safe, and regularly ask New Zealand regulators to demonstrate to them why they should trust New Zealand's food safety system and the product New Zealand businesses export. There are currently 2,700 registered businesses who export food regulated under the Food Act. Monitoring programmes are common in most of our major trading partners' own food safety systems. Our own monitoring programmes could help negotiate better market access.

13.2 Questions for submitters

- Are there risks you manage that are currently subject to verification that you consider would be better managed through a National Monitoring Programme instead?
- Under what conditions and in which areas do you think a National Monitoring Programme could be established?

14 Systems auditing

14.1 Description of the service

This service will undertake audits to enable NZFS to provide assurance regarding specific food sectors, or issues.

14.1.1 Problem definition

Regulatory systems need to be reviewed and amended regularly to remain up-to-date and effective. Making small regular improvements is less disruptive and less expensive than allowing a regulatory system to stagnate or fail.

If the food safety system were to falter or fail, consumers would be exposed to more serious and frequent food-borne sickness, and trust in New Zealand's ability to produce safe food would fall and threaten New Zealand businesses' ability to export food around the world.

Having independent auditors investigate various system elements will provide an arms-length perspective, and will help identify issues and enable rules, systems, and processes to be improved. This will allow the systems to remain robust and fit-for-purpose.

Case Study: Sector Analysis of Food Retailers

Food retailers throughout New Zealand range from large to small and sell a wide array of foods. Many carry out other activities such as manufacturing or repackaging. To help transition this sector to the Food Act, a system audit was carried out in 2017. The performance of a cross section of 39 retailers was assessed to understand the breadth of their operations and the degree to which they were successfully managing food safety.

Auditors found that retailers who had transitioned to a Food Control Plan were operating at an acceptable standard. However, some retailers operating under the Food Hygiene Regulation (1974) were failing in six key areas including inadequate cooking, cooling and storage temperatures, poor personal hygiene, inadequate cleaning practices and non-compliant product labelling.

These findings helped inform the targeted education and support provided to retailers, and the development of training for verifiers.

14.1.2 Options to address the problem definition

This service will undertake a systematic programme of audits which target areas of the food safety systems suspected of performing poorly. This includes audits of business sectors, audits of a specific rule or groups of rules, and audits of regulatory systems and services.

The benefits of doing this are to identify areas for improvement in the food safety system. This helps to maintain trust in the effectiveness of the domestic and imported food safety systems on which our reputation as a producer of safe and suitable food is based and access to export markets is founded.

NZFS does not currently provide this service. Crown funding allowed temporary systems auditing during the transition to the Food Act regulatory system, but this time-limited funding ceased. Continuing without systems auditing is the status quo.

Previous provision of the service, along with the same service provided under other regulatory systems, means that we have a strong basis for determining the level of output and benefits that can be realised at the recommended funding level. Costs identified below are the annual averages from 2024/25 through to 2026/27.

Options for the service level of 'systems auditing'

	Status Quo Service Delivery	Option 1 (recommended)	Option 2
Cost	Not provided currently.	\$0.267 million	\$0.534 million
Resources (inputs)	None.	1.5 staff and domestic travel.	3 staff and domestic travel.
Outputs	None.	5-7 audits per year	10-14 audits per year
Outcomes	None.	Areas of known weakness are audited and recommendations for improvement may be made.	Greater assurance that the system remains robust.
Risks	System weaknesses may not be identified, which may allow poor performing businesses to unnecessarily harm consumers and/or criticism of the effectiveness of the food safety system	There may be insufficient capacity to audit all areas of significant weakness, leaving an issue to potentially continue without knowledge or resolution for long periods.	

As NZFS does not currently undertake Food Act systems auditing, the number of audits in Option 2 could be greater than needed for a robust system. To minimise the risk of over-levying, we propose funding the service at Option 1 – an average cost of \$0.267 million per annum from 1 July 2024.

14.2 Who should pay?

14.2.1 The nature of the good and the beneficiaries

The benefits of cross-cutting systems audit are non-rival and excludable as the benefits accrue to all those who takes part in the system, but not those who do not. As such, all domestic food and food import businesses who are part of the system being audited benefit, and therefore this is appropriate for levy funding.

14.2.2 Transparency and justifiability

We consider the information above to meet the cost recovery transparency and justifiability principles as the costs and outputs can be interrogated for reasonableness by potential levy payers.

14.2.3 Economic and administrative efficiency

Systems audits can be sector specific (like in the retailer case study), focused on a point in the supply chain, or on a specific regulatory function. As such not all systems audits will benefit all businesses within the food system.

It would be administratively inefficient to accurately attribute costs to specific beneficiaries of individual audits. Assuming that over the medium term, all businesses registered under the Food Act will receive benefits, and that it is impractical to identify which businesses receive more or less benefit, it is appropriate for all businesses who take part in the broader food system to be levied.

14.2.4 Equity

We do not consider there are any equity considerations that would suggest departing from full cost recovery for the service. The Crown funded systems auditing during implementation of the Food Act, to avoid disadvantaging early adopters. Now that the Food Act regulatory system is fully embedded, we do not see a rationale for continued Crown funding.

14.2.5 Summary and recommendation

NZFS recommends that domestic food businesses and food importers bear the costs of the service at the service level of Option 1. To minimise duplication of analysis of the proportion in which costs are shared between domestic food businesses and food importers, and how costs are shared between

individual businesses, the method and impact of allocating costs is analysed with recommendations in section 15.

14.3 Questions for submitters

- Do you agree with MPI that Option 1 (\$0.267 million) is the most suitable funding and service level for this service? If not, what do you prefer and why?
- Do you agree that both domestic food businesses and food importers benefit from systems auditing, and therefore should pay for the service? Why or why not?

15 Options for sharing costs among beneficiaries

In each of their respective sections, the services have been assessed against cost recovery principles as appropriate to be funded by a mix of domestic food businesses and food importers.

This section discusses how the costs borne by domestic businesses and food importers could be shared within the group. For services that benefit both food importers and domestic food businesses, we propose costs be shared based on aggregate economic volume (importers) and value (domestic) of the sectors. We propose that services previously identified to benefit both groups be funded 17.5% by food importers, and 82.5% by domestic food businesses, as this represents the proportion of economic value attributed to imported food (\$8.5 billion) and food sold domestically (\$40 billion), summarised as below:

Share of costs between domestic food businesses and food importers (24/25 – 26/27 average)

Service	Domestic Food Businesses	Food Importers
Domestic food safety and suitability rules	100% (\$1.540 million)	
Imported food safety and suitability rules		100% (\$1.121 million)
Oversight of TA co-regulatory services	100% (\$1.820 million)	
Oversight of verification systems and services	100% (\$0.766 million)	
Business education and support	82.5% (\$0.966 million)	17.5% (\$0.205 million)
Campaigns to reduce systemic non-compliance	82.5% (\$0.378 million)	17.5% (\$0.080 million)
Systems auditing	82.5% (\$0.220 million)	17.5% (\$0.047 million)
Total	79.6% (\$5.690 million)	20.3% (\$1.453 million)

15.1 Allocation of costs for domestic food businesses

The recommended average annual cost to recover is \$5.690 million per annum over 1 July 2024 – 30 June 2027. The ideal approach would be to allocate costs in line with the benefit operators receive. The benefits operators receive depends on:

- the level of service businesses/sectors receive, which will be related to the level of risk in the sector; and
- the economic value protected by reduced food safety risk.

Different ways of allocating cost by benefit and risk are considered below.

15.1.1 Economic value

We cannot precisely identify the economic value (in terms of dollars) protected by reduced food safety risk at the level of individual domestic businesses. While Statistics New Zealand publishes data on production by supermarkets, liquor outlets, and other food businesses, this is at a sector level.

Without economic value, a proxy could be used like volumes. We think this would be inconsistent and impractical as businesses record stock in different ways. For example, chicken might be recorded by businesses in kgs, or by number of chickens, while wine might be recorded in litres or bottles. We do not think there is a practical common unit between all food types and, even if there was, it would be prohibitively costly to require businesses to report food in a common unit.

One indicator of economic value we think is practical is the number of sites a business operates. Though sites may vary in economic value, on average businesses with two sites will be larger than those with one. We recommend the levy be calculated based on the number of sites, rather than flat per registration. One registration may have multiple sites at which the registration is applied. While 92% of registrations cover only one site, some franchises and chains register all premises on the same plan. As such, calculating the levy based on the number of registered sites will more closely apportion the costs to the value a business receives.

15.1.2 Risk and service level

MPI lacks adequate information on how its efforts will be distributed across various sectors or registration types, preventing the differentiation of levies based on registration type or sector. The exception is verification system services, where businesses undergo verification at varying frequencies, partly determined by the plan type with which they register. However, as verification oversight services accounts for only 13% of the costs proposed to be met by domestic businesses (\$15 per site), we recommend that all businesses pay an equal amount. The alternative would be four different levies (National Programme 1-3, and Food Control Plan) that vary in cost from \$101 to \$124 which would have greater administration cost for little difference in the amount businesses would pay.

15.1.3 Recommendation

Due to a lack of information to allocate costs based on value, we recommend allocating costs by a flat levy per site. This would be called the Domestic Food Business Levy. Based on a forecast of the number of sites over coming years, the levy would be set at \$115 per annum per registered site, introduced through a phased approach, across three years.

15.1.4 Allocation of costs to domestic food businesses based on the preferred option:

The table below summarises the business-level impact of the proposed Domestic Food Business Levy based on the number of sites registered currently. The total revenue below is lower than the \$5.690 million to be recovered annually from 1 July 2024. This is because MPI forecasts the number of sites to continue growing as they have done historically. Site growth forecasts are at Appendix 2.

Number of sites per registration	Registrations			Revenue	
1 site	32,445 registrations and 32,445 sites	91.9%		\$3,731,175	71.9%
2 sites	1,833 registrations and 3,666 sites	5.2%		\$421,590	8.1%
3-9 sites	889 registrations and 3,592 sites	2.5%		\$413,080	8.0%
10 – 49 sites	112 registrations and 2,080 sites	0.3%		\$239,200	4.6%
50+ sites	29 registrations and 3,315 sites	0.1%		\$381,225	7.4%
Total	35,308 registrations and 45,098 sites	100%		\$5,186,270	100%

15.1.5 Question for Submitters

- Do you agree with the proposal to allocate costs for domestic food businesses based on the number of registered sites? If not, on what basis do you consider costs should be allocated between domestic businesses?
- Do you agree that services previously identified to benefit both groups be funded 17.5% by food importers, and 82.5% by domestic food businesses? If not, what do you think the split should look like and why?

15.2 Agencies responsible for collection of the Food Domestic Levy

Around 32,000 domestic food registrations are with Territorial Authorities, while around 6,000 are with NZFS. NZFS does not directly deal with the majority of businesses who benefit from the services consulted on in this document. This section considers who should collect the Domestic Food Business Levy, and how much Territorial Authorities should be allowed to charge to cover collection costs.

15.2.1 Proposal for Territorial Authorities to collect the Food Domestic Levy

Section 200 (a) of the Act specifies that a Territorial Authority can be a collection agent on NZFS's behalf if regulations provide for it. MPI has considered two options for how the Domestic Food Business Levy is collected. The options are:

- **Option 1:** NZFS collects the levy from all levy payers; or

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- **Option 2:** Territorial Authorities collect the levy on NZFS's behalf for the businesses who register with them, while NZFS collects the levy for the businesses who register with NZFS.

MPI recommends Option 2 where each Registration Authority is responsible for collecting the levy from businesses registered with them. This is preferred as each registered food business maintains their relationship with their existing Registration Authority (rather than establishing a new relationship with NZFS), and in most instances will be able to pay the levy as part of an existing payment process for registration or renewal.

While NZFS holds data on businesses registration status, it is difficult for NZFS to ascertain whether a business remains leviable at its registration renewal date. When a business' registration expires, this could mean the business has not renewed their registration, or the Registration Authority hasn't updated the data. This supports Option 2 where the Registration Authority (whether NZFS or a TA) being responsible for collecting the levy as opposed to NZFS invoicing all businesses.

Over 80% of registrations are for one year only and, as such, the Domestic Food Business Levy is proposed to be charged as part of the registration process where possible. We propose that the Registration Authority invoices the levy payable at point of registration, re-registration or renewal. For multi-year registrations, a separate levy payment will be payable on the anniversary of their registration. It will not be payable if the registration is surrendered or cancelled.

15.2.2 Proposal to allow territorial authorities to charge for collection costs

Collection costs are an input to the service provision and are therefore appropriate to recover from the same parties that are identified as the beneficiaries of the individual services.

Territorial Authorities vary in size and the number of food business they register. We do not have visibility of the internal processes and efficiency of Territorial Authorities.

In line with s200 of the Food Act, we propose to set in regulation a maximum amount that Territorial Authorities can on-charge to levy payers for collection costs. We have assumed that an average of five minutes of additional work (on top of existing registration processes) will be required of Territorial Authorities to collate, track and transfer collected levy revenue to NZFS. At an estimated hourly rate of \$135 per hour, this works out to \$11 per levy payment. This is on the assumption that the additional billing costs are negligible, as the levy process can be added onto any existing registration process.

These costs may not reflect the true nature of costs to Territorial Authorities, and we are seeking feedback on true cost through this consultation document.

We assume Territorial Authorities billing for the levy at the same time a business registers or re-registers. We do not know the process that Territorial Authorities may use. We are seeking feedback on how this proposal would impact Territorial Authorities, whether annual registration and re-registrations are in place, and therefore feedback on what is most practicable.

15.2.3 Recommendation:

We recommend that Territorial Authorities collect the Domestic Food Business Levy on behalf of NZFS when a business is registered with a Territorial Authority, and that NZFS collect levies in other cases.

We recommend allowing Territorial Authorities to charge for collection costs in addition to the levy value at a rate reflecting their true costs, up to a maximum of \$11 per levy payment processed.

15.2.4 Questions for Submitters

If you are a registered business:

- Do you support the proposal to pay any required levy amount to the same organisation you are registered with? Why or why not?

If you are a Territorial Authority:

- Would collection of the Domestic Food Business Levy as part of existing registration processes (where possible) work with your existing practices? If not, through what mechanism would you prefer to collect the levy?
- What costs would you incur in the collection and transfer of levy payments to NZFS? Please quantify wherever possible

15.3 Allocation of costs for registered food importers

The recommended cost to recover is \$1.453 million per annum from 1 July 2024 onwards. The ideal approach would be to allocate costs in line with the benefit operators receive. The benefits operators receive depends on:

- the level of service businesses receive, which will be related to the level of risk in the sector.
- the economic volume protected by reduced food safety risk.

15.3.1 Economic value

The two identified options for sharing the costs are as follows:

- **Option 1:** A flat charge per registered importer.
- **Option 2:** A volume-based charge based on the number of food consignments imported.

We consider Option 2 to be the most accurate in assigning costs, as it aligns closely with the benefits received by the importer. This is achieved by accounting for the imported tonnage of food, serving as a proxy for the economic volume of imports. The benefits and downsides of a flat rate levy and a volume-based levy are discussed below.

Comparison of options for collecting Food Importer Levy

	Option 1	Option 2 (recommended)
When the levy would be paid	At point of annual registration, re-registration, or renewal.	Annual bill at the beginning of the financial year.
Who would be captured by the levy	All registered importers.	All registered importers.
How costs would be distributed	\$362 per annum from 1 July 2024 onwards.	\$0.57 per tonne of imported item ⁹
Economic efficiency	All importers would pay the same levy, regardless of the level of benefit they receive from the functioning of the system. This is economically inefficient as it disproportionately increases barriers to entry for small importers.	Food importers who import a greater volume of food will pay more, as they gain greater benefit from a well-functioning system
Administrative efficiency	A levy would be charged as part of an existing registration process with fees attached, and therefore would not add processing costs.	A standalone billing process would be required following analysis of volume of food each registered importer imported during the previous financial year. This would require additional effort, though will be a relatively small cost.

15.3.2 Risk and service level

As with domestic businesses, NZFS has insufficient information about how benefits will accrue to different food imports. Accurately allocating costs by service level and risk is currently not practical.

We recommend a Food Importer Levy rate of \$0.57 per tonne of imported food, with a flat fee of \$67.50 for those importing between 0 – 49,999kg of food. This reflects staff judgment of a nominal contribution

⁹ A flat fee of \$67.50 is applicable for those importing between 0 – 49,999kg of food.

to services consumed from businesses as low economic volume does not mean low risk given risk increases with the number of importers and the variety of food imported.

15.3.3 Recommendation

We recommend Option 2, where the levy amount charged to each business is based on their proportion of \$1.453 million (and is shared between businesses based on the volume of food imported (excl. GST and duty)).

15.3.4 Allocation of costs to food importers based on the preferred option:

The table below provides an example of the impacts using a full year's data of imports from the 2023 calendar year, and the businesses that remained registered at 31 December 2023.

Volume of imported food	Number of businesses	Volume imported by segment	Levy Paid	
0 - 49,999 kg	2,908	19.225 million kg	\$196,290 total	\$67.50 flat fee
50,000 - 249,999 kg	415	55.418 million kg	\$31,778 total	\$77 each
250,000 - 4,999,999 kg	346	4.36 million kg	\$249,760 total	\$722 each
5,000,000 - 49,999,999 kg	69	1.039 billion kg	\$595,976 total	\$8,637 each
50,000,000+ kg	6	661.30 million kg	\$379,196 total	\$63,199 each
Total	3,744	2.210 billion kg	\$1,453,000	

Based on the volume of food imported in 2023, an example 2024/25 levy rate would have worked out to be an effective rate of \$0.57 per tonne of food imported, with a flat fee of \$67.50 for those importing between 0 – 49,999kg of food. However, this rate would automatically reduce as the volume of food imported increases.

15.3.5 Questions for Submitters

- Do you agree with the proposal to allocate levy costs for food importers based on the volume of imports (a proportional allocation basis) rather than through a flat levy rate per registration? Why or why not?

16 Economic impact of the proposed levies

16.1 Overall economic impact

The amounts proposed to be cost recovered are about \$7 million. This compares to about \$40 billion in food consumed domestically¹⁰ with about \$8.5 billion of that imported.^{11,12} If costs are fully passed through to consumers, the cost recovery for domestic services would be expected to increase solely domestically-produced food prices by about 0.014%¹³ and imported food by about 0.029%.¹⁴ The weighted-average price increase is estimated at about 0.017%. Figure 1 presents estimates for each option.

Figure 1: Estimated impact on prices of each option

Food type	Status Quo	Option 1	Option 2
Solely domestically-produced	+0.004%	+0.014%	+0.020%
Originally imported	+0.006%	+0.030%	+0.044%
Weighted-average	+0.004%	+0.017%	+0.025%

We have not estimated the extent to which this might affect the volume or quality of food consumed, but given the necessity of food consumption, the reduction in the volume of food consumed is likely to be much less than the price increase. People may, however, reduce the quality (e.g. quality of taste or nutrition) of food purchased to a greater degree than reductions in volumes.

The estimates above are of the overall impact on the industry. The actual impact on individual businesses will be different. This is for a variety of reasons including that some options considered in the document propose a flat amount per site across which a business operates rather based on the value of the operation, meaning that the level of cost imposition is likely larger for small businesses than it is for large businesses. We have insufficient information to perform this analysis.

17 Implementation

The changes proposed will be made through creation of new regulations under the Food Act, which will then be publicly notified in the New Zealand Gazette. Implementation will apply from 1 July 2024. NZFS will update its application forms and other material to include appropriate levy rates.

The Domestic Food Business Levy is proposed to be collected by the relevant Registration Authority, which is a mix of NZFS and Territorial Authorities. We will work with Territorial Authorities to develop information sharing arrangements and process for transferring collected levy funds to NZFS.

The Food Importer Levy is proposed to be billed to registered food importers each year on the basis of the volume of food imports in the previous financial year. MPI will need to ensure that data from 1 July 2023 – 30 June 2024 is reviewed, and quality assurance processes are robust prior to the use of the data.

¹⁰ Approximated by the value of retail spend in supermarket and grocery stores, specialised food retailing, liquor retailing, and food and beverage services industries in Statistics New Zealand's Retail Trade (ANZSIC06) series.

¹¹ Statistics New Zealand's harmonised trade data (CIF) includes the following:
Meat and edible meat offal. Fish and crustaceans etc. Dairy produce; birds' eggs; honey. Vegetables. Fruit and nuts. Coffee, tea, mate and spices. Cereals. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit. Animal, vegetable or microbial fats. Sugars and sugar confectionery. Cocoa and cocoa preparations. Flour, starch etc. Beverages, spirits and vinegar.

¹² This includes tax to show the cost increase relative to total cost (the earlier import value excludes GST and Duty).

¹³ The \$5.6 million in domestic services divided by \$40 billion is 0.014%. The domestic services apply to food that is entirely produced in New Zealand and food that is partly produced/handled in New Zealand once imported.

¹⁴ \$1.4 million in import services divided by \$8.5 billion, being costs that only apply to imported food, plus the 0.014% from footnote 13.

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MPI will monitor levy rates and will endeavour to process cost recovery changes as early as possible to minimise the overall change in rates. MPI's policy is to flag charges for attention and possible action (including changes in expenditure or levy rates) when the accumulated deficit or surplus exceeds four months of revenue, with potential action subject to its own consultation.

17.1.1 Proposed phasing in of levies

It is proposed that the Food Importer Levy would take effect from 1 July 2024, while the implementation of the Domestic Food Business Levy is gradually introduced from 1 July 2025. Initially at 50 percent, rising to 75 percent the following year, reaching 100 percent rate from 2027/28.

	2024/25	2025/26	2026/27	Outyears
Food Importers Levy ¹⁵	\$0.57 per tonne of imported food	\$0.57 per tonne of imported food	\$0.57 per tonne of imported food	\$0.57 per tonne of imported food
Domestic Food Business Levy	\$0	\$57.50	\$86.25	\$115
Total Revenue	\$1.5m	\$4.2m	\$5.7m	\$7.1m

¹⁵ A flat fee of \$67.50 applicable to those importing between 0 - 49,999kg of food.

18 Monitoring and review

MPI recognises that performance reporting is a critical component in providing transparency to industry and other interested parties, as well as ensuring ongoing system efficiency. This is explicitly acknowledged in the policies and guidance on our cost recovery principles.

To improve transparency, MPI has worked with industry to create a framework for reporting on the performance of cost-recovered services for all sectors. This involves publishing annual reports about MPI's performance for the primary sectors. Performance reporting is an area of continuous development for MPI – the annual reports currently focus on transparency around financial data.

MPI prepares industry reports for a range of sectors who are charged (through fees and levies) for MPI services. MPI could develop a similar report to cover fees and levies across the food system to begin following 30 June 2025, once there has been one full year of levied services.

Given many services proposed are either a scaled-up version of an existing service, or one that has not been provided before, there is a risk to the calculation of costings, as well as assumptions that have been used for the growth in costs and levy payers over time. In line with section 202 of the Act, MPI generally undertakes a thorough review of each cost recovery regime at least once every three years. This ensures that cost recovery regulatory settings remain appropriate. An initial review could occur following 30 June 2025, alongside an initial industry report on the use of levy funds.

Many food safety rules are based on scientific positions and evidence that have not been re-tested within the new operating framework. To revisit the ongoing value proposition of NZFS' services, a cost benefit analysis covering the existing and proposed regulatory interventions could re-establish the level of benefit industry receives for fees and levies paid. Doing so would be a multiyear endeavour and would require a strong view from industry about the value of such work.

18.1.1 Questions for Submitters

- Would you see value in annual industry reports on the use of levy funds?
- Would generic reporting through the MPI website be a sufficient reporting mechanism for you? If not, what kind of engagement would you like to see?

19 Conclusion

The proposals discussed in this document are intended to strengthen the operating environment for New Zealand food businesses, make it easier to operate within, and to reduce the risks from food. At a cost of \$57.50 - \$115 per domestic food business site annually from 1 July 2025, and \$1.45 million per annum for food importers, MPI considers that the suite of proposals offers good value for money in support of the \$49 billion of food imported or produced under the Food Act. We welcome your views on the value of the proposed services, and how the services should be funded.

20 Appendix 1: MPI's cost recovery principles

MPI's four Cost Recovery Principles are:

- Transparency – costs are transparent
- Justifiability – costs are reasonable
- Efficiency – net benefits are maximised
- Equity – costs are fair

These four principles are included in the Food Act 2014.¹⁶

The legislative definitions and interpretation of these are set out under each of the four principles below.

20.1 Transparency

20.1.1 Legislation

'Costs should be identified and allocated as closely as practicable in relation to tangible service provision for the recovery period in which the service is provided.'

20.1.2 Interpretation

In a more general sense, transparency will always be relevant in the context of consultation.

'Transparency' means providing adequate information to people such that they can understand charges and have an opportunity to input into their calculation and setting.

'Identified and allocated...' means presenting the costs in a way that people can see what services generate what costs and when. 'Allocated' does not mean 'charged'. How costs are charged is a result of consideration of all the principles.

20.2 Justifiability

20.2.1 Legislation

'Costs should be collected only to meet the reasonable costs (including indirect costs) for the provision or exercise of the relevant function, power, or service.'

20.2.2 Interpretation

'Reasonable costs' are those necessary to deliver the service at the demanded quantity and quality.

20.3 Efficiency

20.3.1 Legislation

'Costs should generally be allocated and recovered in order to deliver maximum benefits at minimum cost.'

20.3.2 Interpretation

Efficiency is made up of several elements:

- Services should maximise net benefits. For customer demanded services, this means providing services of the nature and scale that customers want at lowest costs. Meeting customer demand might involve treating different customers differently. For government mandated services this means maximising societal benefit and minimising costs.

¹⁶ <https://legislation.govt.nz/act/public/2014/0032/latest/DLM2996310.html>

- Costs should be charged to those:
 - who benefit from the service. If the customer pays, they have the incentive to demand only those services that provide them benefit compared to other things they might purchase. If parties other than the beneficiary pays, then the beneficiary will demand more services than otherwise.
 - whose behaviour can reduce the need and cost of the service. Typically both the supplier (MPI) and the customer will be able to do things to reduce the need and cost of the service. For example, MPI could adopt innovative technologies to reduce labour costs, while businesses might locate in urban, rather than rural, areas to reduce distance from market (including MPI's services).
- If MPI has transparently justified its costs, it will not normally be appropriate for MPI to contribute to the costs.
- Where there are externalities, it may be efficient to charge the third party as well, or instead of, charging the customer/beneficiary.
- Charges should account for administrative costs. Sometimes it will be administratively prohibitive to charge according to who benefits or whose behaviour can reduce the need and cost of the service, so a simplified approach is warranted.
- Charges should be competitively neutral. MPI should not use any dominant market position (e.g. monopolistic provision) to charge inflated prices and make more than a fair economic return.

20.4 Equity

20.4.1 Legislation

'Funding for a particular function, power, or service, or a particular class of function, power, or service, should generally, and to the extent practicable, be sourced from the users or beneficiaries of the relevant functions, powers, or services at a level commensurate with their use or benefit from the function, power, or service.'

20.4.2 Interpretation

The Government will usually deem it fair that beneficiaries pay. On other occasions, the Government will determine that other fairness considerations mean that another party contributes to the costs. For example, sometimes industry will be happy to support parts of its industry. Other times, Governments will want to provide additional support.

20.5 Relationship between the Cost Recovery Principles

The principles build on each other with Transparency and Justifiability providing a foundation to the consideration of Efficiency and Equity.

20.5.1 Transparency and Justifiability come before considering Efficiency and Equity

The Food Act says about Justifiability that MPI can only recover reasonable costs.

While the Transparency principle itself doesn't have a similarly strong statement, the very next clause says that costs should not be recovered unless there's been adequate consultation with affected parties including 'sufficient time and information to make an informed contribution'. Adequate consultation can only happen if MPI has been transparent.

With language of 'should not' and 'only', Transparency and Justifiability require some minimum standard to be met. In contrast, Efficiency and Equity are to be achieved 'generally'.

This sequential approach to the principles, rather than considering the principles simultaneously, makes sense. It is not possible to be confident that the efficient way of cost recovering has been identified if costs have not been sufficiently justified, or affected parties have not had a reasonable opportunity to test the costs.

20.5.2 There will sometimes be trade-offs between Efficiency and Equity

The 'generally' in the Equity principle means that a Government might decide to charge someone other than the beneficiary. The 'generally' in the Efficiency principle means that cost recovery settings will not always maximise benefits and minimise costs.

If the Government determines that it is more equitable to pay for a service through Crown funding rather than charging beneficiaries or those whose behaviour can reduce the need for the service, then the cost recovery setting will not be maximising net benefits.

The two 'generally's' allow for trade-offs to be made between Efficiency and Equity.

20.6 When beneficiaries might not pay

Beneficiaries might not pay full costs in four situations:

20.6.1 Transparency and justifiability

Where MPI has not sufficiently demonstrated that it is doing all it reasonably should to keep costs low (cannot meet the Transparency and Justifiability principles).

In this situation it may be appropriate for MPI to:

- change fees/levies to the level that can be justified for the time being and
 - cover the remainder of costs or
 - recover the deficit from a future time period after further work is undertaken
- guarantee that prices will not exceed a certain level over the next period, or
- charge fees at a fixed level, rather than variable with time, to encourage efficient service delivery.

20.6.2 Administration costs

Where the administrative costs of charging (e.g. invoicing, collection) are excessive compared the revenue raised or the efficiency gained by precisely charging beneficiaries.

20.6.3 Externalities

Externalities are positive or negative impacts on third parties from the demand and supply of a good or service. MPI primarily deals with negative externalities, for example is the risk that arises from consumers demanding, and importers supplying overseas products. Charging importers for MPI activities to reduce the risk encourages importers to reduce the risk and therefore need for the service.

20.6.4 Equity

Where the Government determines that there are equity (fairness) reasons why the Government or some other party should contribute to costs.

21 Appendix 2: modelling assumptions

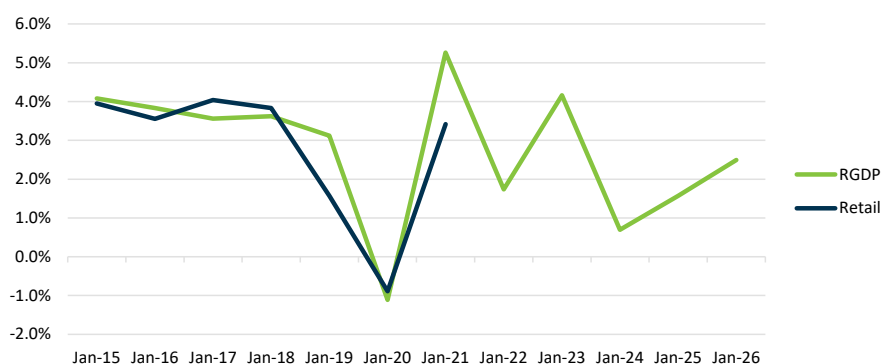
This appendix provides the data that underpins the modelling used to calculate the proposed levy rates. These assumptions have been included in support of the Transparency Principle to allow potential levy payers to investigate the costs. As the levy rate set is expected to balance revenue and expenditure over a three-year period, we have forecast trends that will change revenue and expenditure over time.

21.1 Revenue assumptions

As the domestic levy is proposed to be based on the number of sites, as site numbers increase or decrease, so too would NZFS's revenue.

Forecasts of site growth would ideally draw on previous growth data. However, data on the number of sites has been reliable for less than two years, and disrupted by COVID-19. Instead, we have examined the change in StatsNZ's retail sales data that relates to the food sector.¹⁷ As shown by the below, growth in food retail sales tracks closely with growth in real Gross Domestic Product (GDP).

Annual Change in Real GDP and Food Sector Retail Sales



Given the relationship between the two measures, we used Treasury's Real GDP forecast as the predictor of future growth in the number of businesses.

	19/20	20/21	21/22	23/24	24/25	25/26	26/27
	Actual			Forecast			
Real GDP (actual and forecast)				0.7%	1.6%	2.5%	2.5%
Number of domestic registrations	35,508	36,883	37,380	39,223	39,850	40,846	41,868
Number of domestic sites	43,152	44,823	45,427	47,666	48,429	49,640	50,881
Number of registered importers	2,186	2,599	3,667	3,848	3,909	4,007	4,107

¹⁷ The sectors that have been included from StatsNZ retail sales data are Supermarkets and Grocery Stores, Specialised Food Retailing, Liquor Retailing and Food and Beverage Services

21.2 Forecast of revenue, expenditure, and closing balance positions

The below tables provide annualised forecasts of the impacts of establishing the levies at the rate of Option 1, proposed by this consultation document.

Domestic Food Business Levy forecast, \$m

	2024/25	2025/26	2026/27	2027/28
Domestic food safety and suitability rules	-	0.734	1.136	1.563
Business education and support services	-	0.460	0.713	0.981
Identify and deliver nationwide interventions to raise performance	-	0.180	0.278	0.383
Oversight of co-regulatory systems and services	-	0.868	1.34	1.848
Oversight of verification systems and services	-	0.365	0.565	0.778
Systems Audit	-	0.105	0.162	0.223
Total Expenditure (\$m)	-	2.712	4.198	5.777
Total Revenue (\$m) (\$57.50 - \$115 levy per site)	-	2.712	4.198	5.777
Surplus / Deficit	-	0.000	0.000	0.000
Closing balance (\$m)	-	0.000	0.000	0.000

Food Importer Levy forecast, \$m

	2024/25	2025/26	2026/27	2028/29
Imported food safety and suitability rules	1.095	1.122	1.146	1.02
Business education and support services	0.200	0.205	0.209	0.186
Identify and deliver nationwide interventions to raise performance	0.078	0.080	0.082	0.073
Systems Audit	0.046	0.047	0.048	0.042
Total Expenditure (\$m)	1.418	1.453	1.484	1.32
Total Revenue (\$m)	1.416	1.452	1.488	1.52
Surplus / Deficit	(0.002)	(0.001)	0.003	0.202
Closing balance (\$m)	0.002	0.003	0.000	0.202

FINANCIAL RESULT - PERIOD ENDED 31 DECEMBER 2023

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 December 2023 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	188.105	180.047	8.058	F	177.379
Expenditure	216.099	209.674	(6.425)	U	205.309
Net Surplus/(Deficit) excluding Waipori	(27.994)	(29.627)	1.633	F	(27.930)
Waipori Fund Net	2.103	1.684	0.419	F	0.546
Net Surplus/(Deficit) including Waipori	(25.891)	(27.943)	2.052	F	(27.384)
Capital Expenditure	99.405	95.272	(4.133)		104.119
Debt					
Short Term Borrowings	87.200	72.500	(14.700)	U	76.000
Term Loans	460.273	460.273	-		334.273
Total Debt	547.473	532.773	(14.700)	U	410.273

RECOMMENDATIONS

That the Council:

- a) **Notes** the Financial Performance for the period ended 31 December 2023 and the Financial Position as at that date.

BACKGROUND

- 3 This report provides the financial statements for the period ended 31 December 2023. 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 \$188.105 million for the year or \$8.058 million greater than budget.
- 5 External revenue was unfavourable \$582k to budget due to lower than expected revenue from the Parking, Property and Building Services activities. These unfavourable variances were partially offset by increased revenue in Waste and Environmental Services and Transport.
- 6 Grants revenue was favourable \$5.942 million due to \$5.937 million of additional roading funding reflecting a higher level of maintenance and capital delivery.
- 7 Expenditure was \$216.099 million for the year or \$6.425 million greater than budget. Operational expenditure was greater than expected due to additional Transport and Three Waters maintenance expenditure and costs to meet consent conditions for landfills.
- 8 These unfavourable variances were partially offset by savings in interest and depreciation costs.
- 9 The volatility of world markets continues to impact the performance of the Waipori Fund. Equities across all markets increased in value during December, continuing the positive result in November. Investments also saw increases in value during December.
- 10 Capital expenditure was \$99.405 million or 104% of budget. Expenditure on the Retail Quarter upgrade was ahead of budget reflecting the project being ahead of the original programme for both the central carriageway and enabling works. This expenditure is offset by an underspend in Parks and Recreation reflecting delays in the Moana Pool upgrade project and the associated hydroslide replacement.
- 11 Attachment B provides a chart showing actual group and DCC debt for the years ending June 2003-2023. It provides forecast information for the years ending June 2024-2026 based on the current Statements of Intent.

OPTIONS

- 12 As this is an administrative report only, there are no options provided.

NEXT STEPS

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

Signatories

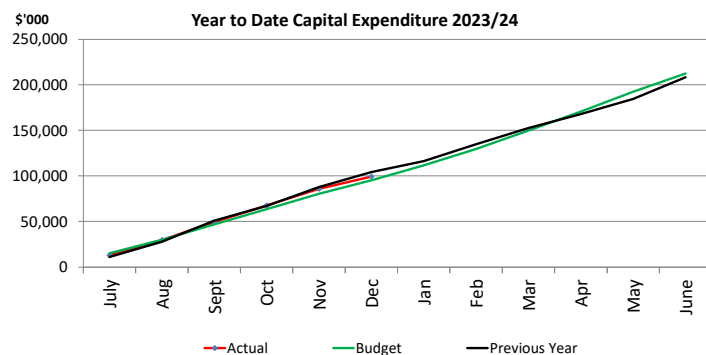
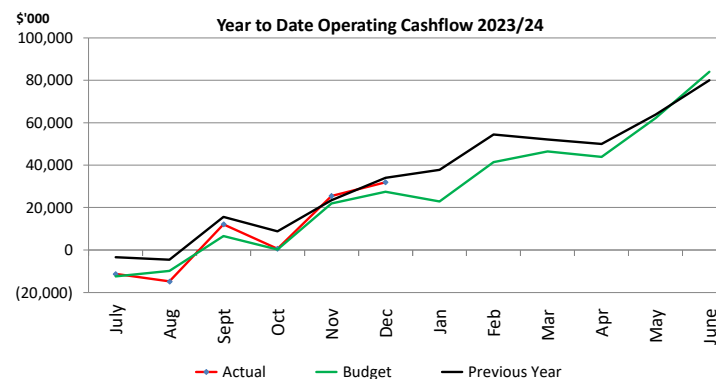
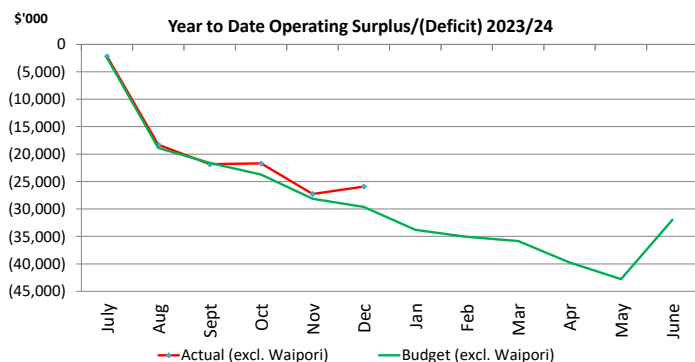
Author:	Lawrie Warwood - Financial Analyst
Authoriser:	Carolyn Allan - Chief Financial Officer

Attachments

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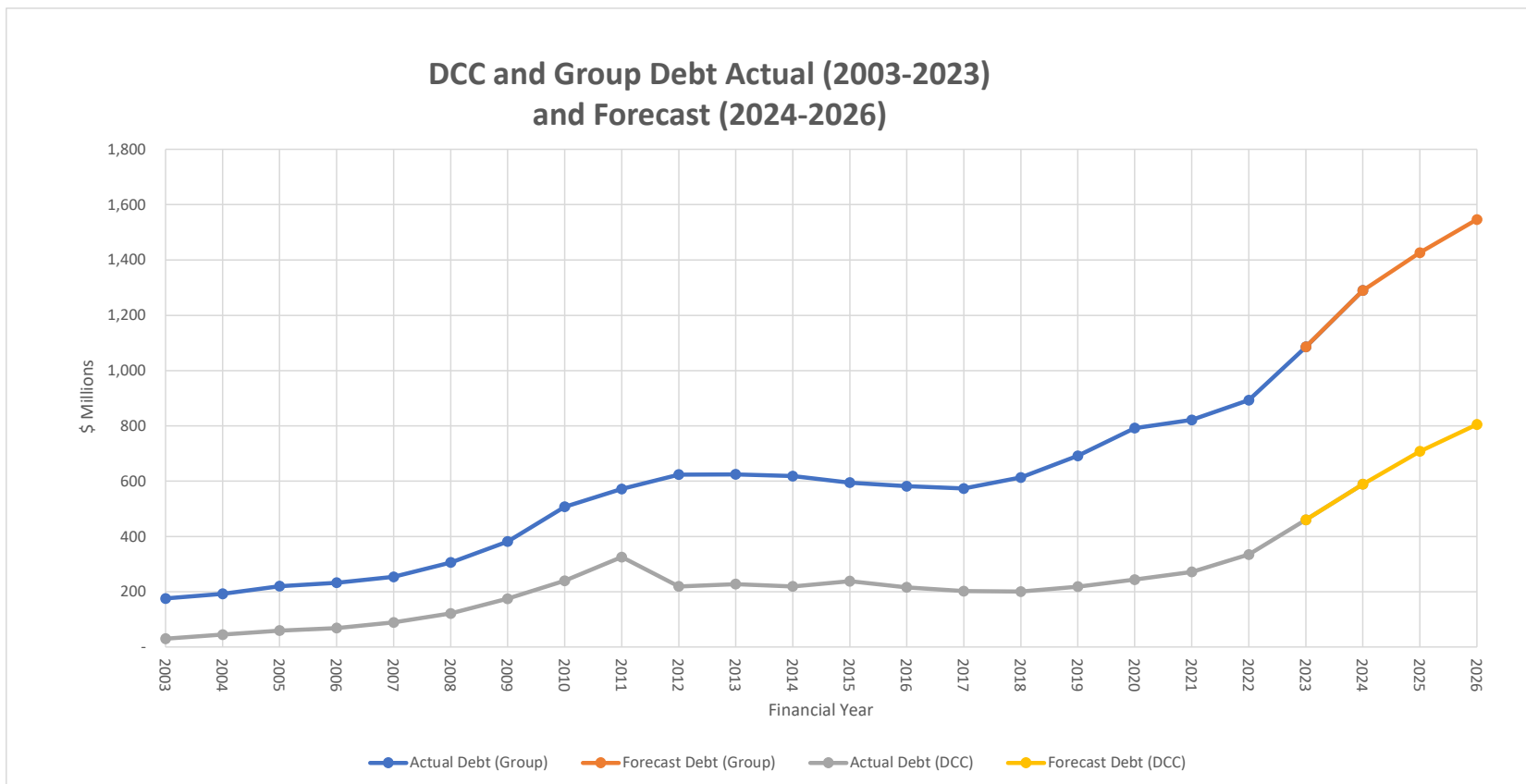
DUNEDIN CITY COUNCIL

**Summary Financial Information
For the Six months Ending 31 December 2023**



Year to Date Borrowing Metrics 2023/24			
	Target	Actual	Budget
Interest as a % rates revenue	< 30% *	11.8%	12.9%
Interest as a % total revenue	< 20% *	7.2%	8.1%
Debt % annualised revenue	250.0% Max.	162.9%	165.0%

* represents the ability to fund interest costs from revenue



Sources:

Actual debt: Dunedin City Council annual reports from 2003 to 2023

Forecast debt (Group): Dunedin City Treasury Ltd Statement of Intent for the year ending 30 June 2024.

DUNEDIN CITY COUNCIL

Statement of Financial Performance
For the Six Months Ending 31 December 2023
Amount : \$'000

Month Actual	Month Budget	Month Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance		LY YTD Actual	LY Full Year Actual	Full Year Budget
16,947	16,947	-	REVENUE	101,681	101,679	2	F	97,833	191,150	203,358
168	111	57	F Rates Revenue	835	457	378	F	627	1,234	1,000
6,603	6,273	330	F Other Operating Revenue	38,125	38,707	582	U	37,399	80,033	87,641
3,033	3,053	20	U Grants	24,607	18,665	5,942	F	22,123	51,252	37,507
253	331	78	U Contributions	2,747	1,985	762	F	1,309	5,215	6,844
3,351	3,092	259	F Internal Revenue	20,110	18,554	1,556	F	18,088	38,813	37,108
30,355	29,807	548	F TOTAL REVENUE	188,105	180,047	8,058	F	177,379	367,697	373,458
			EXPENDITURE							
6,202	6,560	358	F Personnel Costs	41,034	40,551	483	U	37,519	75,285	81,212
6,663	6,195	468	U Operations & Maintenance	43,808	38,970	4,838	U	41,710	88,851	76,925
990	1,316	326	F Occupancy Costs	18,864	19,120	256	F	17,772	31,367	32,348
2,398	1,879	519	U Consumables & General	13,279	11,531	1,748	U	12,631	38,409	23,767
392	319	73	U Grants & Subsidies	9,538	9,276	262	U	9,657	11,168	10,668
3,352	3,088	264	U Internal Charges	20,111	18,530	1,581	U	18,095	38,813	37,108
9,662	9,759	97	F Depreciation	57,436	58,555	1,119	F	61,013	110,128	117,128
2,140	2,190	50	F Interest	12,029	13,141	1,112	F	6,912	15,687	26,281
31,799	31,306	493	U TOTAL EXPENDITURE	216,099	209,674	6,425	U	205,309	409,708	405,437
(1,444)	(1,499)	55	F NET SURPLUS (DEFICIT)	(27,994)	(29,627)	1,633	F	(27,930)	(42,011)	(31,979)
			Add							
2,818	281	2,537	F Waipori Fund Net Operating	2,103	1,684	419	F	546	5,630	3,369
1,374	(1,218)	2,592	F NET SURPLUS (DEFICIT)	(25,891)	(27,943)	2,052	F	(27,384)	(36,381)	(28,610)

F: (favourable variance to budget) U: (unfavourable variance to budget)

DUNEDIN CITY COUNCIL
Statement of Financial Position
As at 31 December 2023

Amount : \$'000

30-Jun-23 LY Full Year Actual		31-Dec-23 This Month Actual	31-Dec-23 This Month Budget	30-Jun-24 Full Year Budget	31-Dec-22 LY Month Actual
Current Assets					
9,085	Cash and Deposits	14,734	13,180	11,590	8,199
27,816	Sundry Debtors	22,540	16,759	18,583	25,697
4,396	Short Term Investments	11,659	4,380	4,380	5,007
905	Assets held for Resale	-	-	-	-
346	Inventories	473	318	318	608
42,548	Total Current Assets	49,406	34,637	34,871	39,511
Non Current Assets					
334,140	Investments	328,700	334,325	337,407	329,713
4,519,804	Fixed Assets	4,561,633	4,598,581	4,780,200	5,155,722
4,853,944	Total Non Current Assets	4,890,333	4,932,906	5,117,607	5,485,435
4,896,492	TOTAL ASSETS	4,939,739	4,967,543	5,152,478	5,524,946
Current Liabilities					
9,627	Sundry Creditors	7,597	11,500	12,000	14,701
53,019	Accrued Expenditure	36,983	35,540	44,443	40,330
-	Short Term Borrowings	87,200	72,500	-	76,000
-	Derivative Financial Instruments	-	-	-	-
62,646	Total Current Liabilities	131,780	119,540	56,443	131,031
Non Current Liabilities					
460,273	Term Loans	460,273	460,273	588,973	334,273
18,595	Other Non-Current Liabilities	18,596	16,584	16,584	15,584
478,868	Total Non Current Liabilities	478,869	476,857	605,557	349,857
541,514	TOTAL LIABILITIES	610,649	596,397	662,000	480,888
4,354,978	COUNCIL EQUITY	4,329,088	4,371,146	4,490,478	5,044,058
4,896,492		4,939,737	4,967,543	5,152,478	5,524,946

Statement of Change in Equity
As at 31 December 2023

Amount : \$'000

30-Jun-23 LY Full Year Actual		31-Dec-23 This Month Actual	31-Dec-23 This Month Budget	30-Jun-24 Full Year Budget	31-Dec-22 LY Month Actual
4,309,630	Opening Balance	4,354,978	4,399,089	4,399,089	5,071,423
(36,381)	Operating Surplus (Deficit)	(25,891)	(27,943)	(28,610)	(27,384)
81,729	Movements in Reserves	-	-	120,000	19
4,354,978		4,329,087	4,371,146	4,490,479	5,044,058

DUNEDIN CITY COUNCIL
Statement of Cashflows
For the Six Months Ending 31 December 2023
Amount : \$'000

	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	102,473	103,103	202,646	97,350
Other Revenue	65,743	64,937	114,649	55,673
Interest Received	4,064	3,616	7,548	3,692
Dividend Received	585	523	12,254	779
Income Tax Refund	-	-	370	-
<i>Cash was applied to</i>				
Suppliers and Employees	(131,421)	(133,804)	(228,795)	(117,571)
Interest Paid	(9,509)	(10,927)	(24,649)	(5,957)
Net Cash Inflow (Outflow) from Operations	31,935	27,448	84,023	33,966
Cash Flow from Investing Activities				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	1,061	720	120	101
Reduction in Loans & Advances	-	-	-	-
Reduction in Investments Other	2,346	-	-	-
<i>Cash was applied to:</i>				
Increases in Loans & Advances	-	-	-	-
Increase in Investments DCHL	-	-	(2,550)	-
Increase in Investments Other	(3,575)	-	-	(3,227)
Capital Expenditure	(113,318)	(96,573)	(209,726)	(110,627)
Net Cash Inflow (Outflow) from Investing Activity	(113,486)	(95,853)	(212,156)	(113,753)
Cash Flow from Financing Activities				
<i>Cash was provided from financing activities:</i>				
Loans Raised	87,200	72,500	128,700	76,000
Increase in Short Term Borrowings	-	-	-	-
<i>Cash was applied to:</i>				
Loans Repaid	-	-	-	-
Decrease in Short Term Borrowings	-	-	-	-
Net Cash Inflow (Outflow) from Financing Activity	87,200	72,500	128,700	76,000
Total Increase/(Decrease) in Cash	5,649	4,095	567	(3,787)
Opening Cash and Deposits	9,085	9,085	11,023	11,986
Closing Cash and Deposits	14,734	13,180	11,590	8,199

DUNEDIN CITY COUNCIL

Capital Expenditure Summary by Activity
For the Six Months Ending 31 December 2023
Amount : \$'000

Group	Year to Date	Year to Date	Year to Date		LY YTD	Full Year	YTD Actual
	Actual	Budget	Variance		Actual	Budget	vs FY Budget
Galleries, Libraries & Museums	960	1,460	500 U		1,179	2,527	38.0%
City Development	-	-	-		45	500	0.0%
Corporate Services	686	2,466	1,780 U		1,719	4,224	16.2%
Property	12,715	14,790	2,075 U		7,797	27,012	47.1%
Other	448	355	93 O		2	1,110	40.4%
Parks and Recreation	4,555	9,555	5,000 U		12,211	20,079	22.7%
Transport	34,085	25,231	8,854 O		29,956	50,344	67.7%
Waste & Environmental	4,726	1,588	3,138 O		2,198	11,706	40.4%
Three Waters	41,230	39,827	1,403 O		49,012	95,008	43.4%
	99,405	95,272	4,133 O		104,119	212,510	46.8%

U: (favourable variance/underspend to budget) O: (unfavourable variance/overspend to budget)

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Community & Planning	City Development	New Capital	Minor Amenity Centres Upgrades	-	-	-	400,000
			Street Trees and Furniture	-	-	-	100,000
		Total New Capital		-	-	-	500,000
	Total City Development			-	-	-	500,000
	Community Development & Events	Renewals Capital	Task Force Green	-	5,000	(5,000)	5,000
		Total Renewals Capital		-	5,000	(5,000)	5,000
		Total Community Development & Events			-	5,000	(5,000)
	Total Community & Planning			-	5,000	(5,000)	505,000
Economic Development	Visitor Centre	Renewals Capital	iSITE Octagon Premises Refresh	438,867	-	438,867	500,000
		Total Renewals Capital		438,867	-	438,867	500,000
		Total Visitor Centre			438,867	-	438,867
	Total Economic Development			438,867	-	438,867	500,000
Galleries, Libraries & Museums	Dunedin Public Art Gallery	New Capital	Acquisitions - DPAG Society Funded	15,652	30,000	(14,348)	30,000
			Acquisitions - Rates Funded	125,609	110,000	15,609	110,000
			Acquisitions Donation Funded	-	35,000	(35,000)	35,000
			Art in Public Places	-	50,000	(50,000)	100,000
			Minor Capital Works	6,038	25,000	(18,962)	40,000
		Total New Capital		147,299	250,000	(102,701)	315,000
		Renewals Capital	Exhibition Lighting	6,483	49,000	(42,517)	49,000
			Heating and Ventilation System	-	-	-	62,000
		Total Renewals Capital		6,483	49,000	(42,517)	111,000
	Total Dunedin Public Art Gallery			153,782	299,000	(145,218)	426,000
	Dunedin Public Libraries	New Capital	Heritage Collection Purchases	16,459	32,800	(16,341)	66,000
		Total New Capital		16,459	32,800	(16,341)	66,000
		Renewals Capital	Acquisitions - Operational Collection	428,436	483,500	(55,064)	967,000
			Minor Capital Equipment	5,351	29,000	(23,649)	58,000
		Total Renewals Capital		433,787	512,500	(78,713)	1,025,000
	Total Dunedin Public Libraries			450,246	545,300	(95,054)	1,091,000
	Olveston House	Renewals Capital	Minor Capital Works	76,203	71,000	5,203	77,000
		Total Renewals Capital		76,203	71,000	5,203	77,000
		Total Olveston House			76,203	71,000	5,203

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Galleries, Libraries & Museums	Toitū Otago Settlers Museum	New Capital	Acquisitions - Rates Funded	7,169	90,000	(82,831)	100,000	
			Minor Capital Works	11,373	25,000	(13,627)	40,000	
		Total New Capital		18,542	115,000	(96,458)	140,000	
		Renewals Capital	Asset Renewals	259,866	-	259,866	-	
			Gallery Furniture and Office/Gallery Renewal	-	265,000	(265,000)	515,000	
			Minor Equipment Renewals	1,978	90,000	(88,022)	196,000	
			Plant Renewal	-	75,000	(75,000)	82,000	
		Total Renewals Capital		261,844	430,000	(168,156)	793,000	
		Total Toitū Otago Settlers Museum			280,386	545,000	(264,614)	933,000
		Total Galleries, Libraries & Museums			960,617	1,460,300	(499,683)	2,527,000
Governance & Support services	Fleet Operations	New Capital	EV Charging Infrastructure	-	-	-	100,000	
		Total New Capital		-	-	-	100,000	
		Renewals Capital	Fleet Replacement	181,417	500,000	(318,583)	500,000	
		Total Renewals Capital		181,417	500,000	(318,583)	500,000	
		Total Fleet Operations			181,417	500,000	(318,583)	600,000
	Information Solutions	New Capital	Internal Legacy Corrections	-	49,998	(49,998)	100,000	
			Internal Services Workstream	88,065	368,000	(279,935)	668,000	
			Value added External Services	225,267	574,998	(349,731)	1,150,000	
		Total New Capital		313,332	992,996	(679,664)	1,918,000	
		Renewals Capital	Internal Legacy Corrections	158,028	552,996	(394,968)	1,106,000	
			Internal Services Workstream	33,132	420,000	(386,868)	600,000	
		Total Renewals Capital		191,160	972,996	(781,836)	1,706,000	
	Total Information Solutions			504,492	1,965,992	(1,461,500)	3,624,000	
	Total Governance & Support services			685,909	2,465,992	(1,780,083)	4,224,000	
Property	Property-Commercial	New Capital	Commercial Property Purchases	164,577	-	164,577	-	
		Total New Capital		164,577	-	164,577	-	
		Renewals Capital	Asset Renewals	-	1,082,500	(1,082,500)	2,065,000	
		Total Renewals Capital		-	1,082,500	(1,082,500)	2,065,000	
		Total Property-Commercial			164,577	1,082,500	(917,923)	2,065,000

Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Property	Property-Community	New Capital	Public Toilets	414,457	780,000	(365,543)	1,505,000	
		Total New Capital		414,457	780,000	(365,543)	1,505,000	
		Renewals Capital	Asset Renewals	293,544	175,000	118,544	350,000	
			Community Halls Renewal	114,678	125,000	(10,322)	250,000	
			Edgar Centre Refurbishment	11,687	-	11,687	-	
			Public Toilet Renewals	62,764	-	62,764	250,000	
			Railway Station Exterior and Lift	1,050,679	850,000	200,679	1,100,000	
			Tarbits	60,618	-	60,618	-	
			Total Renewals Capital		1,593,970	1,150,000	443,970	1,950,000
	Total Property-Community			2,008,427	1,930,000	78,427	3,455,000	
	Property-Housing	New Capital	Housing Growth	165,543	875,001	(709,458)	1,350,000	
		Total New Capital		165,543	875,001	(709,458)	1,350,000	
		Renewals Capital	Asset Renewals	726,174	500,000	226,174	1,000,000	
				Fitzroy St Housing Upgrade	42,592	660,000	(617,408)	1,500,000
				Healthy Homes Upgrades	1,194,819	1,100,000	94,819	1,100,000
			Total Renewals Capital		1,963,585	2,260,000	(296,415)	3,600,000
		Total Property-Housing			2,129,128	3,135,001	(1,005,873)	4,950,000
	Property-Investment	Renewals Capital	Asset Renewals	459,221	325,000	134,221	650,000	
				Lift Replacements	(97,735)	309,000	(406,735)	719,000
				Seismic Remediation	3,247,972	1,800,000	1,447,972	3,300,000
			Total Renewals Capital		3,609,459	2,434,000	1,175,459	4,669,000
	Total Property-Investment			3,609,459	2,434,000	1,175,459	4,669,000	
	Property-Operational	New Capital	South Dunedin Library and Community Complex	753,009	50,000	703,009	100,000	
				Total New Capital		753,009	50,000	703,009
		Renewals Capital	Asbestos Remediation	-	125,000	(125,000)	250,000	
				Asset Renewals	123,515	50,000	73,515	100,000
				Civic Centre - Exterior, Roof	3,321,078	4,617,000	(1,295,922)	9,302,000
				Dunedin Public Art Gallery Refurbishment	-	-	-	221,000
				Olveston House Renewal	303,085	200,000	103,085	600,000
				Town Hall/Municipal Chamber Exterior and Lift	303,286	1,166,667	(863,381)	2,300,000
				Total Renewals Capital		4,050,965	6,158,667	(2,107,702)
		Total Property-Operational			4,803,974	6,208,667	(1,404,693)	12,873,000

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Property	Timing Adjustment	Renewals Capital	Asset Renewals	-	-	-	(1,000,000)
		Total Renewals Capital		-	-	-	(1,000,000)
	Total Timing Adjustment			-	-	-	(1,000,000)
Total Property				12,715,564	14,790,168	(2,074,604)	27,012,000
Regulatory Services	Compliance Solutions	Renewals Capital	Animal Services Body Worn Camera Renewals	7,170	12,000	(4,830)	12,000
		Total Renewals Capital		7,170	12,000	(4,830)	12,000
		Total Compliance Solutions		7,170	12,000	(4,830)	12,000
	Parking Operations	Renewals Capital	Car Park Buildings Equipment	-	218,000	(218,000)	250,000
			Parking Meter Renewals	2,061	120,000	(117,939)	317,000
		Total Renewals Capital		2,061	338,000	(335,939)	567,000
	Total Parking Operations			2,061	338,000	(335,939)	567,000
	Parking Services	Renewals Capital	Electronic Ticket Writers Renewals	-	-	-	26,000
		Total Renewals Capital		-	-	-	26,000
		Total Parking Services		-	-	-	26,000
	Total Regulatory Services			9,231	350,000	(340,769)	605,000
Reserves & Rec facilities	Aquatic Services	New Capital	Moana Pool Improvements	-	300,000	(300,000)	625,000
			Mosgiel Pool	143,072	-	143,072	-
		Total New Capital		143,072	300,000	(156,928)	625,000
		Renewals Capital	Hydroslide Renewal	5,495	3,600,000	(3,594,506)	7,550,000
			Moana Pool Renewals	1,110,179	3,164,856	(2,054,677)	4,874,000
			Port Chalmers Pool Renewals	-	-	-	53,000
			St Clair Pool Renewals	5,960	-	5,960	1,097,000
		Total Renewals Capital		1,121,634	6,764,856	(5,643,222)	13,574,000
	Total Aquatic Services			1,264,706	7,064,856	(5,800,150)	14,199,000
	Botanic Gardens	New Capital	Botanic Garden Improvements	101,971	80,000	21,971	125,000
		Total New Capital		101,971	80,000	21,971	125,000
		Renewals Capital	Botanic Garden Renewals	27,506	50,000	(22,494)	402,000
		Total Renewals Capital		27,506	50,000	(22,494)	402,000
	Total Botanic Gardens			129,477	130,000	(523)	527,000

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Reserves & Rec facilities	Cemeteries & Crematorium	New Capital	Cem & Crem Improvements	22,104	45,000	(22,896)	45,000	
			Cemetery Strategic Development Plan	-	-	-	250,000	
			City Wide Beam Expansion	29,657	-	29,657	40,000	
		Total New Capital	51,761	45,000	6,761	335,000		
		Renewals Capital	Structures Renewals	6,152	338,000	(331,848)	368,000	
		Total Renewals Capital		6,152	338,000	(331,848)	368,000	
	Total Cemeteries & Crematorium			57,914	383,000	(325,086)	703,000	
	Parks & Recreation	New Capital	Playground Improvements	510,669	431,000	79,669	761,000	
			Recreation Facilities Improvements	818,343	75,000	743,343	210,000	
			Track Network Development	43,812	25,000	18,812	50,000	
		Total New Capital	1,372,824	531,000	841,824	1,021,000		
		Renewals Capital	Greenspace Renewals	177,177	240,000	(62,823)	480,000	
			Playground Renewals	170,902	325,000	(154,098)	1,051,000	
			Recreation Facilities Renewals	987,893	881,000	106,893	1,938,000	
		Total Renewals Capital	1,335,971	1,446,000	(110,029)	3,469,000		
		Total Parks & Recreation			2,708,795	1,977,000	731,795	4,490,000
		St Clair-St Kilda Coastal Plan	New Capital	St Kilda Transition Plan	-	-	-	2,000
	Total New Capital			-	-	-	2,000	
	Renewals Capital		Kettle Park Transition Plan	393,694	-	393,694	158,000	
	Total Renewals Capital		393,694	-	393,694	158,000		
	Total St Clair-St Kilda Coastal Plan			393,694	-	393,694	160,000	
Total Reserves & Rec facilities				4,554,586	9,554,856	(5,000,270)	20,079,000	
Rooding and Footpaths	Shaping Future Dunedin	New Capital	Central City Bike Hubs - Parking and Facilities	4,689	375,000	(370,311)	750,000	
			Central City Cycle & Pedestrian Improvements	197,355	1,525,200	(1,327,845)	3,050,000	
			Central City Parking Management	-	775,200	(775,200)	1,550,000	
			Harbour Arterial Efficiency Improvements	93,369	1,601,400	(1,508,031)	3,202,000	
			Mosgiel & Burnside Park & Ride	251,761	800,400	(548,639)	1,600,000	
			Princes St Bus Priority & Corridor Safety Plan	72,454	100,200	(27,746)	200,000	
		Total New Capital	619,629	5,177,400	(4,557,771)	10,352,000		
		Total Shaping Future Dunedin			619,629	5,177,400	(4,557,771)	10,352,000

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Roading and Footpath	Transport	New Capital	Central City Upgrade	14,971,895	5,458,200	9,513,695	10,915,000	
			Dunedin Urban Cycleways	3,504,238	1,747,200	1,757,038	3,494,000	
			LED Street Lights	174	-	174	-	
			Low Cost, Low Risk Improvements	1,368,184	1,000,200	367,984	2,000,000	
			Mosgiel West Plan Change Area	101,251	-	101,251	-	
			Other Unsubsidised New Capital	173,427	-	173,427	-	
			Peninsula Connection	787,281	750,000	37,281	1,500,000	
			Total New Capital	20,906,451	8,955,600	11,950,851	17,909,000	
		Renewals Capital	Footpath Renewals	2,915,916	2,257,002	658,914	4,514,000	
			Gravel Road Re metaling	418,245	663,000	(244,755)	1,326,000	
			Major drainage control	2,622,105	1,972,002	650,103	3,944,000	
			Minor Capital Works	296,268	-	296,268	-	
			Pavement Rehabilitation	949,496	796,500	152,996	1,593,000	
			Pavement Renewals	4,448,146	3,930,000	518,146	7,859,000	
			Structure Component Replacement	481,282	1,025,400	(544,118)	2,050,000	
			Traffic Services Renewal	426,052	454,498	(28,446)	797,000	
			Total Renewals Capital	12,557,510	11,098,402	1,459,108	22,083,000	
			Total Transport	33,463,961	20,054,002	13,409,959	39,992,000	
		Total Roading and Footpaths			34,083,590	25,231,402	8,852,188	50,344,000
		Three Waters	Stormwater	New Capital	New Capital Supporting Growth	264,480	181,000	83,480
South Dunedin Flood Alleviation	104,171				59,500	44,671	119,000	
Stormwater New Capital Other	1,151,374				1,055,000	96,374	8,655,000	
Total New Capital	1,520,024			1,295,500	224,524	9,136,000		
Renewals Capital	Central City Renewals			6,961,672	5,605,500	1,356,172	11,211,000	
	Mosgiel Stormwater Pumpstation and Network			2,286	125,000	(122,714)	250,000	
	Other Stormwater Renewals			2,037,392	986,500	1,050,892	1,973,000	
	Renewals Supporting Growth			26,334	116,500	(90,166)	233,000	
	Stormwater Pumpstation Renewal			827	-	827	-	
	Total Renewals Capital			9,028,511	6,833,500	2,195,011	13,667,000	
Total Stormwater	10,548,535			8,129,000	2,419,535	22,803,000		

Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Three Waters	Wastewater	New Capital	Metro Wastewater Treatment Plant Resilience	450,657	515,000	(64,343)	980,000
			New Capital Supporting Growth	168,070	144,000	24,070	288,000
			Wastewater New Capital Other	954,592	288,000	666,592	576,000
		Total New Capital		1,573,319	947,000	626,319	1,844,000
		Renewals Capital	Biofilter Media Replacement	87,232	125,000	(37,768)	250,000
			Central City Renewals	3,162,069	2,096,000	1,066,069	4,192,000
			Metro Wastewater Treatment Plant Resilience	2,063,833	4,337,500	(2,273,667)	12,150,000
			Other Wastewater Renewals	7,033,291	7,273,169	(239,878)	13,213,000
			Renewals Supporting Growth	-	117,000	(117,000)	234,000
			Rural Wastewater Schemes	1,100,863	1,256,500	(155,637)	2,513,000
			Wastewater Pumpstation Renewals	2,002,129	1,736,500	265,629	3,473,000
		Total Renewals Capital		15,449,417	16,941,669	(1,492,252)	36,025,000
	Total Wastewater		17,022,737	17,888,669	(865,932)	37,869,000	
	Water Supply	New Capital	New Capital Supporting Growth	(1,000)	144,000	(145,000)	288,000
			Port Chalmers Water Supply	61,798	180,000	(118,202)	1,570,000
			Water New Capital Other	271,380	-	271,380	-
			Water Supply Resilience	333,146	-	333,146	-
		Total New Capital		665,324	324,000	341,324	1,858,000
		Renewals Capital	Careys Bay Renewals	2,247	331,500	(329,253)	663,000
			Central City Renewals	3,921,534	1,666,500	2,255,034	3,333,000
			Dam Safety Action Plan	57,102	-	57,102	-
			Other Water Renewals	7,233,859	7,334,835	(100,976)	18,878,000
			Renewals Supporting Growth	-	117,000	(117,000)	234,000
			Water Supply Resilience	1,779,150	4,035,001	(2,255,851)	9,370,000
			Total Renewals Capital		12,993,892	13,484,836	(490,944)
		Total Water Supply		13,659,216	13,808,836	(149,620)	34,336,000
Total Three Waters			41,230,488	39,826,505	1,403,983	95,008,000	

**Capital Expenditure Summary by 10 Year Plan Group
YTD 31 December 2023**

LTP Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Waste Management	Waste & Environmental Solution	New Capital	Community Recycling Hubs	2,000	5,000	(3,000)	90,000
			Green Island Landfill Aftercare	37,918	150,000	(112,082)	250,000
			Green Island Landfill Educational Facility	-	-	-	50,000
			Green Island Landfill Gas Collection System	74,350	-	74,350	2,500,000
			Green Island Landfill Leachate System	-	100,000	(100,000)	500,000
			Sawyers Bay Closed Landfill	13,688	-	13,688	-
		Total New Capital		127,956	255,000	(127,044)	3,390,000
		Renewals Capital	Forester Park Landfill Culvert Pipe Renew/Line/Re-route	-	-	-	50,000
			Green Island Landfill and Transfer Station	29,136	75,000	(45,864)	159,000
			Green Island Leachate System Pump and Pumpstation	17,966	8,000	9,966	16,000
			Kerbside Bin Replacements	102,822	70,000	32,822	211,000
			North Taieri Closed Landfill	-	5,000	(5,000)	11,000
			Public Place Recycling and Rubbish Bins	86,154	50,000	36,154	125,000
			Sawyers Bay Closed Landfill	-	10,000	(10,000)	30,000
			Waikouaiti Transfer Station	(4,518)	15,000	(19,518)	21,000
			Total Renewals Capital		231,561	233,000	(1,439)
	Total Waste & Environmental Solution			359,516	488,000	(128,484)	4,013,000
	Waste Futures	New Capital	Bulk Waste System	149,226	60,000	89,226	300,000
			Construction and Demolition Facility	133,946	60,000	73,946	300,000
			Granulation Facility	-	90,000	(90,000)	200,000
			Material Recovery Facility	875,141	420,000	455,141	3,143,000
			New Collection System(Waste, Recycling, Organics & Glass)	283,812	-	283,812	1,000,000
			Organics Facility	2,753,200	370,000	2,383,200	2,550,000
			Smooth Hill Landfill	171,000	100,000	71,000	200,000
		Total New Capital		4,366,324	1,100,000	3,266,324	7,693,000
		Total Waste Futures		4,366,324	1,100,000	3,266,324	7,693,000
Total Waste Management			4,725,841	1,588,000	3,137,841	11,706,000	
Grand Total		99,404,692	95,272,223	4,132,469	212,510,000		

DUNEDIN CITY COUNCIL

Summary of Operating Variances
For the Six Months Ending 31 December 2023
Amount : \$'000

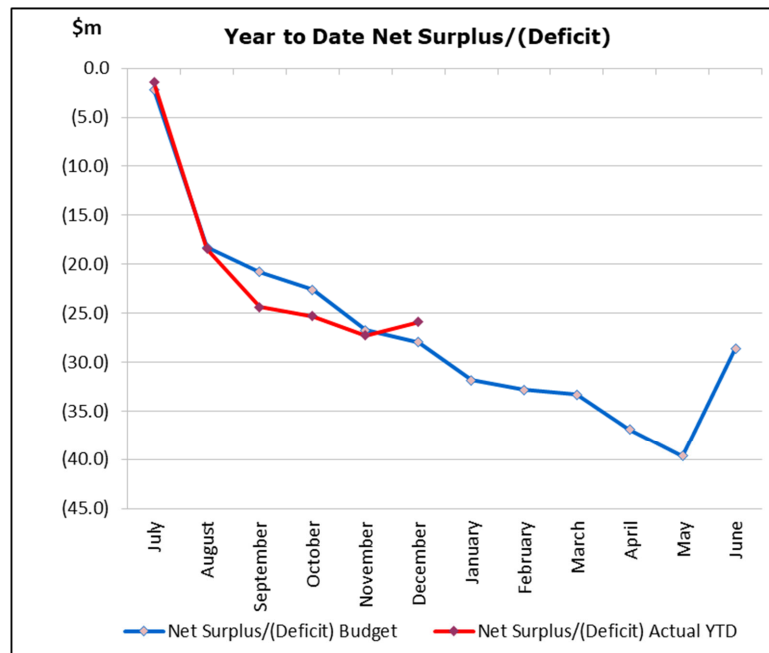
Group	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)							
	Actual	Budget	Variance	Rates Revenue	Other Ext Revenue	Internal Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n
Waipori Fund	2,103	1,684	419	-	417	-	-	2	-	-	-
Galleries, Libraries & Museums	(2,696)	(2,696)	-	-	78	-	(145)	(19)	(2)	28	60
Events andCommunity Development	(2,614)	(1,250)	(1,364)	-	(472)	-	147	(1,033)	(4)	-	(2)
Corporate Services	1,084	469	615	-	(456)	770	235	(65)	3	-	128
Enterprise Dunedin	215	(116)	331	-	237	2	29	64	(2)	-	1
Property	(1,896)	(1,741)	(155)	-	(521)	-	(124)	400	(1)	155	(64)
Investment	(6,865)	(6,052)	(813)	-	2,221	-	(933)	(640)	(1,614)	154	-
Parking Services/Operations	168	652	(484)	-	(516)	3	69	(57)	(22)	-	39
Parks and Recreation	752	77	675	-	14	-	(41)	50	(2)	77	577
Regulatory & Planning	475	610	(135)	-	(363)	327	43	(160)	-	-	18
Transport	887	(2,591)	3,478	2	6,033	82	121	(2,006)	(2)	245	(998)
Waste & Environmental	(957)	(177)	(780)	-	874	(206)	3	(1,539)	35	35	18
Three Waters	(16,547)	(16,812)	265	-	(629)	578	113	(1,587)	30	418	1,342
Total Council	(25,891)	(27,943)	2,052	2	6,917	1,556	(483)	(6,590)	(1,581)	1,112	1,119

FINANCIAL REVIEW

For the period ended 31 December 2023

This report provides a detailed commentary on the Council's financial result for the period ended 31 December 2023 and the financial position at that date.

NET SURPLUS/(DEFICIT) (INCLUDING WAIPORI)



The net deficit (including Waipori) for the period ended 31 December 2023 was \$25.891 million or \$2.052 million less than budget.

REVENUE

The total revenue for the period was \$188.105 million or \$8.058 million greater than budget.

The major variances were as follows:

Other Operating Revenue

Actual \$38.125 million, Budget \$38.707 million, Unfavourable variance \$582k

On-street and off-street parking revenue was unfavourable \$490k due to lower-than-expected activity. Parking continues to be impacted by changing habits with some lost revenue due to road closures.

Compliance Solutions revenue was unfavourable \$113k, with both Parking Enforcement and Animal Control revenue less than budget. Building Services revenue was \$311k unfavourable due to a reduction in work volume.

Property revenue was unfavourable \$460k, due partly to lease incentives for tenants at Wall Street. Community Housing revenue was also below budget, partly due to the vacant time between some tenancies as remedial work is carried out.

DPAG, Toitu and Lan Yuan revenue was unfavourable \$122k, partly due to budget timing, but also reflecting no rental income from Toitū Café or Nova Café, and a difficult trading environment in commercial venue hire.

These unfavourable variances were partially offset by:

Waste and Environmental revenue was favourable \$874k partly due to an increase in the volume of waste entering the Green Island Landfill. Waste Strategy revenue was favourable due to the level of waste levy revenue from the Ministry of the Environment.

Transport revenue was favourable \$211k with corridor accessway and recoverable maintenance revenue ahead of budget.

Grants Revenue

Actual \$24.607 million, Budget \$18.665 million, Favourable variance \$5.942 million

Transport revenue was favourable \$5.937 million reflecting the higher level of subsidised maintenance and capital expenditure.

DPAG, Toitu, Lan Yuan revenue was favourable 264k due to an unbudgeted capital grant of \$200k for Toitu relating to the capital upgrade of part of the museum, as well as the timing of operating grants from the Lotteries Board and Te Papa.

Events funding was \$531k unfavourable relating to FIFA Women's World Cup revenue which was received in June 2023.

EXPENDITURE

The total expenditure for the period was \$216.099 million or \$6.425 million greater than budget.

The major variances were as follows:

Personnel Costs

Actual \$41.034 million, Budget \$40.551 million, Unfavourable variance \$483k

This variance is being mitigated by vacancy management. Personnel costs are expected to be on budget by year end.

Operations and Maintenance Costs

Actual \$43.808 million, Budget \$38.970 million, Unfavourable variance \$4.838 million

Transport expenditure was unfavourable \$2.094 million due to greater subsidised maintenance in the following areas:

- routine drainage maintenance \$706k - this reflects a high volume of work in July and August on culverts, kerb and channels and mud tanks.
- environmental maintenance \$472k - the wind events in August and September have led to additional tree removal and slip clean-up work.
- emergency works \$505k - relating to slip repair work from the 22/23 flood weather event.

Events costs were unfavourable \$813k mainly due to the timing of expenditure on the FIFA tournament. Costs were budgeted throughout the year but were actually paid in July and August. Over the 22/23 and 23/24 financial years the overall FIFA result showed a small favourable variance.

Three Waters maintenance expenditure was unfavourable \$1.523 million reflecting increased maintenance on reticulation and plant assets across the networks, partly due to legislative changes around water standards.

Waste and Environmental Services costs were unfavourable \$804k due mainly to higher landfill contract costs than expected (\$446k), reflecting increased volumes. Monitoring costs for Smooth Hill were unfavourable \$142k due to required baseline monitoring of the landfill being considerably more expensive than initially expected at the time the budget was prepared. The kerbside and refuse collection contract cost was also slightly higher than budgeted. Partly offsetting these variances, ETS costs were favourable \$125k.

These unfavourable variances were partially offset by:

Property costs were favourable \$695k due to both planned and reactive maintenance costs being less than budgeted across the various portfolios. The timing and necessity of planned maintenance is constantly monitored by Property staff to avoid unnecessary expenditure.

Reform project expenditure in Three Waters was favourable \$829k as expenditure was incurred under consumables and general costs – see comment below.

Parks and Recreation building maintenance costs were favourable \$194k.

Consumable and General Costs

Actual \$13.279 million, Budget \$11.531 million, Unfavourable variance \$1.748 million

Waste and Environmental costs were unfavourable \$729k mainly due to \$518k of unbudgeted costs to update the Bird Management Plan at the Green Island landfill as part of resource consent requirements as well as \$279k unbudgeted consultants costs for monitoring at Smooth Hill as part of the consent conditions for developing the new landfill.

Three Waters costs were \$246k unfavourable due to reform project costs budgeted under operations and maintenance – see favourable variance above.

Events costs were unfavourable \$282k due to expenditure on the FIFA tournament. Note the budget was included in operations and maintenance codes – see the explanation above.

BIS costs were \$177k unfavourable reflecting the timing of software licensing fees.

Depreciation Costs

Actual \$57.436 million, Budget \$58.555 million, Favourable variance \$1.119 million

Depreciation costs for Three Waters and Parks and Recreation are less than budget, partly offset by Transport. The unfavourable variance in Transport reflects the 30 June 2023 revaluation.

Interest Costs

Actual \$12.029 million, Budget \$13.141 million, Favourable variance \$1.112 million

This favourable variance reflected a lower interest rate than budget (4.66% actual, 4.85% budget) and the timing of new loan advances.

WAIPORI FUND NET OPERATING RESULT

Actual \$2.103 surplus, Budget \$1.684 million surplus, Favourable variance \$419k

The volatility of world markets continues to impact the performance of the Waipori Fund. Equities across all markets continued to increase in value during December, continuing the positive result in November. Investments also saw continued increases in value during December.

STATEMENT OF FINANCIAL POSITION

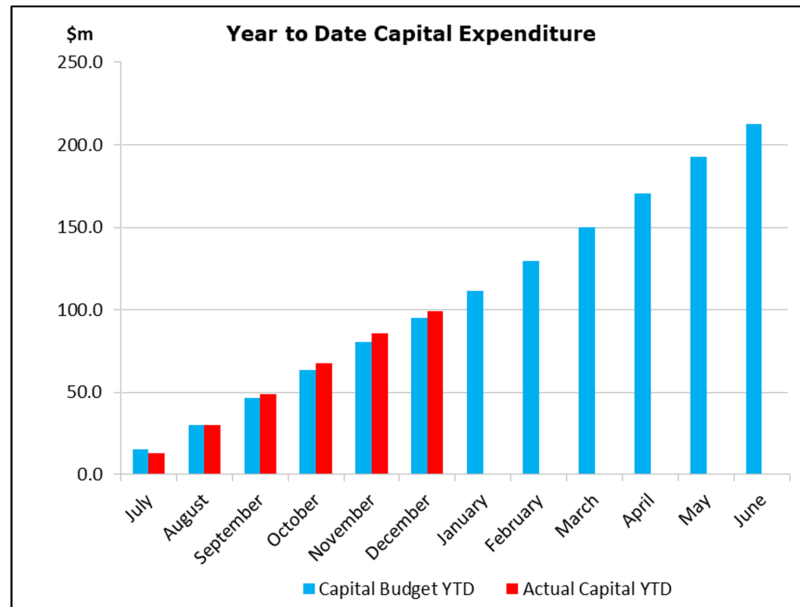
A Statement of Financial Position is provided as Attachment B.

Short term investments of \$11.659 million relate to the Waipori Fund.

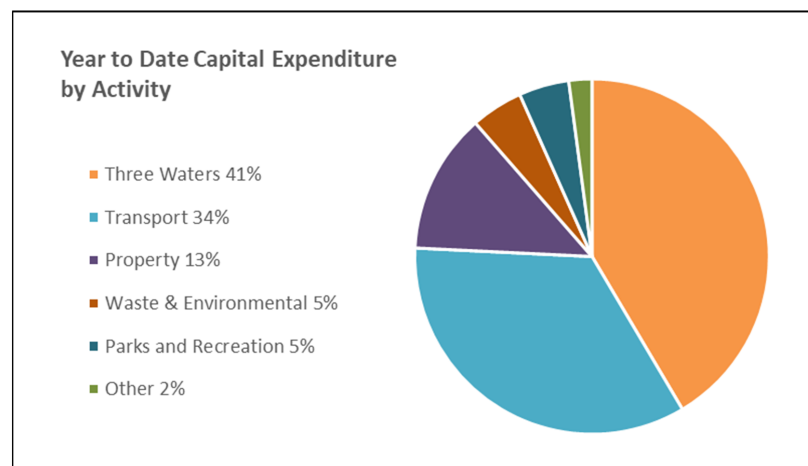
CAPITAL EXPENDITURE

A summary of the capital expenditure programme by Activity is provided as Attachment F. Attachment G provides the detailed capital expenditure programme.

Total capital expenditure for the period was \$99.405 million or 104% of the year-to-date budget.



The chart below shows the proportion of year-to-date capital expenditure by Activity:



Corporate Services capital expenditure was \$1.780 million underspent.

BIS capital was underspent \$1.462 million, driven by lower-than-expected expenditure on IT related projects – Customer Self Service Portal, Contract Management System, Project Management System, Payroll replacement, and Hardware renewals. Expenditure on hardware is expected to increase because of the planned upgrade to Microsoft 11 during the year.

Fleet Operations was underspent \$319k due to timing of the fleet replacement programme.

Property capital expenditure was \$2.075 million underspent.

Renewals expenditure overall was underspent \$1.867 million. The Fitzroy St Housing Renewal was underspent, as was the Civic Centre renewal project due to the projects being behind schedule.

The seismic remediation project at 414 Moray Place was ahead of budget year-to-date with the project nearing completion.

The Municipal Chambers exterior upgrade and lift renewal project was underspent with work yet to commence.

New capital expenditure for the period was underspent \$207k due to some projects, including new housing developments and new public toilets, being behind schedule. This was offset by the deposit on the unbudgeted property acquisition at 138 King Edward St for the South Dunedin Community Complex.

Parks and Recreation capital expenditure was \$5.000 million underspent.

This underspend reflected delays in the Moana Pool upgrade project and the associated hydroslide replacement, as well as under expenditure on cemeteries structures renewals. Partly offsetting this variance, expenditure on new recreational facilities was ahead of budget.

Transport capital expenditure was \$8.852 million overspent.

Transport's overall renewal spend was over budget \$1.459 million, mainly due to reseal renewal projects, footpath resurfacing and kerb and channel renewals.

In terms of new capital delivery, the budget was overspent \$7.393 million. While the Retail Quarter Upgrade was running ahead of budget by \$9.514 million, this was partially offset by delays related to Shaping Future Dunedin projects which were underspent \$4.558 million.

Waste and Environmental capital expenditure was \$3.138 million overspent.

This over expenditure reflected progress in several Waste Futures projects. Construction of the Organics Facility building was well underway.

Consent for the first phase of the Resource Recovery Park (Material Recovery Facility) was achieved and a contractor for the build has been accepted. The rest of the Resource Recovery Park Precinct was still in the design and consenting phase with the consent application expected to be submitted by the end of February.

Three Waters capital expenditure was \$1.403 million overspent.

Renewal's expenditure was overspent \$212k. The Retail Quarter Upgrade and stormwater renewals were ahead of budget. Offsetting this, various treatment plant, pipeline and pumping station upgrades were below budget to date.

New capital expenditure was \$1.192 million overspent, mainly in minor water and wastewater capital improvements as well as the integrated catchment modelling project. Expenditure on the Bath St stormwater improvements project is now underway.

COMMENTS FROM GROUP ACTIVITIES

Attachment H, 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.

Events and Community Development - \$1.364 million Unfavourable

Events grants revenue was \$472k unfavourable relating to FIFA Women's World Cup revenue which was received in June 2023.

Events and Community Development operating costs were unfavourable \$1.033 million mainly due to the timing of expenditure on Major & Premier events, particularly relating to the FIFA tournament. Costs were expected in the previous financial year but were actually paid in July and August. Over the 22/23 and 23/24 financial years the overall FIFA result showed a small favourable variance.

Corporate Services - \$615k Favourable

Internal revenue was \$770k favourable due mainly to unbudgeted Better Off Funding revenue.

South Dunedin Futures operating costs were unfavourable \$183k. Expenditure has started to increase now that the primary and peer review consultants have been engaged.

Zero Carbon operational costs were favourable \$133k due to timing of expenditure.

Parking Services/Operations - \$484k Unfavourable

Parking Operations revenue was unfavourable \$516k due to lower-than-expected activity. Parking continues to be impacted by changing habits with some lost revenue due to road closures.

Transport - \$3.478 million Favourable

External revenue was \$6.033 million favourable primarily reflecting the increased level of subsidised maintenance and capital expenditure for the year to date.

Operating costs were unfavourable \$2.006 million. A higher than anticipated volume of work for subsidised drainage, environmental maintenance and vegetation control work contributed to the unfavourable variance. Specifically, wind events in August and September have led to additional hazardous tree removal. Emergency works were \$505k unfavourable, largely relating to slip repair work from the 22/23 flood weather event.

Waste and Environmental - \$780k Unfavourable

Waste and Environmental external revenue was favourable \$874k due to a higher-than-expected volume of waste received at the Green Island landfill along with greater than expected waste levy revenue from the Ministry for the Environment.

Operating expenditure was unfavourable \$1.539 million. Consultants costs relating to updating the Bird Management Plan and baseline monitoring as part of the Smooth Hill consent conditions were unfavourable \$807k. The work includes data gathering of birds and nesting sites and consultation.

The variable component of the landfill contract was unfavourable \$356k, reflecting unbudgeted increased volumes of material entering the Green Island landfill to date.

Three Waters - \$265k Favourable

Three Waters external revenue was unfavourable \$629k due to lower than expected grant funding. Offsetting this variance, development contribution revenue was favourable \$985k and internal revenue was favourable \$578k. Revenue from Better Off Funding is now managed corporately and reallocated to activities as internal revenue.

Operating costs were unfavourable \$1.587 million due to additional maintenance on reticulation and plant assets across the networks, partly due to legislative changes around water standards.

Depreciation was favourable \$1.342 million due to the valuation at 30 June 2023 being unchanged.

WAIPORI FUND - QUARTER ENDING DECEMBER 2023

Department: Finance

EXECUTIVE SUMMARY

- 1 The attached report from Dunedin City Treasury Limited provides information on the results of the Waipori Fund for the quarter ended 31 December 2023.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Council:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 December 2023.

BACKGROUND

- 3 Not applicable.

DISCUSSION

- 4 Not applicable.

OPTIONS

- 5 Not applicable.

NEXT STEPS

- 6 Not applicable.

Signatories

Author:	Richard Davey - Treasury Manager
Authoriser:	Carolyn Allan - Chief Financial Officer

Attachments

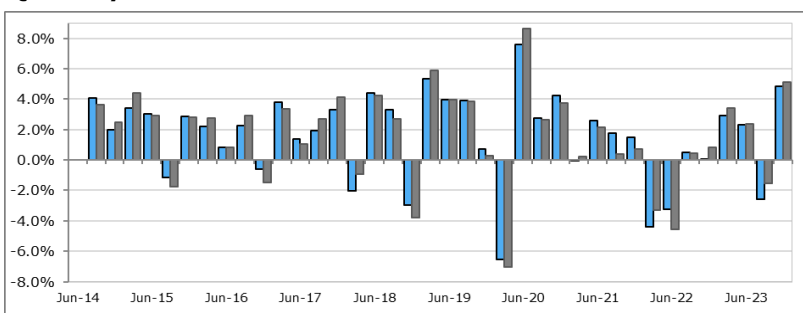
Title	Page
⬇A Waipori Report 31 December 2023	142

Dunedin City Treasury Ltd

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Telephone (03) 474 3696
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TO: Chief Executive, Dunedin City Council
FROM: Dunedin City Treasury Limited
DATE: 02 February 2024
SUBJECT: **WAIPORI FUND - Dec 2023 Quarter**

Quarterly Returns vs Benchmark



December 2023 Quarter

The Fund made a positive return of 4.9% over the quarter, relative to the Benchmark return of 5.1%. Interest rates fell sharply over November and December as inflation started to moderate and investors factored in rate cuts over 2024. The equity portfolio returned 6.8% for the quarter, versus the overall benchmark of 6.1%. All sectors relatively outperformed their respective benchmarks, with NZ equities outperforming the most. Over the year the performance of the Australian equities has been the biggest drag on the portfolio's performance. In Australia, the portfolio holds 15 stocks, versus the benchmark's 200. Over the year the large positions in APA, CSL, Ramsay and Resmed (41% of the Australian portfolio did not perform well). Ramsay and Resmed were down 17%, APA fell 15% and CSL was flat. In addition the large miners, BHP and RIO performed well over the year. The asset allocation was largely neutral over the quarter.

Fund Returns

Period ended 31 December 2023	Waipori		Benchmark	
	Quarter %	FY %	Quarter %	FY %
NZ Equities (NZ50 Gross)	5.6	-1.0	4.2	-1.2
Australian Equities (Australian All Acc)	8.5	-0.6	9.2	7.0
Int'l Equities (MSCI World Gross)	6.4	3.3	5.5	3.8
Property Equities (NZ Real Estate)	6.1	-0.6	6.5	0.5
Short Term Interest (NZ 90 day bb)	1.9	2.8	1.5	2.9
Fixed Interest (NZ Corp Bond index)	3.9	4.8	5.0	4.5
TOTAL	4.9	2.2	5.1	3.5

Note: The Benchmarks used are based on broad market indices and therefore their returns are not directly comparable with Waipori's returns. DCTL continues to review the appropriateness of the benchmark indices used and are comfortable that they are the best available at this time.

Investment Profile

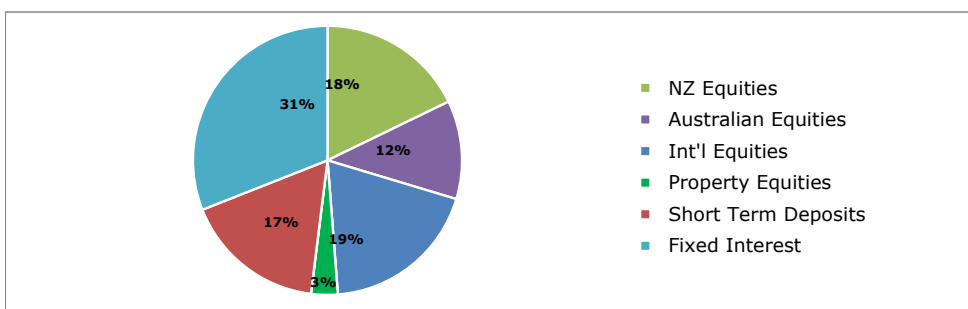
Waipori is diversified across asset classes with 52.0% invested in growth assets (equities and property) and 48.0% invested in income assets (fixed interest investments and short term deposits/cash).

The market value of the investment portfolio as at 31 December 2023 was \$99.4 million.

Summary of Investments

As at 31 December 2023	Market Value	Percentage of Portfolio	Benchmark/ Exposure Range*
NZ Equities	17,699,985	17.8	16.0
Australian Equities	11,761,189	11.8	11.0
Int'l Equities	19,001,884	19.1	15.0
Equities	48,463,059	48.8	20.0 - 60.0
Property Equities	3,178,840	3.2	3.0
Property	3,178,840	3.2	0.0 - 10.0
Short Term Deposits	16,937,706	17.0	10.0
Fixed Interest	30,788,481	31.0	45.0
Fixed Interest	47,726,187	48.0	40.0 - 70.0
TOTAL	99,368,086	100.0	100.0

Asset Allocation



Market Outlook

The RBNZ has kept the Official Cash Rate (OCR) to 5.50% at the November MPS. The RBNZ noted in the MPS release that "internationally, economic growth has been stronger than was expected at the start of this year but remains below trend and is likely to slow further." Furthermore "the OCR will need to stay restrictive, so demand growth remains subdued, and inflation returns to the 1 to 3 percent target range."

Financial markets delivered exceptional gains in November and December to end 2023 on a high. World shares rebounded 11.1% in the final quarter of 2023 to end the year 22.8% higher. The US equity market was up 11.2% over the quarter, and up 24.2% for the year. Locally, the NZX 50 index was up 4.2% for the quarter, pulling back to a small positive return over the year. Falling inflation and the likelihood of rate cuts in 2024 drove down interest rates from their highs. Resulting in strong bond returns for the quarter.

The Fund is positioned as a long-term investor and is diversified across regions and sectors with 52% growth assets (equities) and 48% income generating assets (fixed interest). The Fund holds equities of stable dividend paying companies that have traditionally continued paying dividends in times of market uncertainty.

With past strong New Zealand CPI data and the recently released Q4 2023 of 4.7% year on year, the value of the Fund is being adversely impacted relative to the Inflation Adjusted Capital Base.

Keith Cooper
CHAIR

Olivia White
ASSISTANT TREASURER

Richard Davey
TREASURER

WAIPORI FUND PERFORMANCE VERSUS INVESTMENT OBJECTIVES

31 December 2023

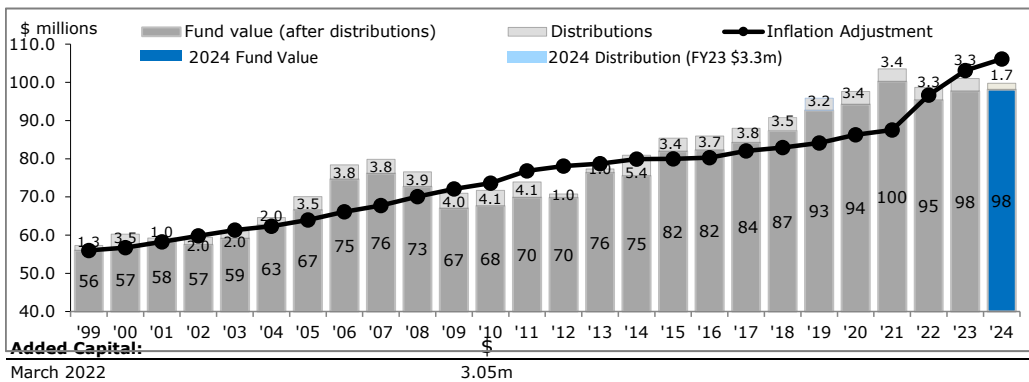
1. INCOME

Objective	2024 Est. Income	2024 Est. Yield	Average Yield	Period Years
The primary objective of the Fund will be to maximise its income, subject always to a proper consideration of investment risk.	\$2,890,678	3.0%	4.4%	24 1/2

2. CAPITAL GROWTH

Objective	Fund Value 31 Dec 2023	Revised Capital Base	Achieved
FUND VALUE LESS ACCUMULATED DISTRIBUTION: Subject to the income distribution needs of the Council and the provisions for capital protection, a key objective will be to grow the Fund's capital. Each calendar quarter, the Fund's capital base is to be adjusted by the movement in the CPI as follows: Revised capital base = previous capital base x (1 + quarterly CPI movement)	\$98,089,989	\$106,102,544	✗

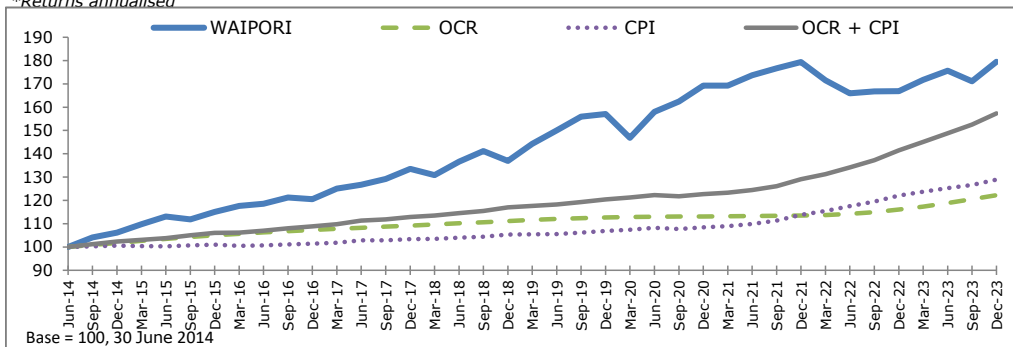
Fund value less distribution (\$1,668,068)



3. TOTAL RETURN (Period June 2014 - June 2024)

Objective	Waipori Return*	OCR*	CPI*	OCR + CPI	Achieved	Period Years
The Council envisages a minimum return over the medium to long-term, net of all fees and charges attributable to the Fund, equivalent to the weighted average Official Cash Rate (OCR) plus the movement in the "all groups" Consumer Price Index (CPI).	6.4%	2.1%	2.7%	4.9%	✓	9.50

*Returns annualised





WAIPORI FUND

Statement of Financial Performance for quarter ended 31 December 2023

Quarter 31-Dec-22	Actual YTD 31-Dec-22		Actual	Quarter Target	Variance	Actual	Year to Date Target	Variance	Target Full Year
		Income							
397,598	720,166	Dividends	343,660	500,457	(156,797)	780,247	752,701	27,546	1,558,379
387,774	654,014	Interest	464,411	310,322	154,089	859,382	685,115	174,267	1,332,299
-	33,612	Surplus on sale of Equities	-	-	-	(4,158)	-	(4,158)	-
		Unrealised Gains/(Losses)							
1,493,773	469,929	Equities	3,433,696	n.a.	n.a.	205,021	n.a.	n.a.	n.a.
(1,943,475)	(831,208)	Exchange Movements	(591,878)	n.a.	n.a.	(670,189)	n.a.	n.a.	n.a.
(449,702)	(361,279)	Revaluation of Equities	2,841,818	407,429	2,434,389	(465,168)	814,859	(1,280,027)	1,629,718
(109,115)	(324,925)	Revaluation of Bonds	1,043,768	-	1,043,768	1,063,384	-	1,063,384	-
(84,670)	(48,130)	Revaluation of \$AUD Bank A/C	149	-	149	(1,860)	-	(1,860)	-
141,885	673,458	Total Income	4,693,806	1,218,208	3,475,598	2,231,827	4,520,396	(20,848)	4,520,396
		less Expenses							
-	-	Management Fees	48,147	48,146	1	96,294	96,292	2	192,585
63,676	127,352	Equity Management Advice	16,677	15,530	1,147	32,206	31,060	1,146	62,120
33	67	Bank Fees	54	34	20	86	69	17	138
63,709	127,419	Total Expenses	64,878	63,710	1,168	128,586	254,843	1,165	254,843
78,176	546,039	Net Surplus/(Deficit)	4,628,928	1,154,498	3,474,430	2,103,241	4,265,553	(22,013)	4,265,553

Targets are calculated based on assumptions of returns for each asset class at the beginning of the financial year by Craigs' Investment Partners and current yields.

WAIPORI FUND

Statement of Movement in Principal of Fund
For Period to 31 December 2023

30-Jun-23		31-Dec-23
59,050,000	Principal Opening	59,050,000
	Additional Capital	
59,050,000	Closing Balance	59,050,000
	Inflation Adjustment Reserve	
38,192,346	Opening Balance	44,667,063
6,474,717	Transfer from Retained Earnings	2,990,256
44,667,063	Closing Balance	47,657,319
	Retained Earnings	
(1,881,601)	Opening Balance	(6,026,182)
5,630,136	Net Surplus/(Deficit)	2,103,241
(6,474,717)	Transfer to Inflation Adjustment Reserve	(2,990,256)
(3,300,000)	Distribution to Council	-
(6,026,182)	Closing Balance	(6,913,197)
97,690,881	Total Fund at End of the Period	99,794,122

Statement of Financial Position
As at 31 December 2023

30-Jun-23		31-Dec-23
3,978,057	Current Assets	1,578,418
310,724	Bank Account	520,777
5,596,112	Debtors/Prepayments	15,359,288
9,884,893	Short Term Investments	17,458,483
	Total Current Assets	
52,086,030	Investments	51,641,899
35,783,638	Equities	30,788,481
87,869,668	Term Financial Instruments	82,430,380
97,754,561	Total Investments	
	Total Assets	99,888,863
	less	
63,680	Current Liabilities	94,741
68,680	Accruals	94,741
	Total Current Liabilities	
97,690,881	Total Value of Fund	99,794,122

PROPOSED EVENT ROAD CLOSURES - MARCH TO MAY 2024

Department: Transport

EXECUTIVE SUMMARY

- 1 The DCC has received temporary road closure applications relating to the following events:
 - a) March Graduation Parade
 - b) Anzac Day Service and Parades – Mosgiel and Outram
 - c) Road Safety Demonstration – Harrop Street
- 2 This report recommends that Council approves the temporary closure of the affected roads.

RECOMMENDATIONS

That the Council:

- a) **Resolves** to close the roads detailed below (pursuant to Section 319, Section 342, and Schedule 10 clause 11(e) of the Local Government Act 1974 (LGA 1974)):

i) March Graduation Parade

Date	Times	Roads
Friday 15 March 2024	10.30am to 11.00am	<ul style="list-style-type: none"> Moray Place, between Lower Stuart and Burlington Streets
	10.40am to 12.00pm	<ul style="list-style-type: none"> Moray Place, between George and Upper Stuart Streets Filleul Street, between Moray Place and St Andrew Street
	10.50am to 11.15am (Parade starts at 11.00am)	<ul style="list-style-type: none"> Moray Place, between Burlington and Princes Streets Princes Street, between Moray Place and the Octagon Octagon Central Carriageway George Street, between Octagon and Moray Place

Roads will reopen as the Parade clears.

ii) Anzac Day Service and Parades – Mosgiel and Outram

Date	Times	Roads
Thursday 25 April 2024	9.15am to 10.15am	• Church Street, between Factory Road and Cargill Street
	9.45am to 10.45am	• Gordon Road, between Factory Road and Cargill Street
	10.50am to 11.30am	• Hoylake Street, from Skerries Street to end of cul-de-sac

iii) Road Safety Demonstration – Harrop Street

Date	Times	Road
Monday 27 May 2024	7.00am to 11.59pm	• Harrop Street, between Moray Place to the Octagon
Tuesday 28 May 2024	12.00am to 11.59pm	
Wednesday 29 May 2024	12.00am to 11.59pm	
Thursday 30 May 2024	12.00am to 7.00pm	

BACKGROUND

- 3 Council’s Dunedin Festival and Events Plan supports the goal of a successful city with a diverse, innovative, and productive economy and a hub for skill and talent.
- 4 The areas proposed to be used for these events are legal roads and can therefore be temporarily closed to normal traffic if statutory temporary road closure procedures are followed. The procedures are set out in Section 319 of the LGA 1974 and give Council the power to stop or close any road (or part of a road) within the parameters of Section 342 and Schedule 10 of the LGA 1974 (Schedule 10 is included as Attachment A).
- 5 These procedures include:
 - Consultation with New Zealand Transport Agency - Waka Kotahi and the Police.
 - Public notice being given of the proposal to close any road (or part of a road), and public notice of a decision to close the road.
 - Council being satisfied that traffic is not likely to be unreasonably impeded.
- 6 A resolution of Council is required where a proposal to temporarily close a road relates to public functions.
- 7 Council is required to give public notice of its decision. This notice will be published after this meeting and prior to the event, if approved.

DISCUSSION

Consultation and Notification

- 8 The Police and New Zealand Transport Agency - Waka Kotahi have no objections to the proposed road closures.
- 9 On Saturday 20 January 2024, the proposed temporary road closures were advertised in the Otago Daily Times (Attachment B) with a deadline for feedback.
- 10 The event organisers contacted those considered affected prior to submitting their application, and no objections were received.
- 11 Schedule 10 clause 11(e) states a road cannot be closed more than 31 days in the aggregate in any one year. This limit will not be exceeded by the approval of the proposed temporary road closures.

Traffic Impacts

- 12 The event locations of these events have had identical road closures for the same, or similar event(s) in prior years without causing unreasonable delays to the travelling public.
- 13 Emergency services and public transport services will be managed through the temporary traffic management process.
- 14 The Temporary Traffic Management Plan process ensures that other issues such as temporary relocation of certain parking (e.g. taxi, mobility and Authorised Vehicles Only) are managed.

OPTIONS

- 15 Note any amendment to this report's recommendations cannot be implemented without further consultation with the affected parties, New Zealand Transport Agency Waka Kotahi, the Police, and verifying that traffic impacts are acceptable.

Option One – Recommended Option

- 16 That the Council closes the sections of road as recommended in this report.

Advantages

- Roads can be closed, and the event will be able to proceed.
- The closures will assist in realising the economic, social, and cultural benefits associated with the events.

Disadvantages

- There will be temporary loss of vehicular access through the closed areas. However, there are detours available, and safety can be assured using temporary traffic management.

Option Two – Status Quo

17 That the Council decides not to close the roads in question.

Advantages

- There would be no detour required for the travelling public, and the roads would be able to be used as normal.

Disadvantages

- The events would not be able to go ahead, and the benefits of the events would be lost.

NEXT STEPS

18 Should the resolution be made to temporarily close the roads, Council staff will accept the temporary traffic management plans that have been received for the events and notify the public of the closures.

Signatories

Author:	Jeanine Benson - Group Manager Transport
Authoriser:	Scott MacLean - General Manager, Climate and City Growth

Attachments

	Title	Page
A	Local Government Act 1974, Schedule 10	151
B	ODT Advert - 20 January 2024	156

SUMMARY OF CONSIDERATIONS
Fit with purpose of Local Government

This decision promotes the social and economic well-being of communities in the present and for the future.

Fit with strategic framework

	Contributes	Detracts	Not applicable
Social Wellbeing Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Economic Development Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environment Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Arts and Culture Strategy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Waters Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Spatial Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Integrated Transport Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Parks and Recreation Strategy	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other strategic projects/policies/plans	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Events contribute to the Strategic Framework. Events contribute to the Economic Development Strategy, the Social Wellbeing Strategy. There is a Festival and Events Plan 2018-2023.

Māori Impact Statement

Mana whenua have not been directly engaged with in relation to these road closures.

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no implications, as the decision is a regulatory one and there are no direct costs to Council.

Financial considerations

There are no financial implications. The cost of the proposed road closure is not a cost to Council.

Significance

This decision is considered low in terms of the Council's Significance and Engagement Policy.

Engagement – external

There has been external engagement (as required by the LGA 1974), with the Police and Waka Kotahi. Affected parties were notified and provided a time period for feedback.

Engagement - internal

There has been engagement with DCC Events and Transport. There is support for the events to proceed.

Risks: Legal / Health and Safety etc.

There are no identified risks should the recommended resolution be made.

Conflict of Interest

There are no known conflicts of interest.

Community Boards

There are no implications for Community Boards.

Schedule 10

Local Government Act 1974

Version as at
1 July 2022

Schedule 10
Conditions as to stopping of roads and the temporary prohibition of
traffic on roads

ss 319(h), 342

Schedule 10: inserted, on 1 April 1979, by section 3(1) of the Local Government Amendment Act 1978 (1978 No 43).

Stopping of roads

- 1 The council shall prepare a plan of the road proposed to be stopped, together with an explanation as to why the road is to be stopped and the purpose or purposes to which the stopped road will be put, and a survey made and a plan prepared of any new road proposed to be made in lieu thereof, showing the lands through which it is proposed to pass, and the owners and occupiers of those lands so far as known, and shall lodge the plan in the office of the Chief Surveyor of the land district in which the road is situated. The plan shall separately show any area of esplanade reserve which will become vested in the council under section 345(3).

Schedule 10 clause 1: amended, on 1 October 1991, by section 362 of the Resource Management Act 1991 (1991 No 69).

- 2 On receipt of the Chief Surveyor's notice of approval and plan number the council shall open the plan for public inspection at the office of the council, and the council shall at least twice, at intervals of not less than 7 days, give public notice of the proposals and of the place where the plan may be inspected, and shall in the notice call upon persons objecting to the proposals to lodge their objections in writing at the office of the council on or before a date to be specified in the notice, being not earlier than 40 days after the date of the first publication thereof. The council shall also forthwith after that first publication serve a notice in the same form on the occupiers of all land adjoining the road proposed to be stopped or any new road proposed to be made in lieu thereof, and, in the case of any such land of which the occupier is not also the owner, on the owner of the land also, so far as they can be ascertained.
- 3 A notice of the proposed stoppage shall, during the period between the first publication of the notice and the expiration of the last day for lodging objections as aforesaid, be kept fixed in a conspicuous place at each end of the road proposed to be stopped:

provided that the council shall not be deemed to have failed to comply with the provisions of this clause in any case where any such notice is removed without the authority of the council, but in any such case the council shall, as soon as conveniently may be after being informed of the unauthorised removal of the notice, cause a new notice complying with the provisions of this clause to be affixed in place of the notice so removed and to be kept so affixed for the period aforesaid.

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Version as at
1 July 2022

Local Government Act 1974

Schedule 10

- 4 If no objections are received within the time limited as aforesaid, the council may by public notice declare that the road is stopped; and the road shall, subject to the council's compliance with clause 9, thereafter cease to be a road.
- 5 If objections are received as aforesaid, the council shall, after the expiration of the period within which an objection must be lodged, unless it decides to allow the objections, send the objections together with the plans aforesaid, and a full description of the proposed alterations to the Environment Court.
Schedule 10 clause 5: amended, on 2 September 1996, pursuant to section 6(2)(a) of the Resource Management Amendment Act 1996 (1996 No 160).
- 6 The Environment Court shall consider the district plan, the plan of the road proposed to be stopped, the council's explanation under clause 1, and any objection made thereto by any person, and confirm, modify, or reverse the decision of the council which shall be final and conclusive on all questions.
Schedule 10 clause 6: replaced, on 1 October 1991, by section 362 of the Resource Management Act 1991 (1991 No 69).
Schedule 10 clause 6: amended, on 2 September 1996, pursuant to section 6(2)(a) of the Resource Management Amendment Act 1996 (1996 No 160).
- 7 If the Environment Court reverses the decision of the council, no proceedings shall be entertained by the Environment Court for stopping the road for 2 years thereafter.
Schedule 10 clause 7: amended, on 2 September 1996, pursuant to section 6(2)(a) of the Resource Management Amendment Act 1996 (1996 No 160).
- 8 If the Environment Court confirms the decision of the council, the council may declare by public notice that the road is stopped; and the road shall, subject to the council's compliance with clause 9, thereafter cease to be a road.
Schedule 10 clause 8: amended, on 2 September 1996, pursuant to section 6(2)(a) of the Resource Management Amendment Act 1996 (1996 No 160).
- 9 Two copies of that notice and of the plans hereinbefore referred to shall be transmitted by the council for record in the office of the Chief Surveyor of the land district in which the road is situated, and no notice of the stoppage of the road shall take effect until that record is made.
- 10 The Chief Surveyor shall allocate a new description of the land comprising the stopped road, and shall forward to the Registrar-General of Land or the Registrar of Deeds, as the case may require, a copy of that description and a copy of the notice and the plans transmitted to him by the council, and the Registrar shall amend his records accordingly.
Schedule 10 clause 10: amended, on 12 November 2018, by section 250 of the Land Transfer Act 2017 (2017 No 30).

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Schedule 10

Local Government Act 1974

Version as at
1 July 2022

Temporary prohibition of traffic

- 11 The council may, subject to such conditions as it thinks fit (including the imposition of a reasonable bond), and after consultation with the Police and the New Zealand Transport Agency, close any road or part of a road to all traffic or any specified type of traffic (including pedestrian traffic)—
- (a) while the road, or any drain, water race, pipe, or apparatus under, upon, or over the road is being constructed or repaired; or
 - (b) where, in order to resolve problems associated with traffic operations on a road network, experimental diversions of traffic are required; or
 - (c) during a period when public disorder exists or is anticipated; or
 - (d) when for any reason it is considered desirable that traffic should be temporarily diverted to other roads; or
 - (e) for a period or periods not exceeding in the aggregate 31 days in any year for any exhibition, fair, show, market, concert, film-making, race or other sporting event, or public function:

provided that no road may be closed for any purpose specified in paragraph (e) if that closure would, in the opinion of the council, be likely to impede traffic unreasonably.

Schedule 10 clause 11: replaced, on 14 August 1986, by section 14(1) of the Local Government Amendment Act (No 3) 1986 (1986 No 50).

Schedule 10 clause 11: amended, on 26 March 2015, by section 5 of the Local Government Act 1974 Amendment Act 2015 (2015 No 20).

- 11A The council shall give public notice of its intention to consider closing any road or part of a road under clause 11(e); and shall give public notice of any decision to close any road or part of a road under that provision.

Schedule 10 clause 11A: inserted, on 14 August 1986, by section 14(1) of the Local Government Amendment Act (No 3) 1986 (1986 No 50).

- 11B Where any road or part of a road is closed under clause 11(e), the council or, with the consent of the council, the promoter of any activity for the purpose of which the road has been closed may impose charges for the entry of persons and vehicles to the area of closed road, any structure erected on the road, or any structure or area under the control of the council or the promoter on adjoining land.

Schedule 10 clause 11B: inserted, on 14 August 1986, by section 14(1) of the Local Government Amendment Act (No 3) 1986 (1986 No 50).

- 11C Where any road or part of a road is closed under clause 11(e), the road or part of a road shall be deemed for the purposes of—

- (a) *[Repealed]*
- (b) the Traffic Regulations 1976:

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- (c) the Transport (Drivers Licensing) Regulations 1985:
 - (d) *[Repealed]*
 - (e) the Transport (Vehicle Registration and Licensing) Notice 1986:
 - (ea) the Land Transport Act 1998:
 - (f) any enactment made in substitution for any enactment referred to in paragraphs (a) to (ea)—
- not to be a road; but nothing in this clause shall affect the status of the road or part of a road as a public place for the purposes of this or any other enactment.
- Schedule 10 clause 11C: inserted, on 14 August 1986, by section 14(1) of the Local Government Amendment Act (No 3) 1986 (1986 No 50).
- Schedule 10 clause 11C(a): repealed, on 10 May 2011, by section 100(3) of the Land Transport (Road Safety and Other Matters) Amendment Act 2011 (2011 No 13).
- Schedule 10 clause 11C(d): repealed, on 1 May 2011, by section 35(4) of the Land Transport Amendment Act 2009 (2009 No 17).
- Schedule 10 clause 11C(ea): inserted, on 1 March 1999, by section 215(1) of the Land Transport Act 1998 (1998 No 110).
- Schedule 10 clause 11C(f): amended, on 1 March 1999, by section 215(1) of the Land Transport Act 1998 (1998 No 110).
- 12 The powers conferred on the council by clause 11 (except paragraph (e)) may be exercised by the chairman on behalf of the council or by any officer of the council authorised by the council in that behalf.
 - 13 Where it appears to the council that owing to climatic conditions the continued use of any road in a rural area, other than a State highway or government road, not being a road generally used by motor vehicles for business or commercial purposes or for the purpose of any public work, may cause damage to the road, the council may by resolution prohibit, either conditionally or absolutely, the use of that road by motor vehicles or by any specified class of motor vehicle for such period as the council considers necessary.
 - 14 Where a road is closed under clause 13, an appropriate notice shall be posted at every entry to the road affected, and shall also be published in a newspaper circulating in the district.
 - 15 A copy of every resolution made under clause 13 shall, within 1 week after the making thereof, be sent to the Minister of Transport, who may at any time, by notice to the council, disallow the resolution, in whole or in part, and thereupon the resolution, to the extent that it has been disallowed, shall be deemed to have been revoked.
 - 16 No person shall—
 - (a) use a vehicle, or permit a vehicle to be used, on any road which is for the time being closed for such vehicles pursuant to clause 11; or

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- (aa) without the consent of the council or the promoter of any activity permitted by the council, enter or attempt to enter, or be present, on any road or part of a road that is for the time being closed to pedestrian traffic pursuant to clause 11; or
- (b) use a motor vehicle, or permit a motor vehicle to be used, on any road where its use has for the time being been prohibited by a resolution under clause 13.

Schedule 10 clause 16(aa): inserted, on 14 August 1986, by section 14(2) of the Local Government Amendment Act (No 3) 1986 (1986 No 50).

Schedule 11
Width of roads, access ways, and service lanes
[Expired]

s 325(1)

Schedule 11: expired, on 1 January 1993, by section 325(3).

ODT Advert – 20 January 2024

**TEMPORARY ROAD CLOSURES
FOR EVENTS**

March Graduation Parade

The Council is considering closing the streets detailed below for this event on Friday, 15 March 2024:

10.30am to 11am
Moray Place, between Lower Stuart and Burlington Streets

10.40am to 12noon
Moray Place, between George and Upper Stuart Streets
Filleul Street, between Moray Place and St Andrew Street
10.50am to 11.15am – Parade starts at 11am

Parade Route:
Moray Place, between Burlington and Princes Streets,
Princes Street, between Moray Place and the Octagon,
Octagon Central Carriageway and George Street,
between Octagon to Moray Place

Roads will be reopened as the Parade clears.

Anzac Day Service and Parades – Mosgiel and Outram

The Council is considering closing the streets detailed below for this event on Thursday, 25 April 2024:

Between 9.15am to 10.15am
Church Street, between Factory Road and Cargill Street

Between 9.45am to 10.45am
Gordon Road, between Factory Road and Cargill Street

Between 10.50am to 11.30am
Hoylake Street, from Skerries Street to end of cul-de-sac

Road Safety Demonstration – Harrop Street

The Council is considering closing the street detailed below for this event on Monday, 27 May to Thursday, 30 May 2024:

Harrop Street, between Moray Place to the Octagon.

These closures will be considered at a meeting of Dunedin City Council on Tuesday, 27 February 2024 at 10am. Please provide any feedback on the proposal by emailing: tmap@dcc.govt.nz before 5pm on Saturday, 27 January 2024.

RESOLUTION TO EXCLUDE THE PUBLIC

That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987) 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 Ordinary Council meeting - 30 January 2024 - Public Excluded	<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)(g) The withholding of the information is necessary to maintain legal professional privilege.</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)(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).</p>	.	

C2 Option to Prepare an Annual Plan 2024/25 Attachment Report	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 Director Vacancy and Re-Appointment - Dunedin City Holdings Limited	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.	This report is confidential because the appointment of the director is made public once the applicant has been notified of the decision..

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.