

Notice of Meeting:

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

Date: Thursday 2 May 2024
Time: 2.00 pm
Venue: Council Chambers, 2nd Floor, 30 The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Audit and Risk Subcommittee
PUBLIC AGENDA

MEMBERSHIP

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

Wendy Collard
Governance Support Officer

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

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1 APOLOGIES

An apology has been received from Mayor Jules Radich.

That the Committee:

Accepts the apology from Mayor Jules Radich.

2 CONFIRMATION OF AGENDA

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

DECLARATION OF INTEREST

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

RECOMMENDATIONS

That the Subcommittee:

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

Attachments

	Title	Page
↓A	Register of Interests	6

CONFIRMATION OF MINUTES

AUDIT AND RISK SUBCOMMITTEE MEETING - 30 NOVEMBER 2023

RECOMMENDATIONS

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 30 November 2023 as a correct record.

Attachments

	Title	Page
A↓	Minutes of Audit and Risk Subcommittee meeting held on 30 November 2023	11

Audit and Risk Subcommittee MINUTES

Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Otaru Room, Civic Centre, The Octagon, Dunedin on Thursday 30 November 2023, commencing at 2.00 pm

PRESENT

Chairperson	Warren Allen	
Deputy Chairperson	Janet Copeland	
Members	Cr Christine Garey	Cr Cherry Lucas
	Cr Lee Vandervis	

IN ATTENDANCE

Sandy Graham (Chief Executive Officer), Carolyn Allan (Chief Financial Officer (Acting)) and Hayley Knight (Quality, Compliance and Assurance Advisor)

Governance Support Officer Wendy Collard

1 APOLOGIES

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

Accepts the apology from Mayor Jules Radich.

Motion carried (AR/2023/044)

2 CONFIRMATION OF AGENDA

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

Confirms the agenda without addition or alteration

Motion carried (AR/2023/045)

3 DECLARATIONS OF INTEREST

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

Moved (Mr Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

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

Motion carried (AR/2023/046)

4 CONFIRMATION OF MINUTES

4.1 AUDIT AND RISK SUBCOMMITTEE MEETING - 7 SEPTEMBER 2023

Moved (Cr Lee Vandervis/Ms Janet Copeland):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 07 September 2023 as a correct record.

Motion carried (AR/2023/047)

4.2 AUDIT AND RISK SUBCOMMITTEE MEETING - 27 OCTOBER 2023

Moved (Cr Lee Vandervis/Cr Christine Garey):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 27 October 2023 as a correct record.

Motion carried (AR/2023/048)

PART A REPORTS

5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2023/2024

A report from Civic provided a copy of the Audit and Risk Subcommittee Work Plan for 2023/2024 which has been aligned with work programmes scheduling and decision-making.

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan for 2023/2024

Motion carried (AR/2023/049)

6 AUDIT AND RISK SUBCOMMITTEE ACTIONS REPORT

A report from Finance provided an update on the progress of various sundry matters that have been noted by the Subcommittee.

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

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Actions Report as of November 2023.

Motion carried (AR/2023/050)

Moved (Warren Allen/Janet Copeland):

That the Subcommittee:

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

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C3 Internal Audit Workplan Update	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.

S7(2)(h)
The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

That Mark Cervantes (Crowe) be permitted to attend the meeting, after the public has been excluded, because of their knowledge of Item C3. This knowledge, which would be of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.

Moved into non-public at 2.27 pm and resumed into public at 2.44 pm.

Motion carried (AR/2023/051)

7 FINANCIAL RESULT - PERIOD ENDED 30 SEPTEMBER 2023

A report provided the financial results for the period ended 30 September 2023 and the financial position as at that date which was presented to the Council meeting held on Tuesday, 28 November 2023.

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

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

- a) **Notes** the Financial Performance for the period ended 30 September 2023 and the Financial Position as at that date.

Motion carried (AR/2023/052)

8 HEALTH AND SAFETY MONTHLY REPORTING FOR SEPTEMBER 2023

A report from Health and Safety provided the monthly Health and Safety reporting for September 2023 for the Audit and Risk Subcommittee’s information.

The Chief Executive Officer (Sandy Graham) responded to questions.

Moved (Warren Allen/Cr Lee Vandervis):

That the Subcommittee:

- a) **Notes** the monthly Health and Safety report for September 2023.

Motion carried (AR/2023/053)

Moved that the Subcommittee (Warren Allen/Janet Copeland):

Adjourns the meeting.

Motion carried

The meeting adjourned at 3.23 pm and reconvened at 3.28 pm.

RESOLUTION TO EXCLUDE THE PUBLIC

Moved (Mr Warren Allen/Cr Christine Garey):

That the Committee:

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

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Audit and Risk Subcommittee meeting - 7 September 2023 - Public Excluded	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar		

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

S7(2)(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).

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)(b)(i)

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

S7(2)(a)

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

S7(2)(b)(ii)

The withholding of the information is necessary to protect information where the making available of the

	information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	
	S6(b) The making available of the information would be likely to endanger the safety of a person.	
C2 Audit and Risk Subcommittee meeting - 27 October 2023 - Public Excluded	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.	
C4 DCC External Audit Actions Update - November 2023	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C5 Legal Matters	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

C6 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	which good reason for withholding exists under section 7. S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C7 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C8 Protected Disclosure Register - November 2023	S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or	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.

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

C9 Investigation Register - November 2023

S6(b)
The making available of the information would be likely to endanger the safety of a 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 6 and 7.

S7(2)(a)
The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.

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 (AR/2023/054)

The meeting moved into non public at 3.29 pm and concluded at 4.08 pm.

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CHAIRPERSON

PART A REPORTS

AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2024/2025

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Audit and Risk Subcommittee Work Plan for 2024/2025 which has been aligned with work programmes scheduling and decision making.
- 2 It should be noted that items without ticks shown have not been scheduled for action.
- 3 As this is an administrative report only, the Summary of Considerations is not required.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Work Plan for 2024/2025

Signatories

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

Attachments

	Title	Page
↓A	Work Plan May 2024	21

AUDIT AND RISK SUBCOMMITTEE UPDATES REPORT

Department: Corporate

EXECUTIVE SUMMARY

- 1 This report provides updates on the progress of various sundry matters that have been noted by the Subcommittee.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Updates Report.

DISCUSSION

Insurance Update

- 2 Aon recently provided a presentation to management on the DCC's current insurance programme and suggestions for developing an insurance strategy. An insurance strategy will support the DCC to target insurance purchasing by identifying, quantifying, and understanding the DCC's risk exposure and appetite.
- 3 It is proposed that Aon presents to the Audit and Risk Subcommittee at the June meeting to provide a similar overview. Aon will continue to work with management on next steps for implementing an insurance strategy.

Insurance Renewal 2024/2025 Financial Year

- 4 The main insurance renewal is due 30 June 2024. The renewal incorporates the following policies:
 - Material Damage Above Ground
 - Business Interruption Above Ground
 - Below Ground Infrastructure
 - Fine Arts
 - Civil Engineering – Taieri River Water Supply Bridges
 - Motor Vehicle
 - Liability Policies – Internet, Crime, D&O

- Travel and Personal Accident

5 In preparation for the renewal:

- a) Proposal forms have been completed
- b) Asset schedules are being reviewed (fine arts, motor vehicles and property)
- c) Additional information has been provided to Aon on revenue sources to improve the information provided to insurers relating to Business Interruption insurance.
- d) A valuation is being undertaken of the Taieri Water Supply Viaduct Bridge. The current value for insurance purposes is \$1.5 million.
- e) Staff are reviewing a proposal to undertake an earthquake loss assessment for probable maximum loss.

10 Year Plan and Annual Plan – Update

6 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.

7 On 27 February 2024 Council decided to take up the option of preparing an enhanced Annual Plan for 2024/25. Council considered that deferring the LTP will enable a better understanding of revenue streams, rating impacts, investment returns, debt – both group and council, and interest costs. A more meaningful Financial Strategy could be developed, addressing Council’s unbalanced budget and providing greater confidence in our outlook over the 9 year period 2025-34. The 9 year plan will also be informed by a decision on the possible sale of Aurora Energy Ltd.

8 The deferral will also allow time to progress key strategic work such as the strategic refresh, climate adaptation plan, and investment plan recommendations.

9 An “enhanced” Annual Plan for 2024/25 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.

10 Work on development of the 10-year plan 2024-34 was at various stages of completion and this work will now be used to support development of the 9-year plan 2025-34. The 10-year plan project was supported by 10 workstreams, each responsible for delivering specific areas of the draft 10 year plan. Staff will review the project structure, roles and objectives to develop a new work programme for completing the 9-year plan 2025-34. The new work programme will be presented to Council for its consideration.

Annual Plan 2024/25

11 A draft Annual Plan for 2024/25 has been prepared, being an update of year 4 of the current 10 year plan 2024-34. Budget update reports for each activity of Council were considered by Council at its meeting on 12 March 2024.

12 At that meeting, the budget challenges the DCC faces with the current economic climate of high inflation and interest rates were discussed. Savings found across the organisation have largely been offset by rising costs. Council approved the draft budgets, along with a rate increase of 17.5% for 2024/25, which is higher than the 6.0% provided for in year 4 of the 10 year plan, and higher than the Financial Strategy rate limit of 6.5%.

13 The main factors making up the rate increase:

3 Waters	5.4%
Increase in depreciation (excl. 3 waters)	4.9%
New kerbside collection service	4.4%
Interest (excl. 3 waters)	1.8%
All other costs	1.0%
Total rate increase	17.5%

14 Engagement on the draft Annual Plan has been undertaken. The engagement period ran from 28 March to 24 April 2024. A total of 721 submissions were received, and of these, 95 have indicated that they wish to be heard.

15 Hearings are scheduled for 8 – 9 May, and 14 – 16 May (including hearing submissions on the Aurora Energy proposal discussed below).

16 Deliberations will be held 28 – 30 May, and the final annual plan will be presented to the 25 June 2024 Council meeting for adoption.

Aurora Energy Proposal

17 The Council decided to consult with the community on a potential sale of Aurora Energy Limited, using the Special Consultative Procedure.

18 A summary of the proposal and the key reasons for it are as follows:

- a) Council is considering the possibility of approving the sale of Aurora Energy and using the proceeds:
 - i) To repay Aurora Energy’s debt (forecast to be \$576 million by mid-2025); and

- ii) To establish a diversified investment fund to generate income for Council.
 - b) The diversified investment fund would be worth many hundreds of millions of dollars and be professionally managed. The capital in the fund would be protected and inflation adjusted to protect its value over time, making it an intergenerational asset. Council would receive income from the fund. Council would decide how to use the income through the usual annual plan and long-term plan processes. The income could, for example, be used to offset rates or repay Council debt.
 - c) Key reasons for the proposal are:
 - i) To increase income to Council by having a more consistent and sustainable income stream. Aurora Energy has not paid a dividend since 2017.
 - ii) To reduce Council Group debt by repaying Aurora Energy's debt.
 - iii) To avoid the Council Group debt increasing to fund Aurora Energy's future capital requirements.
 - iv) To reduce risk by having a diversified investment fund.
- 19 A copy of the Consultation Document is provided at attachment A. The consultation period opened on 28 March 2024 and closes at 12 noon on 2 May 2024. Hearings will take place 14-16 May, following by deliberations on 28 – 30 May.
- 20 Council has not yet decided whether it would approve a sale of Aurora because it first wants to hear and consider feedback from the public. The Council has also not yet decided on certain details around the Fund (such as whether it is better to be held by DCC or DCHL). These decisions will be made once the exact size of the Fund is known, and tax advice has been provided. DCC staff anticipate that the specific details around the Fund will form part of the consultation on Council's investment plan, which will be considered as part of the nine year plan 2025-34.

Annual Report improvement plan for 2023/24

- 21 An improvement project for the Annual Report 2023/24 has been initiated and a project plan is being developed. The aim is to improve the accessibility and readability of the Annual Report and Summary, and to ensure a streamlined journey through the audit process which results in Council receiving an unqualified audit report.
- 22 To meet these objectives, we are focussing on two streams for improvement: process and presentation.
- a) Process improvement will involve taking a project management approach which identifies specific deliverables, timelines and clear roles and responsibilities of those involved in the Annual Report. There will also be additional liaison with, and support for, areas which have received audit qualifications in 2022/23.
 - b) Suggested work to improve the presentation, accessibility and readability of the Annual Report and Summary includes additional communications support to ensure consistent and engaging narrative around DCC's performance. Design elements will also be considered such as layout, themes, images, and graphics. A revised structure is proposed that aligns with examples of accessible and engaging Annual Reports and Summaries from

the sector which have narrative and graphic content early in the documents, followed by the legislative detail in later sections.

23 Once drafted the Annual Report improvement plan will be presented to ELT for approval.

3 Waters Reform – Update

New direction for water services delivery

24 In February 2024 the Government announced the three-stage process and timetable for the implementation of the Local Water Done Well programme including:

- a) First Stage – Repeal of current legislation relating to water service entities resulting in the passing of the Water Services Acts Repeal Act 2024 on 16 February 2024 which includes:
 - i. Repealing the Water Services Entities Act 2022, Water Services Legislation Act 2023 and Water Services Economic Efficiency and Consumer Protection Act 2023.
 - ii. Providing support options to help councils complete and include water services in their 2024-34 long-term plans.
 - iii. An option to defer the LTP by 12 months and have an enhanced Annual Plan for the 2024/25 year.
- b) Second Stage – Establish framework and transitional arrangements by introducing and enacting a bill mid 2024 to:
 - i. provide councils with a self-determined future service delivery arrangement via a water services delivery plan;
 - ii. establish foundational information disclosure requirements; and
 - iii. streamline existing council-controlled organisations to enable councils to start shifting delivery of water services into more financially sustainable configurations, should they wish to do so.
- c) Third Stage – Establish enduring settings and begin transition by introducing a bill in December 2024 and enacting the bill in mid-2025 to:
 - i. Set long-term requirements for financial sustainability.
 - ii. Provide a range of structural and financing tools.
 - iii. Ensure regulatory regime is efficient, effective, and fit for purpose.
 - iv. Provide for a complete economic regulation regime.
 - v. Establish regulatory backstop powers.
 - vi. Refine water service delivery system settings.

25 Staff are separately considering potential delivery models for regional/inter-regional delivery of 3 Waters services. This will progress as and when further information is introduced.

Improvements to Fraud Management Training

- 26 The DCC have been invited by the Serious Fraud office (SFO) to be a part of their Local Government Counter Fraud Community of Practice. This group will meet every two months to share best practice strategies for fraud management.
- 27 The SFO are also working with the DCC to support a refresh of the training programme for staff and investigators, and to review our current policies and procedures.

Insights into Local Government 2022 Report

- 28 The Office of the Auditor General provide an overview report summarising the main findings from their audits conducted on councils and other work with the local government sector.
- 29 The report on findings for the 2021/22 year are attached (Attachment A) for noting by the Audit and Risk Subcommittee.
- 30 A summary of the findings in the report is as follows:
 - a) Issues with how councils presented or carried out their asset revaluations.
 - b) Issues with how councils reported to their communities about their service performance.
 - c) Some councils missed their statutory deadline for having the audit completed.
 - d) Most council audits were affected by the uncertainty arising from the water services reform programme.

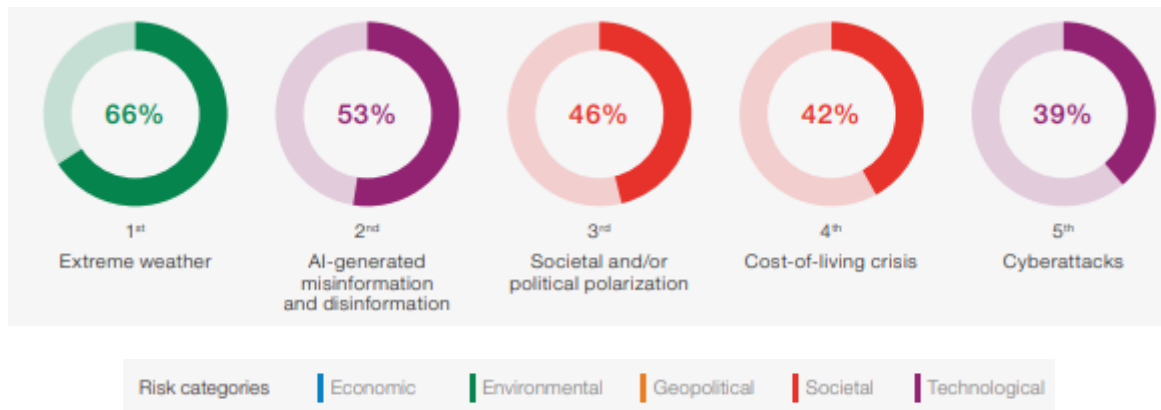
Overview of the 2024 World Economic Forum Global Risks Report

- 31 The World Economic Forum (WEF) has produced insights report on the global risk landscape. This report is based on findings from the Global Risks Perception Survey, which is conducted with over 1200 experts across academic, business, government, the international community, and civil society.
- 32 This information can be useful in understanding the global risk trends and possible impacts for the Dunedin City Council (DCC).
- 33 The summary section has been attached to this report for noting (Attachment B). The full report can be found via the following link:
https://www3.weforum.org/docs/WEF_The_Global_Risks_Report_2024.pdf
- 34 The main global findings from the 2024 report are:
 - a) Environmental risks and in particular extreme weather are predicted to impact in 2024 and beyond.
 - b) Misinformation and disinformation are likely to increase and impact on social polarisation, particularly as the advancement and proliferation of artificial intelligence (AI) increases.
 - c) Cost of living crisis and cyberattacks remain in the top 10 concerns.

d) There is economic uncertainty as many factors could impact on supply and demand, causing flow on effects on interest rates, inflation etc.

35 From a New Zealand perspective, the top 5 risks (see *Figure 4*) are mostly economic based, alongside extreme weather (El Niño).

36 The below figure is an overview of the top risks predicted to present material crisis on a global scale in 2024. *Figure 1*



37 The below figure is an overview of the top ten risks predicted globally for the next 2 years and 10 years. *Figure 2*



38 The below figure is an overview of the top ten risks predicted for the government sector for the next 2 years. *Figure 3*



39 The below figure is the top five risks identified by risk professionals in New Zealand. *Figure 3*



40 The information provided from the WEF Global Risk Report will be used to analyse the DCC corporate risk register and the potential impacts to the DCC.

Signatories

Author:	Hayley Knight - Quality, Compliance and Business Assurance Advisor
Authoriser:	Carolyn Allan - Chief Financial Officer

Attachments

	Title	Page
↓A	Consultation Document - Aurora Energy Proposal	34
↓B	OAG Insights into Local Government 2022	58
↓C	WEF The Global Risks Report 2024 Overview	66

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report provides an update on the progress made by Council to deliver upon the activities identified by the Audit and Risk Subcommittee, which is a regulatory function and considered good quality and cost effective.

Fit with strategic framework

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

The work of the Audit and Risk Subcommittee seeks to underpin the ongoing critical review and improvement of Council business activities, governance mechanisms and support the realisation of its strategic objectives.

Māori Impact Statement

There are no known impacts for Māori.

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no known implications.

Financial considerations

No financial implications have been identified.

Significance

This report is considered low in terms of the Council’s Significance and Engagement Policy.

Engagement – external

No external engagement has been undertaken.

Engagement - internal

Activities noted herein include cross Council engagement and collaboration.

Risks: Legal / Health and Safety etc.

No risks have been identified.

Conflict of Interest

No conflicts of interest have been identified.

SUMMARY OF CONSIDERATIONS

Community Boards

There are no known implications for the Community Boards.

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 which was presented to the Council meeting held on Tuesday, 27 February 2024.
- 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	<u>(27.994)</u>	<u>(29.627)</u>	<u>1.633</u>	F	<u>(27.930)</u>
Waipori Fund Net	2.103	1.684	0.419	F	0.546
Net Surplus/(Deficit) including Waipori	<u>(25.891)</u>	<u>(27.943)</u>	<u>2.052</u>	F	<u>(27.384)</u>
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	<u>547.473</u>	<u>532.773</u>	<u>(14.700)</u>	U	<u>410.273</u>

RECOMMENDATIONS

That the Subcommittee:

- 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

	Title	Page
↓A	Summary Financial Information	80
↓B	Group Debt Chart	81
↓C	Statement of Financial Performance	82
↓D	Statement of Financial Position	83
↓E	Statement of Cashflows	84
↓F	Capital Expenditure Summary by Activity	85
↓G	Capital Expenditure - Detailed Programme	86
↓H	Summary of Operating Variances	94
↓I	Financial Review	95

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 which was presented to Council at its meeting held on 27 February 2024.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Committee:

- 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
⬇️	Waipori Report 31 December 2023	104

DCC POLICY UPDATE REPORT

Department: Corporate

EXECUTIVE SUMMARY

- 1 This report provides an update on DCC policies as identified in the Audit and Risk Subcommittee (ARS) Workplan and ongoing audit and business improvement activities.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the Policy Update Report – March 2024
- b) **Notes** the Treasury Risk Management Policy 2023 (Attachment A)
- c) **Notes** the Conflicts of Interest (Council Officers) Policy (Attachment B and C)
- d) **Notes** the revoking of the Electronic Communications Email Quarantine Policy (Attachment D)

DISCUSSION

- 2 The following policies are undergoing review:
 - a) Koha Policy
 - b) Leave Management Policy
 - c) Procurement and Contracts Management Policy
 - d) Information Management Policy
 - e) ICT Acceptable Use Policy
 - f) Risk Management Policy
 - g) Internal Audit Policy
 - h) Fraud, Bribery and Corruption Prevention Policy
- 3 After the review process, updated copies of DCC policies will be provided to the Subcommittee for either feedback or noting.

Treasury Risk Management Policy

- 4 The **Treasury Risk Management Policy** (Attachment A) has been reviewed by an external party, Forex Ltd, and was approved by Council on 12th December 2023. The next review date is December 2026 which will be in line with the 10 Year Plan cycle.

14 REVIEW - DCC TREASURY RISK MANAGEMENT POLICY

A report from Civic provided an update on the three yearly review of the Dunedin City Council Treasury Risk Management Policy, undertaken by Dunedin City Holdings Limited (DCHL), for inclusion in the DCC's 10 Year Plan 2024-34.

Peter Hocking (General Manager, DCHL) and Richard Davey (Treasurer, DCHL) spoke to the report and responded to questions.

Cr Kevin Gilbert returned to the meeting at 2.23 pm.

Cr Marie Laufiso left the meeting at 2.27 pm and returned at 2.30 pm.

Moved (Cr Lee Vandervis/Cr Cherry Lucas):

That the Council:

- a) **Notes** the letter (dated 6 December 2023) from the Board of DCHL outlining the proposed changes to the Policy.
- b) **Approves** the changes to the DCC Treasury Risk Management Policy.

Motion carried (CNL/2023/308)

Conflicts of Interest (Officers) Policy

- 5 The **Conflicts of Interest (Council Officers) Policy** (Attachment B: clean and Attachment C: track changes) has been reviewed by staff and presented to ELT for approval on 29th February 2024. The policy is presented to the Subcommittee for noting.
- 6 The following updates have been made to the Conflict of Interest (Council Officers) Policy:
- a) Updated the Responsible Officer to General Manager Corporate Services, and responsible department to Corporate Services.
 - b) Changed the scheduled review date period from 2 to 3 years – reviews can be conducted at any stage as required to address substantial changes.
 - c) The Policy has been updated to follow the new template.
 - d) The order of wording on the policy has been changed to provide a logical flow and to improve clarity on key points.
 - e) Policy has been reduced to remove all procedural details – these have been captured in a guidance document.

- f) Definitions have been updated to align with other recently reviewed policies to create consistency.
- g) Referrals have been made to other DCC internal policies and procedures where appropriate.
- h) Added detail that this policy follows the recommended approach from the office of the Auditor-General (refer to 4.4.)
- i) Added detail on when the Chief Executive Officer has an actual or potential conflict of interest, this is to be assessed and managed by the Chair of the Audit and Risk Subcommittee (refer to 4.9.).

Electronic Communications Email Quarantine Policy

- 7 The **Electronic Communications Email Quarantine Policy** was developed in 2019 to ensure that Council staff and elected members were protected from inappropriate email correspondence and to ensure that Council has robust processes around the quarantining of emails and to ensure transparency in how emails are quarantined.
- 8 This Policy had a light touch review in October 2022, and is due for full review again in October 2024.
- 9 A review has been undertaken by staff from across the DCC (Risk and Audit, People and Capability, Health and Safety, Legal, Customer Services, GSO, and BIS) and a summary of feedback from staff on the Policy is:
 - a) No emails have been quarantined in the last 2 years, and
 - b) It is not currently adhered to e.g sections *10. Internal reporting requirements*, and *11. Audit and Risk Subcommittee reporting requirements*, and key staff e.g BIS Manager, are not aware of the Policy or their role in managing and reporting email quarantining, and
 - c) It is restricted to emails and does not cover verbal/in person, and other written (letters, social media) correspondence, and
 - d) It reads as a procedural document rather than a Policy, with details on what is harmful email correspondence, the quarantine process, reporting, the complaints process, code of conduct, and email templates, and
 - e) It is a duplication of information already covered in other Policies e.g Bullying Harassment and Discrimination Policy
- 10 ELT were unanimous in approving to revoke the Policy on 29th February 2024.
- 11 The Policy will be replaced with guidance on Connect that align with the DCCs commitment to protect the Health Safety and Wellbeing of our employees, and which aligns with the Bullying, Harassment and Discrimination Policy.
- 12 The guidance will remind staff to record occurrences of offensive or inappropriate communication in Vault, which can then be reported through to the Health and Safety Wellbeing Board and the Audit and Risk Subcommittee.

NEXT STEPS

- 13 Any feedback provided by ARS on policies presented will be incorporated into the policy, which will then go to the Executive Leadership Team for final review and approval.

Signatories

Author:	Hayley Knight - Quality, Compliance and Business Assurance Advisor
Authoriser:	Carolyn Allan - Chief Financial Officer

Attachments

	Title	Page
↴A	Treasury Risk Management Policy 2023	114
↴B	Policy Conflict of Interest (Council Officers) - Clean	134
↴C	Policy Conflict of Interest (Council Officers) - Track Changes	138
↴D	Electronic Communications Email Quarantine Policy	145

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

This report provides an update on Council Policy documents as identified by the Audit and Risk Subcommittee Workplan, which is a regulatory function considered good quality and cost effective.

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"/>	✓

The Audit and Risk Subcommittee monitors and provides assurance for the effective review and management of core Council Policies – thereby supporting business controls and delivery, governance and the realisation of strategic objectives.

Māori Impact Statement

There are no know impacts for mana whenua.

Sustainability

There are no implications for sustainability.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

There are no known implications.

Financial considerations

No financial implications have been identified.

Significance

This report is considered low in terms of the Council’s Significance and Engagement Policy.

Engagement – external

No external engagement has been undertaken.

Engagement - internal

Activities noted herein include cross Council engagement and collaboration on Policy review and development.

Risks: Legal / Health and Safety etc.

A failure to maintain effective and appropriate Policy framework across core Council functions exposes the DCC to a range of operational and strategic risks, including financial, business and service performance, community, business and sector confidence, as well as potential fraud and litigation.

SUMMARY OF CONSIDERATIONS

Conflict of Interest

No conflicts of interest have been identified.

Community Boards

There are no known implications for the Community Boards.

HEALTH AND SAFETY MONTHLY REPORTING FOR JANUARY 2024

Department: Health and Safety

EXECUTIVE SUMMARY

1 The monthly Health and Safety reporting for January 2024 is attached for consideration

RECOMMENDATIONS


That the Subcommittee:

- a) **Notes** the monthly Health and Safety report for January 2024.

Signatories

Author:	Jane Pearce - Health and Safety Manager
Authoriser:	Robert West - General Manager Corporate Services

Attachments

	Title	Page
	Health and Safety monthly report for January 2024	160

RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit and Risk Subcommittee:

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

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
<p>C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 30 November 2023 - Public Excluded</p>	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(h) The withholding of the information is</p>	<p>.</p>	

	<p>necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p> <p>S7(2)(g) The withholding of the information is necessary to maintain legal professional privilege.</p> <p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p> <p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S6(b) The making available of the information would be likely to endanger the safety of a person.</p>		
<p>C2 Treasury Risk Management Compliance Report</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>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

<p>C3 DCC Risk 'Deep Dive' - Business Continuity Planning: 3 Waters Example</p>	<p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C4 DCC Internal Audit Actions Update</p>	<p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C5 Report to the Council on the Audit of Dunedin City Council for the year end 30 June 2023</p>	<p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure</p>	

	<p>making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>	<p>of information for which good reason for withholding exists under section 7.</p>	
<p>C6 Internal Audit Workplan Update</p>	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>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>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

<p>C7 Dunedin City Holdings Ltd - Update on Audit and Risk Activity</p>	<p>S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C8 Protected Disclosure Register - April 2024</p>	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C9 Investigation Register - April 2024</p>	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for</p>	

	<p>persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>which good reason for withholding exists under section 7.</p>	
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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.