

**Notice of Meeting:**

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

**Date:** Monday 10 March 2025  
**Time:** 12.30 pm  
**Venue:** Council Chamber, Dunedin Public Art Gallery, The Octagon,  
Dunedin

Sandy Graham  
Chief Executive Officer

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

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**MEMBERSHIP**

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

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Wendy Collard  
Governance Support Officer

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



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**1 APOLOGIES**

An apology has been received from Ms Janet Copeland.

That the Subcommittee:

**Accepts** the apology from Ms Janet Copeland.

**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.

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## **DECLARATION OF INTEREST**

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### **EXECUTIVE SUMMARY**

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

### **RECOMMENDATIONS**

That the Subcommittee:

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

### **Attachments**

	<b>Title</b>	<b>Page</b>
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Audit and Risk Subcommittee - Register of Interest - current as at 27 February 2025				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Warren Allen	Chairperson	Audit and Risk Committee, Porirua City Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Office of the Auditor General	Potential. Audit NZ are suppliers to Council	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	<del>Chairperson</del>	<del>Audit and Risk Committee, Ministry of Foreign Affairs and Trade</del>	<del>No conflict identified.</del>	<del>Seek advice prior to the meeting if actual or perceived conflict of interest arises.</del>
	Chairperson	Audit Advisory Board, PWC New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Anglican Diocesan of Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Convenor	Audit and Risk Committee, Commerce Commission	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Taupo	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Forestry Investment (Gisborne)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Nikau Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	<del>Member-Chairperson</del>	<del>Nikau Foundation's Audit and Risk Committee</del>	<del>No conflict identified.</del>	<del>Seek advice prior to the meeting if actual or perceived conflict of interest arises.</del>
	Kiwisaver	Milford Asset Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Trustee/Beneficiary	Two Family Trusts - property ownership	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.	
Janet Copeland	Director	Next Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ronaki (Southland) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stoney Creek Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Stoney Creek Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Copeland Ashcroft Law Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Past President	Southland Branch of NZ Law Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Clutha Health First Limited	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	New Zealand Law Society - Standards Committee (Southland)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
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 Club	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	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	Connecting Dunedin (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 Christine Garey	Trustee	Garey Family Trust - Property Owner - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Women of Ōtepoti	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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 (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 Apointment)	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.
	Member	Theomin Gallery Management Committee (Olveston) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Cherry Lucas	Trustee	Otago Farmers Market	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago A & P Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Henderson Lucas Family Trust - Residential Dunedin Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	NZ Institute of Chartered Accountants	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Otago Museum Trust Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Chinese Garden Advisory Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Toitū Otago Settlers Museum Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	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	Taieri Airport Trust (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.



Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	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 Lee Vandervis	Director	Lee Vandervis, Antonie Alm-Lequeux and Cook Allan Gibson Trustee Company Ltd - Residential Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Bunchy Properties Ltd - Residential Property Ownership - Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Vandervision Audio and Lighting - Hire, Sales and Service Business	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
<b>Staff</b>				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Sandy Graham	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Trustee of the Taieri Airport Facilities Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	St Clair Golf Course	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
		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.
	Client	LJ Hooker - Sale and Purchase of properties. Used as agent in both transactons.	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Vendor	Property purchased by senior member of ORC staff	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Client	Various local contractors (glazing, carpet, fencing and kitchen upgrades)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Carolyn Allan	Owner	Residential property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential rental property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mountain Bike Otago	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

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## **CONFIRMATION OF MINUTES**

### **AUDIT AND RISK SUBCOMMITTEE MEETING - 4 DECEMBER 2024**

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#### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 04 December 2024 as a correct record.

#### **Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">A↓</a>	Minutes of Audit and Risk Subcommittee meeting held on 4 December 2024	11

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## Audit and Risk Subcommittee MINUTES

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Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Council Chamber, Dunedin Public Art Gallery, The Octagon, Dunedin on Wednesday 04 December 2024, commencing at 2.00 pm

### PRESENT

<b>Chairperson</b>	Warren Allen	
<b>Deputy Chairperson</b>	Janet Copeland	
<b>Members</b>	Cr Christine Garey	Cr Cherry Lucas
	Cr Lee Vandervis	

### IN ATTENDANCE

Sandy Graham (Chief Executive Officer), Carolyn Allan (Chief Financial Officer), Scott MacLean (General Manager, Climate and City Growth), Jinty MacTavish (Manager, Zero Carbon), Jonathan Rowe (Programme Manager, South Dunedin Future), Jane Pearce (Health and Safety Manager) Richard Davey (Treasurer, Dunedin City Holdings Ltd), Hayley Knight (Assurance Manager) and Cr Sophie Barker

**Governance Support Officer** Wendy Collard

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### 1 APOLOGIES

An apology has been received from Mayor Jules Radich

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

**Accepts** the apology from Mayor Jules Radich

**Motion carried (AR/2024/034)**

## **2 CONFIRMATION OF AGENDA**

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

**Confirms** the agenda without addition or alteration.

**Motion carried (AR/2024/035)**

## **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.

Warren Allen provided an update to his register of interests.

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

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

**Motion carried (AR/2024/036)**

## **4 CONFIRMATION OF MINUTES**

### **4.1 AUDIT AND RISK SUBCOMMITTEE MEETING - 7 OCTOBER 2024**

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 07 October 2024 as a correct record.

**Motion carried (AR/2024/037)**

### **4.2 AUDIT AND RISK SUBCOMMITTEE MEETING - 25 OCTOBER 2024**

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

- a) **Confirms** the public part of the minutes of the Audit and Risk Subcommittee meeting held on 25 October 2024 as a correct record.

**Motion carried (AR/2024/038)**

## **PART A REPORTS**

### **5 AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2024/2025**

A report from Civic provided a copy of the Audit and Risk Subcommittee Work Plan 2024/2025 which has been aligned with work programme scheduling and decision making.

The Chief Financial Officer (Carolyn Allan) responded to questions.

Following discussion it was agreed that the Financial Strategy and Risks would be added to the work plan along with regular reporting on the Climate Change Adaptation and Mitigation Risk and 2030 Zero Carbon Policy.

Moved (Mr Warren Allen/Cr Christine Garey):

That the Subcommittee:

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

**Motion carried (AR/2024/039)**

### **6 AUDIT AND RISK SUBCOMMITTEE UPDATES REPORT**

A report from Finance provided updates on the progress of various sundry matters that had been noted by the Subcommittee.

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

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

- a) **Notes** the Audit and Risk Subcommittee Updates Report.  
b) **Notes** the Timeline for Water Services Delivery Plan.

**Motion carried (AR/2024/040)**

### **7 DCC POLICY UPDATE REPORT**

A report from Finance provided an update on DCC policies as identified in the Audit and Risk Subcommittee (ARS) Workplan and ongoing audit and business improvement activities.

The Chief Financial Officer (Carolyn Allan) and the Assurance Manager (Hayley Knight) spoke to the report and responded to questions.

Following discussion on the Fraud, Bribery and Corruption Prevention Policy, it was agreed that the following minor amendments be made:

1.1 d) to now read: *Outline clear roles and responsibilities of the DCC for investing and responding to allegations of fraud, bribery, or corruption.*

4.8 to now read: *Where fraud is established.....*

4.12 h) to now read: *robust due diligence enquiry of new suppliers.*

Moved (Warren Allen/Cr Cherry Lucas):

That the Committee:

- a) **Notes** the Policy Update Report – December 2024.
- b) **Endorses approval** of the Treasury Risk Management Policy.
- c) **Approves** the Fraud, Bribery and Corruption Prevention Policy.
- d) **Notes** the Fraud, Bribery and Corruption Investigation procedures.

**Motion carried (AR/2024/041)**

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

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

<b>General subject of the matter to be considered</b>	<b>Reasons for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>	<b>Reason for Confidentiality</b>
C4 DCC Risk 'Deep Dive' - Climate Change Mitigation and Adaptation	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	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 or  
information from the  
same source and it is in  
the public interest that  
such information should  
continue to be supplied.

**Motion carried (AR/2024/042)**

The meeting moved into non public at 2.34 pm and reconvened in public at 3.12 pm

**7 DCC POLICY UPDATE REPORT (continued)**

Following discussion on the Gifts and Hospitality Policy, , it was agreed that the following minor amendments be made:

2.2 to now read: *This Policy does not apply to volunteers and those people who provide honorary or unpaid employee of the DCC.*

4.1 to now read: *The offer of gifts and/or hospitality .from third parties can constitute a personal thank you or be appropriate for relationship management because of the nature of the work. Gifts and/or hospitality .....*

4.4 to now read: *The following is a list of gifts that should not be accepted.*

Moved (Warren Allen/Cr Cherry Lucas):

That the Subcommittee:

- e) **Provide feedback** on the Gifts and Hospitality Policy.
- f) **Notes** the Gifts and Hospitality Procedures.
- g) **Approve** the Policy Review Schedule .
- h) **Notes** the Policy Review Process for the Audit and Risk Subcommittee.

**Motion carried (AR/2024/043)**

**8 HEALTH AND SAFETY MONTHLY REPORTING FOR OCTOBER 2024**

A report from Health and Safety provided the monthly Health, Safety and Wellbeing report for October 2024 for the Subcommittee’s information.

The Health and Safety Manager (Jane Pearce) spoke to the report and responded to questions.

Moved (Warren Allen/Cr Christine Garey):

That the Subcommittee:

- a) **Notes** the monthly Health, Safety and Wellbeing report for October 2024.

**Motion carried (AR/2024/044)**

**9 FINANCIAL REPORT - PERIOD ENDED 30 SEPTEMBER 2024**

A report from Finance provided the financial results for the period ended 30 September 2024 and the financial position as at that date which was presented to the Finance and Council Controlled Organisation Committee meeting held on 14 November 2024.

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

Moved (Cr Lee Vandervis/Warren Allen):

That the Subcommittee:

- a) **Notes** the Financial Performance for the period ended 30 September 2024 and the Financial Position as at that date.

**Motion carried (AR/2024/045)**

**10 WAIPORI FUND - QUARTER ENDING 30 SEPTEMBER 2024**

A report from Dunedin Treasury Limited provided information on the results of the Waipori Fund for the quarter ended 30 September 2024 which was presented to the Finance and Council Controlled Organisation Committee meeting held on 14 November 2024.

The Treasurer, Dunedin City Holdings Ltd (Richard Davey) spoke to the report and responded to questions.

Moved (Mr Warren Allen/Cr Cherry Lucas):

That the Committee:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 30 September 2024.

**Motion carried (AR/2024/046)**

Cr Garey left the meeting at 3.57 pm.

**RESOLUTION TO EXCLUDE THE PUBLIC**

Moved (Mr Warren Allen/Cr Cherry Lucas):

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:

<b>General subject of the matter to be considered</b>	<b>Reasons for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the</b>	<b>Reason for Confidentiality</b>
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**passing of this  
resolution**

C1 Audit and Risk  
Subcommittee  
meeting - 7 October  
2024 - Public Excluded

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)(c)(i)  
The withholding of the  
information is necessary  
to protect information  
which is subject to an  
obligation of confidence  
or which any person has  
been or could be  
compelled to provide  
under the authority of  
any enactment, where  
the making available of  
the information would  
be likely to prejudice  
the supply of similar  
information or  
information from the  
same source and it is in  
the public interest that  
such information should  
continue to be supplied.

S7(2)(b)(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.

S7(2)(a)  
The withholding of the  
information is necessary

<p>C2 Audit and Risk Subcommittee meeting - 25 October 2024 - Public Excluded</p>	<p>to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p>	
<p>C3 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>C5 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>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>

	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	
C6 DCC External Audit Actions Update - November 2024	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.
C7 Audit Engagement Letter (Draft)	S7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C8 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	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.

C9 DCC Risk 'Deep Dive' - Fraud Risk Management	<p>subject of the information.</p> <p>S7(2)(c)(i)</p> <p>The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)</p> <p>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>
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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.

That Mark Cervantes (Crowe) be permitted to attend the meeting, after the public has been excluded, because of their knowledge of Items C5. This knowledge, which would be of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.

**Motion carried (AR/2024/047)**

The meeting moved into non-public at 3.58 pm and concluded at 5.12 pm.

.....  
CHAIRPERSON

## **PART A REPORTS**

### **AUDIT AND RISK SUBCOMMITTEE WORK PLAN 2025**

Department: Civic

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#### **EXECUTIVE SUMMARY**

- 1 This report provides a copy of the Audit and Risk Subcommittee Work Plan 2025 which has been aligned with work programme scheduling and decision making.
- 2 It should be noted that the items without ticks shown have not been scheduled for action. A Deep Dive work programme will be developed after the Corporate Risk Register has been reviewed. Deep dive topics will reflect the high or emerging risks.
- 3 As this is an administrative report only, the Summary of Consideration is not required.

#### **RECOMMENDATIONS**

That the Subcommittee:

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

#### **Signatories**

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Carolyn Allan - Chief Financial Officer

#### **Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Audit and Risk Subcommittee Work Plan	22

<b>Audit and Risk Subcommittee WorkPlan - 2025/2026</b>						
	<b>Responsible</b>	<b>March</b>	<b>June</b>	<b>September</b>	<b>December</b>	<b>March</b>
<b>GOVERNANCE</b>						
Audit and Risk Subcommittee Terms of Reference/Delegations	Governance					
<b>REGULAR REPORTS</b>						
Audit and Risk Subcommittee 2024/25 Workplan Report	Governance	✓	✓	✓	✓	✓
Financial Results	Finance	✓	✓	✓	✓	✓
Financial Strategy and Risks	Finance		✓	✓	✓	✓
Waipori Fund - Quarterly Results	Finance	✓	✓	✓	✓	✓
Audit and Risk Subcommittee Updates Report	Risk and Audit	✓	✓	✓	✓	✓
Internal Audit Workplan Update	Risk and Audit	✓	✓	✓	✓	✓
Internal Audit Actions Update	Risk and Audit	✓		✓		✓
External Audit Actions Update	Risk and Audit		✓		✓	
Treasury Compliance	Treasury	✓	✓	✓	✓	✓
DCHL Audit Update	DCHL	✓	✓	✓	✓	✓
Health and Safety Reporting	H&S	✓	✓	✓	✓	✓
Climate Change Adaption and Mitigation and 2030 Zero Carbon Policy	Sustainability					
Protected Disclosure Register	Finance	✓	✓	✓	✓	✓
Investigation Register	Finance	✓	✓	✓	✓	✓
<b>OTHER REPORTING</b>						
Schedule of Top 100 Suppliers	Finance			✓		
Data Analytics	Finance					
Insurance Update	Finance/Aon NZ	✓	✓	✓	✓	✓
Corporate Risk Register	Risk and Audit		✓			
Legal Update	Legal	✓		✓		✓
Annual Report Planning	Finance		✓			

Audit and Risk Subcommittee WorkPlan - 2025/2026						
	Responsible	March	June	September	December	March
Annual Report Improvement Project	Finance					
Management Reporting - Audit New Zealand	Finance	✓				
Update on 9 year plan	Corporate Policy	✓				
POLICY REVIEWS/UPDATES						
Fraud Bribery & Corruption Prevention Policy	Risk and Audit					
Gifts and Hospitality Policy	HR					
Staff Code of Conduct (Employee Values and Practices)	HR		✓			
Sensitive Expenditure Policy	Finance		✓			
Protected Disclosure "Whistle-Blower" Policy	Corporate and Quality					✓
Information Management Policy	BIS				✓	
ICT Acceptable Use Policy	BIS				✓	
Health, Safety and Wellbeing Policy	H&S			✓		
Staff Conflict of Interest Policy	Corporate and Quality					
Treasury Risk Management Policy	Treasury					
Leave Management Policy (next review date July 2025)	HR					✓
Koha Policy (next review date September 2027)	Māori Partnerships					
Procurement and Contracts Management Policy (next review date June 2028)	Procurement					
Internal Audit Policy (next review date July 2027)	Finance					
Risk Management Policy (next review date September 2026)	Risk and Audit					✓
Asset Management Policy	Infrastructure					
Asset Disposal and Write-Off Policy	Finance					
Child Protection Policy (next review date July 2027)	HR					
Legal Compliance Policy	Legal					

Audit and Risk Subcommittee WorkPlan - 2025/2026						
	Responsible	March	June	September	December	March
<b>RISK OVERVIEW (DEEP DIVE)</b>						
Deep Dive Work Programme	Policy					
Fraud Risk Management	Risk and Audit	✓				
Financial Risk	Finance		✓			
Insurance Strategy (Aon)	Finance					✓
Business Continuity Planning	Infrastructure					
Contract Management	Procurement			✓		



## **AUDIT AND RISK SUBCOMMITTEE UPDATES REPORT**

Department: Finance

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### **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
- b) **Notes** the OAG Report: Observations from 2024-34 long term plans (Attachment A)
- c) **Notes** the WEF Global Risks Report 2025: Key Findings (Attachment B)

### **DISCUSSION**

#### **1 Insurance**

- 2 Following the update to the National Seismic Hazard Model, Council commissioned work to model and understand earthquake loss for below-ground assets to inform insurance loss limits. This modelling has been completed and a draft report has been received. Results from the modelling indicate that no significant changes are required.
- 3 The Business Interruption review is yet to be completed. This work is expected to inform the 1 July 2025 renewal process which commences later this month.

#### **2 9 Year Plan**

- 4 A 9-year plan Council meeting was held on 28 - 30 January 2025, where activities and budgets were presented to Council for its consideration. Following this, the first version of the draft consultation document was provided to Audit NZ on 3 February 2025.
- 5 The audit of the consultation document is in progress. A “hot review” of the consultation document is scheduled to be undertaken by the Office of the Auditor General during the week commencing 10 March 2025. Adoption of the consultation document is scheduled for the 26 March 2025 Council meeting.
- 6 Alongside the development of this 9-year plan, is the development of the “Local Water Done Well – Ōtepoti” consultation document that discusses potential models for delivering water services. Both consultations will be undertaken at the same time, along with a joint hearing in early May.

7 A decision on the delivery model to be used for Dunedin will be made in late May, and the final 9-year plan document will reflect that decision. Further discussion on Local Water Done Well is provided below.

8 A high-level timetable for the remainder of the 9-year plan project is as follows:

Timing	Task
March 2025	Audit “Hot review”, completion of audit Adoption of the 9-year plan consultation document.
31 March to 30 April 2025	Engagement and submission period
5 – 8 May 2025 26 – 29 May 2025	Hearings Deliberations
30 June 2025	Adoption of the 9-year plan

3

**4 Local Water Done Well**

9 The Government is now in the final stage of their three-stage process implementing its “Local Water Done Well” (LWDW) reform programme.

10 The first stage of LWDW saw the repeal of legislation relating to large water services entities. This was in February 2024.

11 The second stage of LWDW was implemented with the passing of the Local Government (Water Services Preliminary Arrangements) Act 2024 (Preliminary Act) on 2 September 2024. As a result, Council is required to prepare and submit a WSDP to the Secretary for Local Government by 3 September 2025.

12 The third stage of LWDW is now underway with the introduction of the Local Government (Water Services) Bill (the December Bill) on 10 December 2024. The December Bill provides the enduring settings for LWDW including the framework for economic regulation as well as the more detailed powers and duties for service delivery models. Council has made a submission on the Bill which is expected to be enacted in mid-2025. The Bill provides for:

- i. Structural arrangements for water service delivery including establishment, ownership, and governance of water organisations.
- ii. Operational matters such as arrangements for charging, bylaws, and management of stormwater networks.
- iii. Planning, reporting, and financial management.
- iv. A new economic regulation and consumer protection regime.
- v. Changes to the water quality regulatory framework and the water services regulator.

- 13 Guidance on the future water services delivery system was released by the DIA on 8 August 2024, and further on the WSDP on 3 September 2024. The Guidance was subsequently updated in December 2024.
- 14 At the Council meeting on 26 February 2025, Council was considered a report “Local Water Done Well – Decision on Water Models for Consultation”. The Council decided, for the purposes of consultation, on:
- a) its preferred water services delivery model (Preferred Option); and
  - b) what other option(s) it will consult on (Alternative Option(s))
- 5 (together, referred to as “the Water Consultation Options”).
- 15 Council selected the in-house delivery option as the preferred option for DCC’s future water services delivery model, and the single CCO (asset owning) option as an alternative option.
- 16 Staff are preparing the LWDW consultation document accordingly. As discussed above, the LWDW consultation document is being developed alongside the development of the 9-year plan consultation document. Both consultations will be undertaken at the same time, along with a joint hearing in early May.
- 17 A decision on the delivery model to be used for Dunedin will be made as soon as possible after the Hearings. A decision on the WSDM would need to be made in mid-May so that staff can update the 9-year plan to reflect the WSDM, as required, and to allow time for the Audit Report on the 9-year plan.
- 18 Council will adopt its 9-year plan on 30 June 2025, and will submit its WSDP to the Secretary for Local Government before 3 September 2025.
- 19 At the Council meeting on 26 February 2025, Council also considered a report on “Memorandum of Understanding with Christchurch City Council – Potential for Shared Services”. This report provided Council with information regarding a proposed process with Christchurch City Council (CCC) to investigate whether there are opportunities for certain shared water services (Shared Services) between the DCC and CCC.
- 20 The aim of Shared Services would be to reduce costs and enhance water services for each council’s communities. This aligns with the objectives of the LWDW reforms. A memorandum of understanding (MOU) has been prepared to record the proposed process for investigating the possibility of Shared Services.
- 21 Shared Services would not affect the underlying ownership of each council’s existing water assets as the services would be managed through contracts.

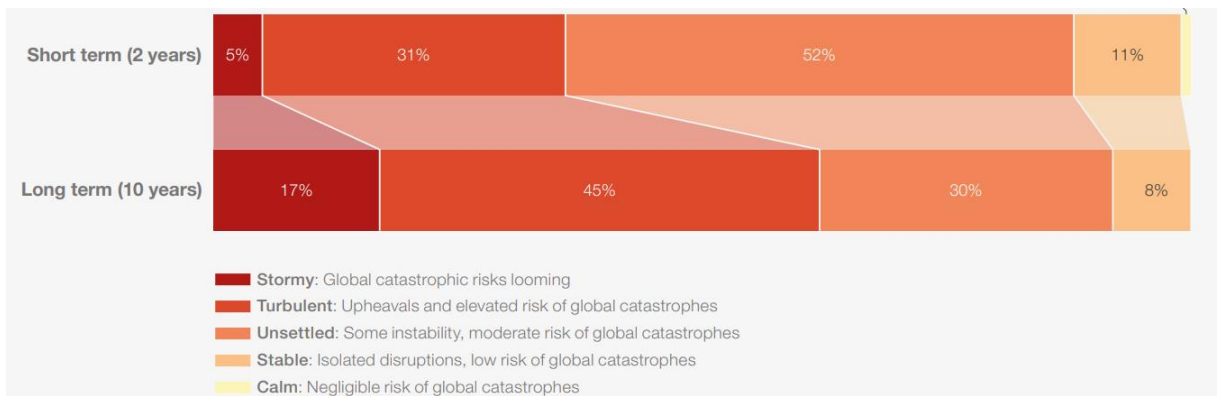
## **6 Policy Updates**

- 22 There are no updated policies presented at this meeting. The following policies are undergoing review:
- a) Asset Management Policy
  - b) Asset Disposal and Write-Off Policy



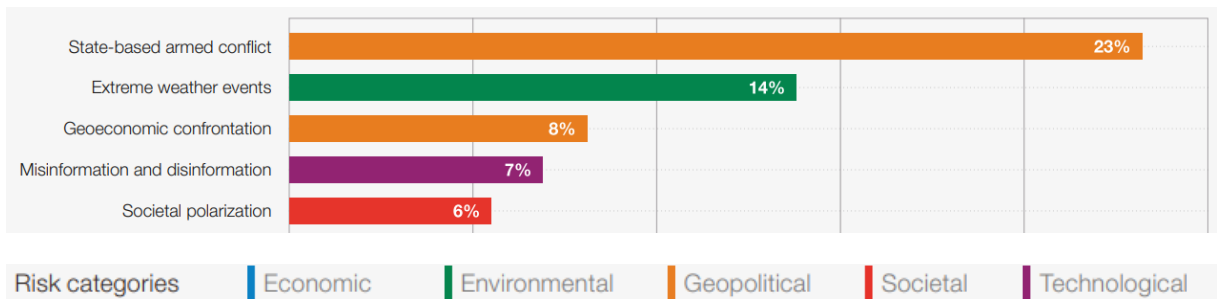
- e) Environmental risks still feature prominently in the 10-year horizon (see *Figure 3*) and is the top ranked risk in the civil sector for the next 2 years (see *Figure 4*).
  - f) The use of AI has continued to grow, but the risk of adverse effects of AI technologies is not featured in the top 10 for the 2-year outlook but is on the 10-year outlook.
- 30 From a New Zealand perspective, the top 5 risks (see *Figure 5*) are mostly economic based, alongside extreme weather, and poverty and inequality.
- 31 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.

9 *Figure 1: Short- and long-term global outlook.*



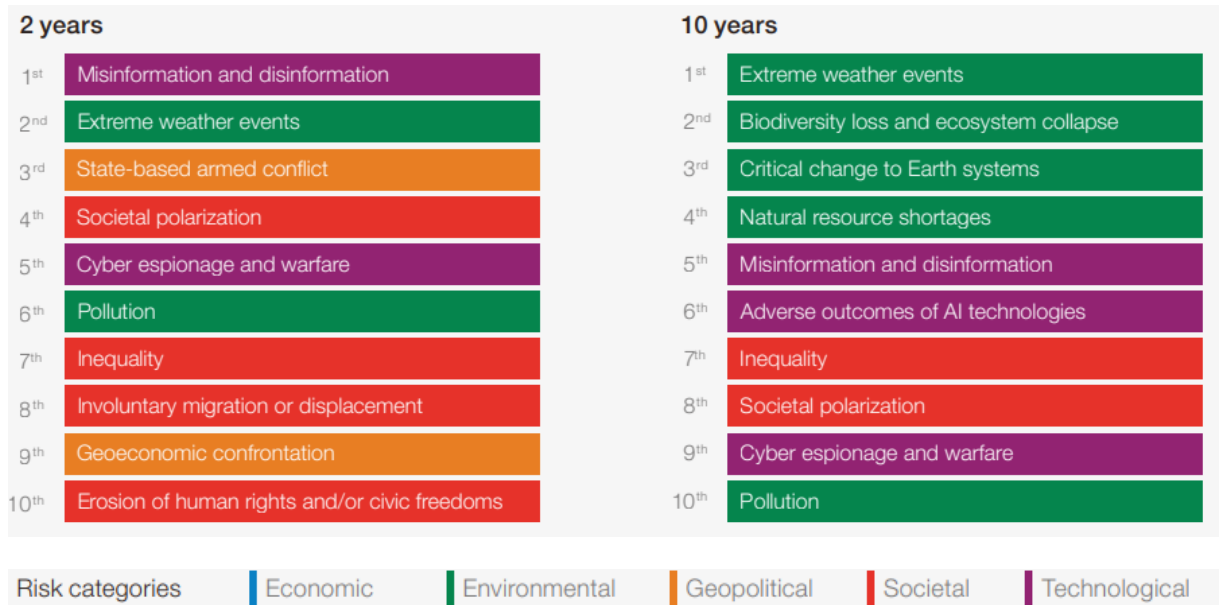
10

11 *Figure 2: The top five risks in the current global risk landscape.*



12

13 *Figure 3: The top ten risks predicted globally for the next 2 years and 10 years.*



14 *Figure 4: The top ten risks predicted for the Civil Society for the next 2 years.*



16 *Figure 5: The top five risks identified by risk professionals in New Zealand.*



## OPTIONS

17 This is a noting report so there are no options.

## Signatories

Author:	Hayley Knight - Assurance Manager
Authoriser:	Carolyn Allan - Chief Financial Officer

## Attachments

	Title	Page
<a href="#">A</a>	OAG Report: Observations from 2024-34 long term plans	34
<a href="#">B</a>	WEF Global Risks Report 2025: Key Findings	74

**SUMMARY OF CONSIDERATIONS**

***Fit with purpose of Local Government***

This report provides an update on the DCC Internal Audit Workplan, which is a regulatory function and is considered good quality and cost effective.

***Fit with strategic framework*** 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

	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"/>
Future Development Strategy	✓	<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 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

***Māori Impact Statement***

There are no known impacts for mana whenua.

***Sustainability***

There are no implications for sustainability

***Zero carbon***

There are no implications for zero carbon.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

There are no known implications.

***Financial considerations***

No financial implications have been identified

***Significance***

This report is rated low under 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.



**SUMMARY OF CONSIDERATIONS**

***Conflict of Interest***

There are no conflict of interest identified.

***Community Boards***

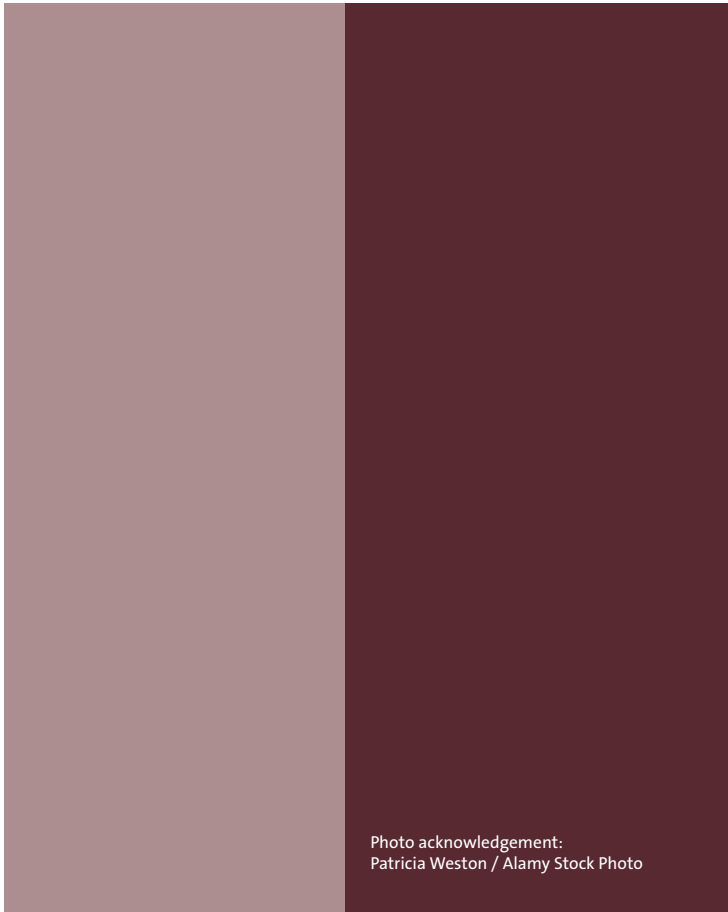
There have been no implications for Community Boards identified.



B.29[25a]

Observations from  
our audits of  
councils' 2024-34  
long-term plans





## Observations from our audits of councils' 2024-34 long-term plans

Presented to the House of  
Representatives under section 20 of  
the Public Audit Act 2001.

February 2025

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## Deputy Auditor-General’s overview

E ngā mana, e ngā reo, e ngā karangarangatanga maha o te motu, tēnā koutou.

Long-term plans play a fundamental part in ensuring that councils are accountable to the communities they serve. Long-term planning also enables communities to have input into decisions councils make about the future.

Councils use long-term plans to set out how they intend to provide services and maintain and renew assets, how much these activities will cost, and how they will be funded – usually through a combination of rates, central government funding, and debt.

As part of the long-term planning process, councils must determine the proportion of their planned expenditure that will be funded by rates. Long-term plans must be adopted before councils are able to set rates. If there are material errors in a long-term plan, the rates a council charges to its community could be wrong.

Councils’ planned rates increases in the 2024-34 long-term plans are significantly higher than in previous long-term plans. In our view, it is more critical than ever that the assumptions underlying long-term plans are supported by evidence and form an appropriate basis for calculating the rates charged to communities.

Our audits of long-term plans provide a vital role in ensuring that the information and assumptions that councils have used are reasonable and supportable. Auditors test the assumptions and underlying information that long-term plans are based on. In doing so, we often identify errors or other matters that are corrected before the long-term plan is adopted. This helps to ensure the accuracy of the information underlying long-term plans.

Audits provide independent assurance to each community, as well as Parliament and the wider public, which in turn supports the validity of rates decisions made by councils. Without this independent view, it would be difficult for communities to know whether they could rely on their council’s long-term planning and how it will affect them.

In this report, we discuss 32 consultation documents and 58 long-term plans that were audited between June and October 2024. We will report later this year on councils that chose to defer adopting their long-term plans until June 2025.

Councils undertook their long-term planning during significant uncertainty about how water services will be owned, managed, and provided, how transport and roading would be funded, how the Local Government Act 2002 may change, and how they would be affected by policies for improving funding and financing for infrastructure, replacement legislation for the Resource Management Act 1991, and a framework for “Regional Deals”.

Despite the uncertainty, most councils were able to meet legislative requirements and time frames. This is a significant achievement.

The uncertain operating environment for councils was reflected in our audit opinions. Of the 58 long-term plans we audited, 40 (69%) of our audit reports included emphasis of matter paragraphs or qualified audit opinions drawing attention to uncertainties in the councils' long-term plans.

Two councils, Palmerston North City Council and Chatham Islands Council, received adverse audit opinions. An adverse audit opinion is rare. It means that in our view, the information and assumptions underlying these plans were not reasonable. This is the second consecutive time that Palmerston North City Council has received an adverse opinion for its long-term plan.

Twelve councils received a qualified audit opinion where we drew attention to uncertainties that were fundamental to their long-term plans. There were material uncertainties in council assumptions about:

- central government funding, such as transport and infrastructure projects;
- the delivery of capital programmes;
- forecast cost-savings; and
- risks associated with plans to defer three waters asset renewals outside of the long-term planning period.

We used emphasis of matter paragraphs to draw attention to common areas of uncertainty in 28 long-term plans. These matters included uncertainty about government funding (particularly for local transport projects), the risks to the delivery of capital programmes, and forecasts for renewing three waters infrastructure.

In the 2024-34 long-term plans, councils describe the significant cost pressures they have experienced in recent years. Inflation and interest rates have increased costs, and population growth in some areas has increased the demand for councils' services. At the same time, many councils are addressing the consequences of many years of underinvestment in infrastructure.

To meet these cost pressures, councils are planning to increase rates – much higher than forecast inflation – and to borrow at historically high levels. In the first year of the 2024-34 long-term plans, rates are planned to, on average, increase by more than 10%. In total, rates revenue is forecast to increase from \$8.8 billion in 2024/25 to \$15.6 billion in 2033/34.

Total debt for the 58 councils is forecast to reach a peak of \$50.9 billion in 2032. Some councils are close to the Local Government Funding Agency borrowing

limits in place at the time of our audits (the Local Government Funding Agency recently announced that it is increasing its debt limit for high-growth councils). Other councils are forecasting that they will be close to or exceed the debt limits they have set themselves.

Although high-growth councils may be able to extend borrowing under the new limits, there are risks that some councils will not have the headroom to borrow in response to unexpected events, such as severe weather or other natural disasters.

Special purpose vehicles, arranged through the Infrastructure Funding and Financing Act (2020), provide councils with another means of financing infrastructure. Under these arrangements, councils can raise debt for specific infrastructure projects that does not sit on the council's balance sheet. Councils can then target rates to those residents who benefit from the infrastructure. However, only two councils – Wellington City Council and Tauranga City Council – are currently using this mechanism. We have heard from councils that setting up these arrangements can be complex and take considerable time.

The 58 councils included in this report plan to spend \$91.9 billion on assets over the next 10 years (a 34% increase on the 2021-31 long-term plans). Of this, \$39.5 billion is planned to be spent on renewing assets.

Councils are planning renewals expenditure to be, on average, 85% of forecast depreciation. This is an improvement to the 82% forecast in the 2021-31 long-term plans. However, with renewals expenditure still well below forecast depreciation, questions remain about whether councils are planning to reinvest enough in their assets to maintain levels of service.

There are also significant risks that councils will not be able to deliver all their planned investment. Historically, we have found that councils have not delivered their capital programmes. In 2021/22, councils spent 76% of the \$7.68 billion that they had budgeted for capital expenditure. This improved in 2022/23, when councils spent 94% of the \$7.5 billion that they had budgeted. However, the context of a tight labour market in the construction industry and associated cost inflation is likely to exacerbate risks to the delivery of capital programmes. We drew attention to these risks in 14 of our audit opinions.

Long-term plans are often large documents that include a significant amount of information which can be complex to the lay reader. This can make it hard for communities to access and understand the information most important to them. In previous reports, we recommended that the Department of Internal Affairs and the local government sector review the required content for long-term plans so that they focus on what matters most to communities. This would, in our view,



add value to the process and reduce the investment required to both prepare and audit these documents.

New Zealand faces a wide range of long-term challenges, including adapting to the effects of climate change, changes in demographics, tackling persistent inequity, and addressing the consequences of underinvestment in infrastructure.

Councils have been required to produce 10-year long-term plans for their communities since 2006. Over that time, while some issues have persisted (such as the need for more reinvestment in infrastructure), we have seen significant improvements in asset planning, financial strategies, and engagement with communities.

Many of the issues facing the public sector require long-term responses from both local and central government. The lack of requirements for comparable long-term planning for central government agencies seems to me to be an important gap for central government to address.

We plan to publish further observations from our audits of long-term plans later this year, including those of councils that chose to defer adopting their long-term plans until 30 June 2025. We will include information about how councils are factoring climate change risks into their long-term plans and what councils know about the condition and performance of their most critical assets.

I acknowledge the dedication, time, and effort that elected members and council officers and staff put into preparing the 2024-34 long-term plans. I also acknowledge my auditors and staff in the wider office who supported our audits.

Nāku noa, nā



Andrew McConnell  
Deputy Auditor-General

14 February 2025

# The 2024-34 long-term plans at a glance



## Financial forecasts from the long-term plans

Revenue to increase by **47%**



Operating expenditure to increase by **43%**

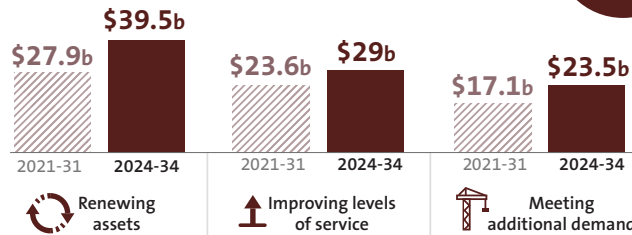


Debt to increase



## Forecast capital expenditure

Councils propose to spend 34% more on their assets during 2024-34 than they proposed in their 2021-31 long-term plans.



Comparisons between the 2021-31 and 2024-34 long-term plans are between the same 58 councils that completed the 2024-34 long-term plans.

## We looked at ...

**32** consultation documents

- 10 unmodified opinions
- 19 included emphasis of matter paragraphs
- 3 qualified audit opinions

**58** long-term plans

- 16 unmodified opinions
- 28 included emphasis of matter paragraphs
- 12 qualified audit opinions
- 2 adverse audit opinions

## Timeliness



- 1** regional council and
- 1** district council adopted their plans a month after deadline.
- 12** councils deferred adopting their plans by a year.
- 8** cyclone-affected councils prepared three-year unaudited plans instead.

# 1

## Our audits of councils' 2024-34 long-term plans

- 1.1 Long-term planning has been a feature of local government in New Zealand for many years. Since 2006, the Local Government Act 2002 has required councils to produce 10-year long-term plans for their communities every three years.
- 1.2 This report describes the audit results and trends from the 58 long-term plans that councils adopted between June and October 2024.
- 1.3 The 2024-34 long-term plans show that councils are planning to increase their investment in infrastructure. Councils are also responding to cost pressures by planning to increase rates at higher levels than in previous years and to increase borrowing to fund capital expenditure.
- 1.4 Twelve councils took the option to defer adopting their long-term plans by a year. Another eight councils that had been affected by severe weather events were not required to prepare 10-year audited long-term plans, and prepared unaudited three-year plans instead.
- 1.5 Later in 2025, we will provide further analysis of our observations from our long-term plan audits, including for the councils that chose to defer adopting their long-term plans until 30 June 2025.

### Why do councils prepare long-term plans?

- 1.6 Long-term plans describe how councils plan to deliver services to their communities, the outcomes those services will contribute to, how much they are expected to cost, and how they will be paid for.<sup>1</sup>
- 1.7 Councils have significant powers. They also have an important role in providing the everyday services that New Zealanders rely on, such as supplying drinking water, removing and treating wastewater, and maintaining local roads. These services are underpinned by infrastructure (such as water treatment plants), which require significant capital investment to replace and are expensive to maintain.
- 1.8 Councils also own and operate community and recreational facilities such as swimming pools, sports grounds, and libraries.
- 1.9 Long-term plans provide information about the decisions and trade-offs that councils need to make on their communities' behalf and enable communities to hold councils to account for these decisions. The consultation documents for long-term plans provide a basis for councils to seek their communities' input into how they will pay for council services and functions.

- 1.10 Long-term plans also provide transparency about the rates people can expect to pay, the levels of service they can expect to receive, and how councils plan to respond to future challenges such as changes in population and the effects of climate change.

### **Our audit work on long-term plans**

- 1.11 Audits of long-term plans include assessing the evidence that councils have used to support the information and disclosures in their long-term plans. We check that the policies councils propose are appropriately reflected in the forecasts they have prepared. In effect, we check whether councils' forecasts are consistent with what they say they will do.
- 1.12 When auditing long-term plans, our auditors often identify errors or other matters that are corrected before the plan is adopted. This helps to ensure the accuracy of the information underlying long-term plans.
- 1.13 Our audit opinions on long-term plans provide communities with independent assurance that their council's long-term plan meets its statutory purpose and is based on reasonable and supportable information and assumptions.
- 1.14 Audit assurance supports communities to have trust and confidence in how their councils are planning for the future. Without this independent view, it would be difficult for communities to know whether they could rely on their council's long-term planning and fully understand how it would affect them – such as the amount they can expect to pay in rates, and the levels and types of service they will receive.
- 1.15 We last reported on councils' long-term plans in 2022 (for 2021-31). We reported then that:
- councils were taking steps to address historical underinvestment in infrastructure, with a focus on investing in three waters assets (drinking water, wastewater, and stormwater);
  - many councils were collecting better information about the condition and performance of their assets;
  - to fund increasing costs, councils were setting rates at a higher level than many had previously;
  - councils were providing more discussion about the effects of climate change and what they were doing to adapt to and mitigate risks from climate change; and
  - significant reforms in three waters and the Resource Management Act (1991) meant that councils were planning in a context of uncertainty.

## The context for councils' 2024-34 long-term plans

- 1.16 In 2024, councils' preparation of their long-term plans was affected by the severe weather events of 2022 and 2023 and by announcements about changes to how water services would be managed and provided.
- 1.17 Eight councils that were affected by Cyclone Gabrielle and other significant weather events in 2022 and 2023 were exempt from the Local Government Act's requirement to prepare an audited 10-year long-term plan. Instead, they were required to prepare unaudited three-year plans.<sup>2</sup>
- 1.18 In February 2024, the Government introduced and passed legislation to repeal all water services entities legislation. The Water Services Acts Repeal Act 2024 repealed the Water Services Entities Act 2022, the Water Services Legislation Act 2023, and the Water Services Economic Efficiency and Consumer Protection Act 2023.<sup>3</sup>
- 1.19 The Act reinstated previous legislation about providing water services (including local government legislation). This continued councils' ownership and control of water services and their responsibility for providing those services.
- 1.20 The Act included some transitional support options to help councils complete their long-term plans, depending on their local needs and circumstances. These options meant councils could choose whether to have their consultation documents audited and when to adopt their audited long-term plans.<sup>4</sup>
- 1.21 Some councils could choose to:
- have their long-term plans audited and adopted by 30 June 2024 (these councils could choose not to have their consultation documents audited);
  - defer the audit and adoption of their long-term plans by three months to 30 September 2024 (these councils could also choose not to have their consultation documents audited); or
  - defer the audit and adoption of their long-term plans by one year to 30 June 2025 (these councils are required to have their consultation documents audited).<sup>5</sup>
- 1.22 Twelve councils decided to defer adopting their long-term plans until 30 June 2025.

<sup>2</sup> See clause 5 of the Severe Weather Emergency Recovery (Local Government Act 2002 – Long-term Plan) Order 2023. The affected councils were Central Hawke's Bay District Council, Far North District Council, Gisborne District Council, Hastings District Council, Hawke's Bay Regional Council, Kaipara District Council, Napier City Council, and Wairoa District Council.

<sup>3</sup> See "Local Water Done Well legislation" at [dia.govt.nz](http://dia.govt.nz).

<sup>4</sup> Tauranga City Council's Consultation Document was audited before the repeal was enacted.

<sup>5</sup> These options were not available to the eight cyclone-affected councils, the Chatham Islands Council, or regional councils (except for Greater Wellington Regional Council). See section 42 of the Water Services Acts Repeal Act 2024.

- 1.23 Of the 58 long-term plans that were adopted by 31 October 2024:
- Thirty-two councils had their consultation documents audited;
  - Thirty-six councils adopted their long-term plans by 30 June 2024;
  - One regional council breached the 30 June 2024 statutory deadline and adopted its long-term plan in July 2024;
  - Twenty councils adopted their long-term plans between 1 July and 30 September 2024; and
  - One district council breached the 30 September statutory deadline for three-month deferrals and adopted its long-term plan in October 2024.

### **The 2024-34 long-term plans were prepared during significant uncertainty**

- 1.24 When councils prepared their long-term plans, government policies and funding decisions were changing. This affected some of the assumptions the long-term plans were based on.
- 1.25 Our audit reports for both consultation documents and long-term plans reflected some of the uncertainty that councils faced. Despite the level of change and uncertainty, most councils were able to prepare long-term plans that met legislative requirements and were based on reasonable underlying assumptions and information.
- 1.26 The Government's Policy Statement on Land Transport was still being drafted when many councils were preparing their consultation documents and long-term plans. The final policy statement was released on 7 June 2024, and the National Land Transport Programme was published on 9 September 2024.
- 1.27 This meant that councils had to estimate the amount of funding they would receive for local transport projects from the New Zealand Transport Agency Waka Kotahi. Some councils had to make late changes to their long-term plans because the final funding amounts differed significantly from the amounts they had estimated. Our audit opinion reflected where councils had not made the required changes or where there was significant uncertainty.
- 1.28 The Water Services Acts Repeal Act 2024 was followed by the Local Government (Water Services Preliminary Arrangements) Act 2024. This set up the Local Water Done Well framework and the preliminary arrangements for the new water services system. The Local Government (Water Services Preliminary Arrangements) Act 2024 requires councils to prepare Water Services Delivery Plans by 3 September 2025.

**Part 1**

**Our audits of councils' 2024-34 long-term plans**

- 1.29 The Local Government (Water Services) Bill 2024 was introduced in December 2024. The Bill sets out arrangements for the water services delivery and regulatory systems. The Bill provides new water services delivery models for councils to choose from, including new water organisations owned by councils.<sup>6</sup>
- 1.30 This legislation may require councils to amend the parts of their long-term plans that relate to how they manage their water services assets and provide water services.
- 1.31 The Government has started several programmes of work that will have significant implications for councils. These include:
  - proposed changes to the Local Government Act 2002 (including the intention to remove the four well-being provisions);
  - policies for improving funding and financing for infrastructure;
  - replacement legislation for the Resource Management Act 1991;
  - the “going for housing growth” policy; and
  - a framework for “Regional Deals”.<sup>7</sup>

**Our audit reports of consultation documents acknowledged this uncertainty**

- 1.32 We audited the consultation documents of 32 councils.
- 1.33 Consultation documents are meant to provide an effective basis for the public to participate in councils' decision-making processes about their long-term planning. Consultation documents should:
  - explain the overall objectives of what the council is proposing to include in its long-term plan;
  - explain how what the council is proposing to include in its long-term plan will affect rates, debt, and levels of service in a way that the community can readily understand;
  - identify and explain to the community significant issues and choices facing the council and the consequences of those choices; and
  - inform discussions between the council and its community about what the council is proposing to include in its long-term plan.<sup>8</sup>
- 1.34 Figure 1 summarises our audit opinions on councils' consultation documents. We provided 10 councils with an unmodified audit opinion on their consultation

<sup>6</sup> See “Local Water Done Well legislation” at dia.govt.nz.

<sup>7</sup> Regional Deals is a framework for setting up long-term agreements between central and local government. The agreements provide councils with funding opportunities and resources to make improvements in their region, such as to roads and infrastructure.

<sup>8</sup> See section 93b of the Local Government Act 2002.

documents.<sup>9</sup> This means that, in our opinion, the documents provided an effective basis for the public to participate in the councils' decisions about the proposed content of the 2024-34 long-term plans and that there were no matters that we needed to draw the readers' attention to.

- 1.35 We included “emphasis of matter” paragraphs in the audit reports of 19 council consultation documents to draw attention to aspects of those documents. The most common issues we drew attention to were uncertainty about:
- central government funding for transport and infrastructure projects;
  - the delivery of capital expenditure programmes; and
  - three waters renewals forecasts – including relying on information based on an asset's age (rather than on its condition or performance).

**Figure 1**  
**The type of audit reports we issued on councils' 2024-34 consultation documents, compared with their 2021-31 consultation documents**

Audit reports issued	2021-31	Percentage	2024-34	Percentage
Adverse opinion	1	1%	0	0%
Qualified audit opinion	10	13%	3	9%
Unmodified audit opinion that included an emphasis of matter paragraph	60	77%	19	59%
Unmodified audit opinion that included an “other matter” paragraph	0	0%	0	0%
Unmodified audit opinion	7	9%	10	32%
<b>Number of audit reports</b>	<b>78</b>	<b>100%</b>	<b>32</b>	<b>100%</b>

- 1.36 We provided three councils with a qualified audit opinion for their consultation documents. They were West Coast Regional Council, Environment Southland, and Chatham Islands Council.
- 1.37 West Coast Regional Council's consultation document included plans to improve Westport's flood resilience in the first three years of its long-term plan. The Council assumed that it would have the in-house capacity it needed, that it would have the ability to source appropriate external contractors, and that it would obtain the required resource consents to complete the project within planned time frames.
- 1.38 Because the Council had not completed the design phase for the full project, we did not consider that these assumptions were reasonable. When the Council prepared its consultation document, it was also preparing the tender and

<sup>9</sup> The Appendix explains the different types of opinions we include in audit reports.



resource consent applications for the initial two stages of the project. It was less progressed for all the other stages.

1.39 Because of these matters, the Council might need to adjust its plans if the project is delayed. We were unable to quantify the possible effects that delays could have on the information underlying the consultation document.

1.40 We were also unable to quantify the possible effects that unidentified climate risks could have on the information underlying the Council's consultation document. This is because the Council had not used evidence-based data to consider whether it had identified all the climate risks that it faces.

1.41 Environment Southland's consultation document included an assumption that the government would fund 75% of the \$180 million cost of improvements to flood protection infrastructure. We concluded that this assumption was unreasonable because government funding had not been confirmed.

1.42 If the government does not provide funding, or provides less funding, the Council will need to reassess how to proceed with the improvements that it has planned.

1.43 Chatham Islands Council's consultation document included an assumption that future government financial support will be based on 2023/24 government funding plus an annual inflationary adjustment totalling \$7 million during the 10-year period of the long-term plan. The consultation document also included an assumption that the Council would make cost savings of \$1.8 million.

1.44 We concluded that these assumptions were unreasonable because the amount of government support had not yet been confirmed and there is no history of the government annually adjusting support for inflation. The Council had also not identified how it would make additional cost savings.

### **Many of our audit reports on long-term plans reflected uncertainty in key assumptions**

1.45 Figure 2 sets out the types of audit opinions we issued on councils' long-term plans. We provided 44 councils with an unmodified audit opinion on their long-term plan.

1.46 We included emphasis of matter paragraphs in the audit opinions on 28 long-term plans. The common issues we drew attention to were uncertainty about:

- central government funding for transport and infrastructure projects;
- capital programme delivery;
- forecast cost savings;

- unbalanced budgets;<sup>10</sup> and
- risks associated with councils almost reaching debt limits.

**Figure 2**  
**Type of audit reports issued on councils' 2024-34 long-term plans, compared with 2021-31 long-term plans**

Audit report issued	2021-31	Percentage	2024-34	Percentage
Adverse opinion	2	2%	2	3%
Qualified audit opinion	9	12%	12	21%
Unmodified audit opinion that included an emphasis of matter paragraph	63	81%	28	48%
Unmodified audit opinion	4	5%	16	28%
<b>Number of audit reports</b>	<b>78</b>	<b>100%</b>	<b>58</b>	<b>100%</b>

- 1.47 For Auckland Council, we also noted uncertainty about storm recovery funding arrangements, costs related to the City Rail Link Project, returns on the proposed Auckland Future Fund, and the impact of the Local Government (Water Services Preliminary Arrangements) Bill.
- 1.48 We provided 12 councils with a qualified audit opinion on their long-term plans. The common reasons we provided a qualified audit opinion were uncertainty about:
- central government funding, such as transport and infrastructure projects;
  - the delivery of capital programmes;
  - forecast cost-savings; and
  - risks associated with plans to defer three water asset renewals outside of the long-term planning period.
- 1.49 We provided two councils with adverse opinions on their long-term plans. These were Chatham Islands Council and Palmerston North City Council.
- 1.50 An adverse audit opinion is quite rare. It indicates that the underlying information and assumptions in the long-term plan were unreasonable. This means that, in our view, the long-term plans of these councils do not provide an effective basis for their long-term decision-making, co-ordination of their resources, and accountability to their communities.

<sup>10</sup> The Local Government Act 2002 requires a council to budget operating revenue that meets planned operating expenses for each year of the plan unless, after considering certain matters set out in the Act, the council resolves that it is financially prudent to budget less operating revenue.

- 1.51 Chatham Islands Council's adverse opinion was due to unreasonable assumptions about central government support and cost savings. The assumptions leading to the qualified audit opinion of its consultation document were reflected in its final long-term plan. Because of the significance of these matters, we concluded that the information and assumptions underlying the long-term plan were not supportable.
- 1.52 Palmerston North City Council's adverse opinion stemmed from assumptions about the costs, timing, funding, and delivery of capital expenditure projects. We did not audit the Council's consultation document.
- 1.53 Palmerston North City Council assumed that upgrading its wastewater treatment and disposal system would be entirely funded through the Infrastructure Funding and Financing Act 2020. The Council also assumed that constructing new roads and redeveloping the central library and Te Manawa museum would be funded by a combination of external grants, funding under the Act, public-private partnerships, and developers.
- 1.54 The Council did not have adequate evidence to support these assumptions. At the time of the audit it had not applied for funding through the Act, nor had it secured other external funding or agreed public-private partnerships. In our view, local government demand on the construction industry also means that it is highly uncertain whether the Council will be able to deliver its capital expenditure programme within the planned time frames.
- 1.55 As a result, the Council might need to delay or reprioritise some projects. This could have additional cost implications and reduce levels of service.
- 1.56 We had also provided Palmerston North City Council with an adverse audit opinion for its 2021 long-term plan. That opinion was also about the funding and financing assumptions that the Council had made about upgrading its wastewater treatment and disposal system.

# 2

## Trends in councils' financial and infrastructure strategies

- 2.1 Financial strategies and infrastructure strategies are the core components of long-term plans. They include information that underpins the long-term plan's content. Financial strategies are typically for the next 10 years, but infrastructure strategies must look ahead at least 30 years.
- 2.2 In this Part, we discuss some of the trends we have observed in council long-term plans, drawing on information in these strategies.

### **Operating expenses are forecast to be 38% higher than previously planned**

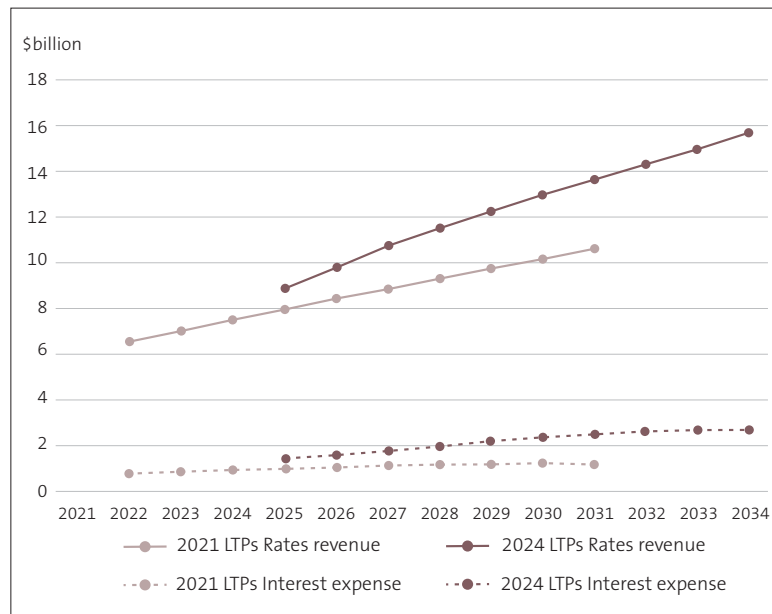
- 2.3 Councils are facing significant cost pressures. In recent years, high inflation and interest rates have increased costs for councils. Many councils are also experiencing increasing demand for their services while addressing the consequences of decades of underinvestment in infrastructure assets.
- 2.4 The cost of insuring council assets has also increased significantly in recent years. Climate change has increased the risks of floods, storms, and other weather events, which has affected insurance premiums. Insurance costs have also risen particularly sharply for councils in regions that are at higher risk of earthquakes.
- 2.5 For the 58 councils, total annual operating expenditure is forecast to increase from \$16.2 billion in 2024/25 to \$23.2 billion in 2033/34. Compared to the same councils' 2021-31 long-term plans, total operating expenditure is forecast to be 38% higher. Figure 3 shows the main reasons for this increase.
- 2.6 At \$21.5 billion, interest expenses are forecast to be 108% higher than forecast in the 2021-31 long-term plans. Expenditure on interest will be 17% of forecast rates revenue. Figure 4 shows how interest expense will trend over time, compared with rates revenue.
- 2.7 Interest rates were a significant assumption that our auditors considered. They assessed whether councils' assumptions about interest rates were in line with economic forecasts. Our audit opinions did not identify any significant issues with these assumptions.

**Figure 3**  
Total forecast operating expenditure by type in councils' 2021-31 and 2024-34 long-term plans

	2021-31 long-term plans	2024-34 long-term plans	Percentage change
Employee costs	\$27.7 billion (32% of rates revenue)	\$36.7 billion (30% of rates revenue)	+32%
Interest expense	\$10.3 billion (12% of rates revenue)	\$21.5 billion (17% of rates revenue)	+108%
Depreciation and amortisation	\$34.5 billion (40% of rates revenue)	\$47.1 billion (38% of rates revenue)	+37%
Other operating expenses	\$70.8 billion (82% of rates revenue)	\$92.3 billion (74% of rates revenue)	+30%
<b>Total operating expenses</b>	<b>\$143.3 billion</b>	<b>\$197.5 billion</b>	<b>+38%</b>

Note: Other operating expenditure can include items such as repairs and maintenance, electricity, ACC levies, discretionary grants/contributions, rental and operating lease costs, "bad debts" written off, maintenance contracts, and impairment provisions for property, plant, and equipment.

**Figure 4**  
Interest expense and rates revenue in councils' 2021-31 and 2024-34 long-term plans



**Revenue is forecast to increase by 37% compared to the 2021-31 long-term plans**

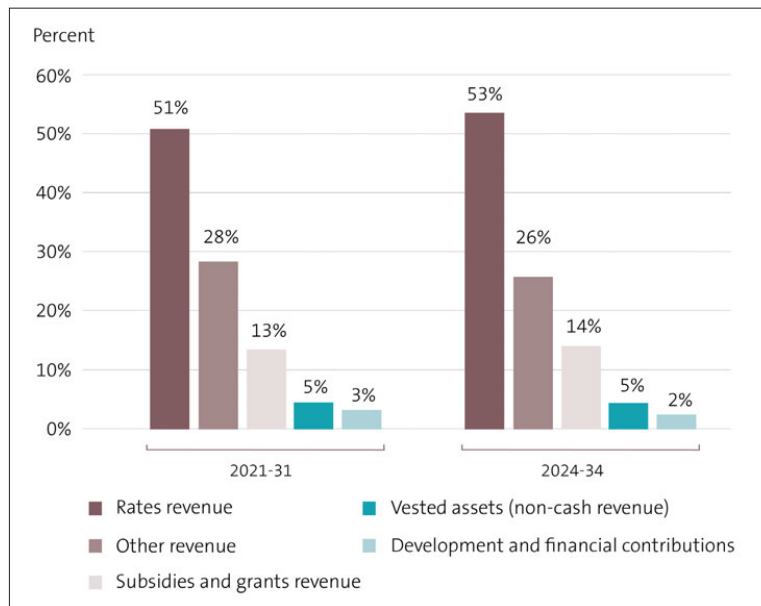
2.8 For the 58 councils, revenue is forecast to be \$233.1 billion for the 2024-34 period (an increase of 37% on the \$169.6 billion forecast for 2021-31). Revenue is forecast to increase from \$18.7 billion in the first year (2024/25) to \$27.4 billion in 2033/34. This is an increase of 46% over the 10 years.

**Councils plan to increase rates sharply – particularly in the first years of the plans**

2.9 Rates typically make up slightly more than half of all council revenue. In the 2024-34 long-term plans, rates will make up 53% of revenue.

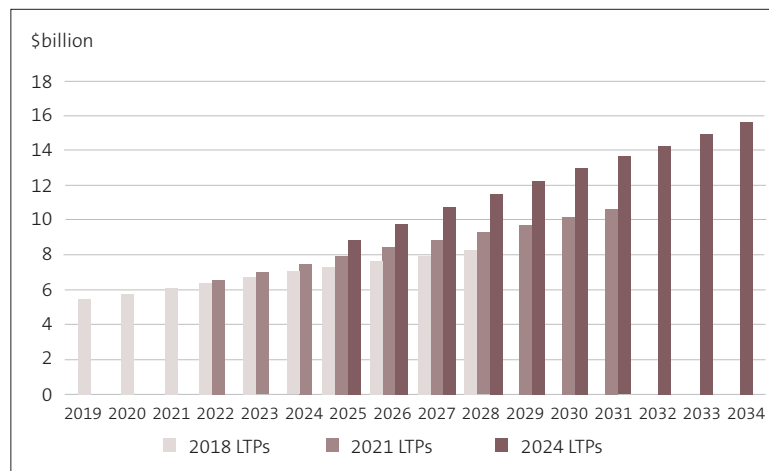
2.10 Other sources of revenue include subsidies and grants (such as from the New Zealand Transport Agency Waka Kotahi and other government funding) and other revenue (such as from the fees that councils charge for some services). Figure 5 shows the proportions of these different sources of revenue.

**Figure 5**  
**Sources of forecast council revenue in 2021-31 and 2024-34 long-term plans**



- 2.11 When deciding to increase rates, councils aim to strike a balance between making rates affordable and receiving enough revenue to provide services and to renew and maintain their infrastructure to required standards. Councils should also consider the consequences of financial decisions on both current and future generations.
- 2.12 In the 2024-34 long-term plans, rates are forecast to increase more sharply than in previous long-term plans, particularly between 2026 and 2028.
- 2.13 For the 58 councils, total rates revenue is forecast to be \$124.5 billion for 2024-34. This is a 45% increase on the \$86 billion that the same 58 councils forecast in their 2021-31 long-term plans. Councils plan to increase rates steeply in 2026 and 2027 (on average, by 10.4% in 2026), after which they plan to steadily reduce rates rises (see Figures 6 and 7). This follows a similar pattern to previous long-term plans.

**Figure 6**  
**Forecast rates revenue for all councils in their last three long-term plans**



- 2.14 Figure 7 shows that councils tend to forecast higher rates increases in the early years of long-term plans. Although this is likely to reflect the certainty councils have about their revenue forecasts, it may also indicate that councils could improve their forecasting beyond the first three years of long-term planning periods.





































































## HEALTH AND SAFETY MONTHLY REPORTING FOR DECEMBER 2024 AND JANUARY 2025

Department: Health and Safety

### EXECUTIVE SUMMARY

- 1 The monthly Health, Safety and Wellbeing report for December 2024 and January 2025 is attached for consideration.

### RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the monthly Health, Safety and Wellbeing report for December 2024 and January 2025.

### Signatories

Author:	Jane Pearce - Health and Safety Manager
Authoriser:	Mike Cartwright – Acting General Manager Corporate Services

### Attachments

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	HSW report for December 2024 and January 2025	87





















































## FINANCIAL REPORT - PERIOD ENDED 31 DECEMBER 2024

Department: Finance

### EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 31 December 2024 and the financial position as at that date. This report was presented to the Council meeting held on 26 February 2025.
- 2 As this is an administrative report only, there are no options or Summary of Considerations.

#### Financial Overview

For the period ended 31 December 2024

\$ Million	Actual YTD	Budget YTD	Variance YTD		Last Year YTD
Revenue	196.467	198.839	(2.372)	U	188.105
Expenditure	221.256	228.904	7.648	F	216.099
Net Surplus/(Deficit) excluding Waipori	(24.789)	(30.065)	5.276	F	(27.994)
Waipori Fund Net	7.412	2.213	5.199	F	2.103
Net Surplus/(Deficit) including Waipori	(17.377)	(27.852)	10.475	F	(25.891)
<b>Capital Expenditure</b>	70.535	99.602	29.067		99.405
<b>Debt</b>					
Current Year Loan	40.499	66.500	26.001	F	87.200
Prior Year Loan	590.473	588.973	(1.500)	U	460.273
Accrued Interest	6.527	-	(6.527)	U	-
<b>Total Debt</b>	637.499	655.473	17.974	F	547.473

### RECOMMENDATIONS

That the Committee:

- a) **Notes** the Financial Performance for the period ended 31 December 2024 and the Financial Position as at that date.

## **BACKGROUND**

- 3 This report provides the financial statements for the period ended 31 December 2024. It includes reports on financial performance, financial position, cashflows and capital expenditure. Summary information is provided in the body of this report with detailed results attached. The operating result is also shown by group, including analysis by revenue and expenditure type.

## **DISCUSSION**

- 4 This report includes a high-level summary of the financial information to 31 December 2024. Please refer to Attachment I for the detailed financial update.

### **Statement of Financial Performance**

- 5 Revenue was \$196.467 million for the period or \$2.372 million less than budget.
- 6 Operating revenue (external and internal combined) was unfavourable \$881k mainly due to lower-than-expected revenue from the Parking Services and Aquatic Services activities.
- 7 Grants revenue was unfavourable \$2.346 million reflecting funding decisions by NZTA under the National Land Transport Programme, and timing of the transport contractor work programme.
- 8 Expenditure was \$221.256 million for the period, or \$7.648 million less than budget.
- 9 Personnel costs was unfavourable \$526k, reflecting overtime payments for 3 waters and union negotiated contract increases, which is being managed with vacancy management. The month of December showed a favourable variance of \$1.030 million, primarily driven by changes in the annual leave provision as a result of staff taking leave during the Christmas holiday period.
- 10 Operations and maintenance expenditure was favourable \$1.093 million; however, this favourable variance was offset by an unfavourable \$971k variance in internal costs, due largely to landfill disposal costs for kerbside collections now recorded as internal costs. Unfavourable Transport maintenance costs are more than offset by under expenditure in other activities, including Three Waters and Waste and Environmental Services. Transport costs included emergency works totalling \$1.718 million associated with the October rain event.
- 11 Depreciation costs were favourable \$7.036 million, mainly due to the revaluation of Three Waters assets, and to a lesser extent Property and Parks assets.
- 12 Interest costs were favourable \$1.689 million, reflecting a lower interest rate than budgeted and the timing of new loan advances.
- 13 Year to date the Waipori Fund has reported a net operating surplus of \$7.412 million, \$5.199 million more than budget. New Zealand and international equities saw continued increases in value during December, largely offset however by a reduction in value for Australian equities. Fixed term investment saw an increase in value for the month, maintaining favourable results for the year to date.

### **Statement of Financial Position**

- 14 Capital expenditure was \$70.535 million or 70.8% of the year-to-date budget. Capital expenditure in most activities was generally within budget for the period.

- 15 The loans balance at 31 December was \$630.972 million which was \$24.501 million less than budget. This a reflection of the capital expenditure programme, which was underspent by \$29.067 million to December. Additional to the December loans balance there was accrued interest of \$6.527 million.
- 16 Attachment A includes a chart showing actual group and DCC debt for the years ending June 2003-2024. It provides forecast information for the years ending June 2024-2027 based on the current Statements of Intent (SOI), and the first two years of the draft 9 year plan.

**OPTIONS**

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

**NEXT STEPS**

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

**Signatories**

Author:	Hayden McAuliffe – Financial Services Manager
Authoriser:	Carolyn Allan – Chief Financial Officer

**Attachments**

	<b>Title</b>	<b>Page</b>
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## **WAIPORI FUND - QUARTER ENDING 31 DECEMBER 2024**

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 2024.

### **RECOMMENDATIONS**

That the Subcommittee:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 31 December 2024.

### **DISCUSSION**

- 2 The Waipori Fund Statement of Investment Policy and Objectives (SIPO) requires quarterly reporting on the performance and financial position of the fund.
- 3 Dunedin City Treasury Limited has provided the Waipori Fund report for the December 2024 quarter. The report is provided as Attachment A.

### **OPTIONS**

- 4 As this is a noting report, no options are provided.

### **NEXT STEPS**

- 5 Quarterly reporting on the performance and financial position of the fund will be provided to future meetings of either the Financial and Council Controlled Organisations Committee or Council.

### **Signatories**

Authoriser:	Carolyn Allan - Chief Financial Officer
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### **Attachments**

	<b>Title</b>	<b>Page</b>
<a href="#">↓A</a>	Waipori Fund - December 2024 Quarter	142

**SUMMARY OF CONSIDERATIONS**

***Fit with purpose of Local Government***

This decision enables democratic local decision making and action by, and on behalf of communities.

***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"/>	✓

Reporting on the performance of the Waipori Fund does not contribute directly to the Strategic Framework.

***Māori Impact Statement***

Investment returns from the Waipori Fund impact on the level of rates payable, and therefore impact across all Dunedin communities including Māori.

***Sustainability***

There are no impacts for sustainability.

***LTP/Annual Plan / Financial Strategy /Infrastructure Strategy***

A review of the SIPO for the Waipori Fund will be taken into account when developing a Financial Strategy for the 9 year plan 2025-34.

***Financial considerations***

Financial considerations are presented in the Waipori Fund report for the March 2024 quarter.

***Significance***

This report is considered to be of low significance 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.

***Risks: Legal / Health and Safety etc.***

There are no identified risks.

**SUMMARY OF CONSIDERATIONS**

***Conflict of Interest***

There are no known conflicts of interest.

***Community Boards***

There are no implications for Community Boards.











## 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:

<b>General subject of the matter to be considered</b>	<b>Reasons for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>	<b>Reason for Confidentiality</b>
C1 Confirmation of the Confidential Minutes of Audit and Risk Subcommittee meeting - 4 December 2024 - Public Excluded	<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)(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)(b)(i)</p>	.	

	<p>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)(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> <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>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 Report to the Council on the Audit of Dunedin City Council for the year end 30 June 2024</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</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</p>	

	likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	withholding exists under section 7.	
C4 9 Year Plan Audit - 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 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>	
C5 Dunedin City Holdings Ltd - Update	S7(2)(b)(ii)	S48(1)(a)	

<p>on Audit and Risk Activity</p>	<p>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>The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C6 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</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>	

	carry out, without prejudice or disadvantage, commercial activities.		
C7 DCC Internal Audit Actions Update	<p>S7(2)(c)(i)          The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information 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>	
C8 DCC Risk 'Deep Dive' - Fraud Risk Management	<p>S7(2)(c)(i)          The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a)          The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

C9 Gifts and Hospitality Register	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.	
C10 Chairperson's Report	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.	
C11 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 which good reason for withholding exists under section 7.	
C12 Protected Disclosure Register - February 2025	<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</p>	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	<p>information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>		
<p>C13 Investigation Register - February 2025</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>	

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

That Rudie Tomlinson (Director, Audit New Zealand) be permitted to attend the meeting, after the public has been excluded, because of his knowledge of Items 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.