

### Notice of Meeting:

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

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

> Sandy Graham Chief Executive Officer

# Audit and Risk Subcommittee

# **PUBLIC AGENDA**

### MEMBERSHIP

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

Wendy Collard Governance Support Officer

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

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





ITEN	M TABLE OF CONTENTS	PAGE
1	Apologies	4
2	Confirmation of Agenda	4
3	Declaration of Interest	5
4	Confirmation of Minutes	10
	4.1 Audit and Risk Subcommittee meeting - 4 December 2024	10
PAR	T A REPORTS (Committee has power to decide these matters)	
5	Audit and Risk Subcommittee Work Plan 2025	21
6	Audit and Risk Subcommittee Updates Report	25
7	Health and Safety Monthly Reporting for December 2024 and January 2025	86
8	Financial Report - Period ended 31 December 2024	110
9	Waipori Fund - Quarter ending 31 December 2024	139
RESC	OLUTION TO EXCLUDE THE PUBLIC	146



### 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.



# DECLARATION OF INTEREST

### **EXECUTIVE SUMMARY**

- 1. Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative 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

**Title** <u>J</u>A Register of Interests Page 6

		Audit and Risk Subcommittee - Register of In	terest - current as at 27 rebraary 2025	
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Varren 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.
	<b>Chairperson</b>	Audit and Risk Committee, Ministry of Foreign Affairs and Trade	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit Advisory Board, PWC New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	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 conflic of interest arises.
	Trustee	Nikau Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflic of interest arises.
	Member Chairperson	Nikau Foundation's Audit and Risk Committee	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflic of interest arises.
	Kiwisaver	Milford Asset Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflic 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.
net 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 conflic 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 conflic of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflic of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflic of interest arises.
	Past President	Southland Branch of NZ Law Society	No conflict identified	Seek advice prior to the meeting if actual or perceived conflic of interest arises.
	Director	Clutha Health First Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflic of interest arises.

Declaration of Interest



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
	Member	Tertiary Precinct Planning Group (Council Appointment)	No conflict identified	of interest arises. Seek advice prior to the meeting if actual or perceived conflict
	Member	Tertiary Sector Steering Group (Council Appointment)	No conflict identified	of interest arises. Seek advice prior to the meeting if actual or perceived conflict
	Member	Local Government New Zealand (Zone 6 Committee) (Council Appointment)	No conflict identified	of interest arises. Seek advice prior to the meeting if actual or perceived conflict
	Member	Connecting Dunedin (Council Appointment)	No conflict identified	of interest arises. Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Item 3

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 Õtepoti	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.
Staff				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Sandy Graham	Owner	Residential property Dunedin	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Trustee of the Taieri Airport Facilities Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	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	LI 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.

Item 3

# **CONFIRMATION OF MINUTES**

# AUDIT AND RISK SUBCOMMITTEE MEETING - 4 DECEMBER 2024

### 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

	Title	Page
A <mark>↓</mark>	Minutes of Audit and Risk Subcommittee meeting held on 4 December 2024	11





# Audit and Risk Subcommittee

MINUTES

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

Chairperson Deputy Chairperson	Warren Allen Janet Copeland	
Members	Cr Christine Garey Cr Lee Vandervis	Cr Cherry Lucas
IN ATTENDANCE	Financial Officer), Scott MacLe and City Growth), Jinty MacT Jonathan Rowe (Programme M	
Governance Support Officer	Wendy Collard	

### 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:

Attachment A



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:

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

Attachment A

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:

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

Attachment A

# 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

C2 Audit and Risk Subcommittee meeting - 25 October 2024 - Public Excluded C3 Treasury Risk Management Compliance Report	to protect the privacy of natural persons, including that of a deceased person. S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.
C5 Internal Audit Workplan Update	S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret. S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information from the same source and it is in the public interest that such information should	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.

continue to be supplied.

C6 DCC External Audit Actions Update - November 2024	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.	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	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.

supplied or who is the



C9 DCC Risk 'Deep Dive' - Fraud Risk Management subject of the information. 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.

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 been 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

# **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

Title

**<u>J</u>A** Audit and Risk Subcommittee Work Plan

Page 22

Audit and Risk Subcommittee WorkPlan - 2025/2026								
	Responsible	March	June	September	December	March		
GOVERNANCE								
Audit and Risk Subcommittee Terms of Reference/Delegations	Governance							
REGULAR REPORTS								
Audit and Risk Subcommittee 2024/25 Workplan Report	Governance	<ul> <li>✓</li> </ul>	✓	✓	✓	✓		
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	~	~	~	~	~		
	OTHER REPORTING							
Schedule of Top 100 Suppliers	Finance			<ul> <li>✓</li> </ul>				
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 - 2	025/2026				
	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	-				1
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					

ltem 5

Audit and Risk Subcommittee WorkPlan - 2025/2026							
	Responsible	March	June	September	December	March	
RISK OVERVIEW (DEEP DIVE)							
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

### **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

- c) ICT Acceptable Use Policy
- d) Information Management Policy
- e) Purchase Card Policy
- f) Staff Code of Conduct
- g) Sensitive Expenditure Policy
- 23 After the review process, updated copies of DCC policies will be provided to the Subcommittee for either feedback or noting.

### 7 OAG Report: Observations from audits of council's 2024-34 long term plans

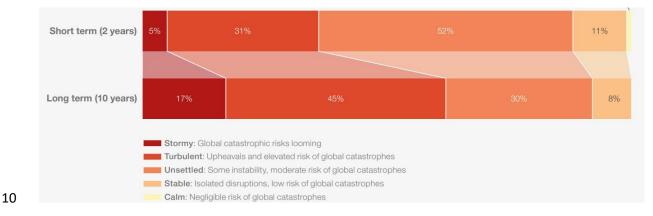
- 24 The Office of the Auditor General (OAG) have release a report outlining the observations from audits conducted on council's 2024-34 long term plans.
- The Dunedin City Council is not in this audit report as it was one of 12 council's that opted to defer and carry out a 9-year plan. The report is included as Attachment A for noting.

### 8 World Economic Forum – Global Risk Report

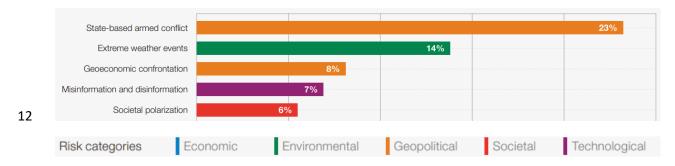
- 26 The World Economic Forum (WEF) has produced insights report on the global risk landscape. This report is based on findings from the Global Risks Perception Survey, which is conducted with over 900 experts across academic, business, government, the international community, and civil society.
- 27 This information can be useful in understanding the global risk trends and possible impacts for the Dunedin City Council (DCC).
- 28 The summary section has been attached to this report for noting (Attachment B). The full report can be found via the following link: <u>https://reports.weforum.org/docs/WEF\_Global\_Risks\_Report\_2025.pdf</u>
- 29 The main global findings from the 2025 report are:
  - a) The perception on the global state now and into the future is 'bleak' with many expecting unsettled times in the next 2 years and turbulent in the next 10 years (see *Figure 1*)
  - b) Geopolitical concerns have risen to now be the number 1 and 3 top risks for the current global risk landscape (see *Figure 2*).
  - c) The top risk for the two-year horizon is misinformation and disinformation (see *Figure 3*). This is important to highlight for the DCC environment with both the 9-year plan consultation process and the local government elections coming up. Care needs to be taken to support effective and accurate communication between the DCC and the community to support trust in the Council.
  - d) "Inequality" has come out as the top interconnected risk this year, suggesting perceived fragility to social stability over the next two years. This has come about through challenges in the economic environment, social polarisation and misinformation and disinformation as well as other risks.



- 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.

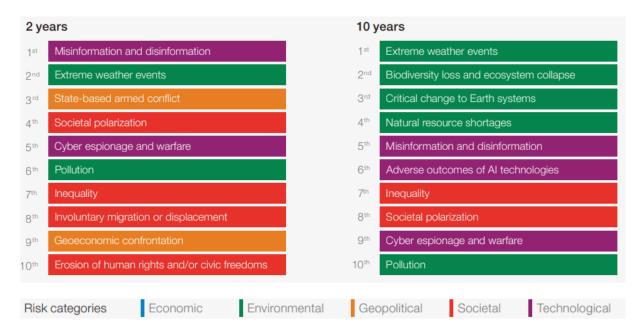


### 11 *Figure 2:* The top five risks in the current global risk landscape.

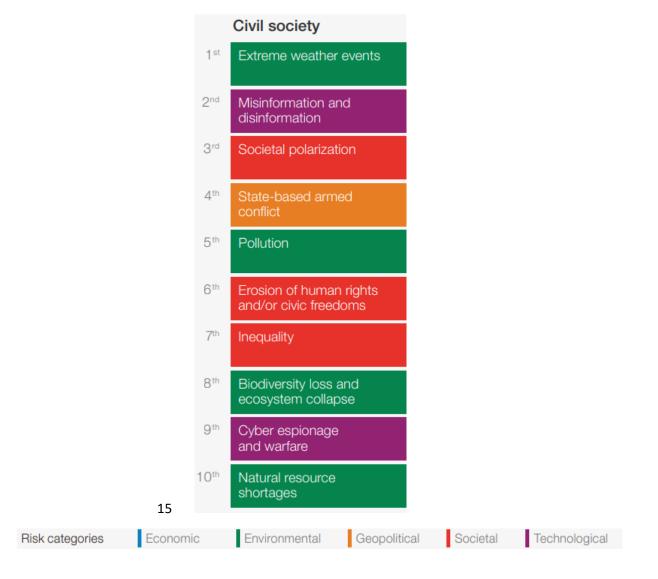


13 *Figure 3:* The top ten risks predicted globally for the next 2 years and 10 years.

DUNEDIN kaunihera a-rohe o CITY COUNCIL **ōtepoti** 



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.

	New 2	Zealand						
	1st	Econom stagnati	ic downturn ( on)	e.g. re	cession,			
	2nd	Inflation						
	3rd	Labour a	and/or talent s	shortaç	ge			
	4th	Extreme heatway	weather ever es etc.)	nts (flo	ods,			
	5th	Poverty	and inequality	y (weal	th, income)			
Risk categories	Econo	omic	Environment	tal	Geopolitical	Soc	ietal	Technological

### 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
₽	OAG Report: Observations from 2024-34 long term plans	34
<mark>.</mark> ₽	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	$\checkmark$		
Economic Development Strategy	$\checkmark$		
Environment Strategy	$\checkmark$		
Arts and Culture Strategy	$\checkmark$		
3 Waters Strategy	$\checkmark$		
Future Development Strategy	$\checkmark$		
Integrated Transport Strategy	$\checkmark$		
Parks and Recreation Strategy	$\checkmark$		
Other strategic projects/policies/plans			$\checkmark$

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.

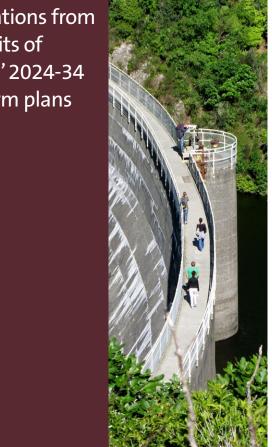


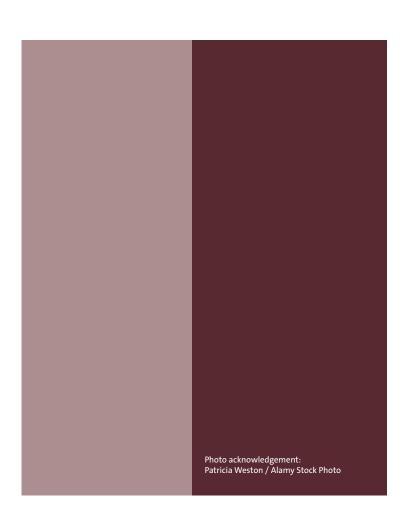


CONTROLLER AND AUDITOR-GENERAL Tumuaki o te Mana Arotake



**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



# Contents

Deputy Auditor-General's overview	3
The 2024-34 long-term plans at a glance	7
Part 1 – Our audits of councils' 2024-34 long-term plans	8
Why do councils prepare long-term plans?	8
Our audit work on long-term plans	9
The context for councils' 2024-34 long -term plans	10
The 2024-34 long-term plans were prepared during significant uncertainty	11
Part 2 – Trends in councils' financial and infrastructure strategies	17
Operating expenses are forecast to be 38% higher than previously planned	17
Revenue is forecast to increase by 37% compared to the 2021-31 long-term plans	19
Councils plan to increase rates sharply – particularly in the first years of the plans	19
Councils are planning to address deferred maintenance	21
Councils are planning to invest more in their water assets	23
Councils' knowledge about their assets' condition and performance	25
The impact of water reform on councils' long-term plans	26
Common risks to councils' delivery of their capital programmes	27
Councils plan to increase borrowing to finance investment in infrastructure	29
Part 3 – Conclusion	35
Appendix – Types of audit reports that we can issue	36
Figures	
1 – The type of audit reports we issued on councils' 2024-34 consultation documents, compared with	
their 2021-31 consultation documents	13
2 – Type of audit reports issued on councils' 2024-34 long-term plans, compared with 2021-31	
long-term plans	15
3 – Total forecast operating expenditure by type in councils' 2021-31 and 2024-34 long-term plans	18
4 – Interest expense and rates revenue in councils' 2021-31 and 2024-34 long-term plans	18
5 – Sources of forecast council revenue in 2021-31 and 2024-34 long-term plans	19
6 – Forecast rates revenue for all councils in their last three long-term plans	20
7 – Average percentage increase in rates in councils' last three long-term plans	21
8 – Average forecast renewals expenditure as a percentage of forecast depreciation in councils' last	
three long-term plans	23
9 – Councils' total planned capital expenditure on three waters assets in their last three long-term plans	24
10 – Proportion of renewal expenditure to forecast depreciation for three waters assets in councils' last	25
three long-term plans	25
11 – Total forecast debt in councils' last three long-term plans, excluding Auckland Council	29
12 – Total forecast debt in councils' last three long-term plans, including Auckland Council 13 – Debt as a percentage of total revenue, excluding Auckland Council	30 32
13 – Debt as a percentage of total revenue, excluding Auckland Council 14 – Debt as a percentage of total revenue, including Auckland Council	33
14 Debt as a percentage of total revenue, including Auckland Council	22

## **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 longterm 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 At 1991, and a framework for "Regional Deals".



Deputy Auditor-General's overview

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-terms 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,



Deputy Auditor-General's overview

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



12 qualified audit opinions

2 adverse audit opinions

prepared three-year unaudited plans instead.

Audit and Risk Subcommittee Updates Report

# 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 longterm 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 longterm plans provide a basis for councils to seek their communities' input into how they will pay for council services and functions.

8

1 Section 93(6) of the Local Government Act 2002 sets out what long-term plans are required to include.



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

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.





Part 1 Our audits of councils' 2024-34 long-term plans

1.16

Attachment A

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

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>

water services would be managed and provided.

- In February 2024, the Government introduced and passed legislation to repeal 1.18 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 2023.3
- 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).⁵
- 1.22 Twelve councils decided to defer adopting their long-term plans until 30 June 2025.
  - 2 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.
  - 3 See "Local Water Done Well legislation" at dia.govt.nz.
  - 4 Tauranga City Council's Consultation Document was audited before the repeal was enacted.
  - 5 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



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

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 threemonth 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

1.30

1.31

- 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.6 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. 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".7 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>
- 1.34Figure 1 summarises our audit opinions on councils' consultation documents.We provided 10 councils with an unmodified audit opinion on their consultation
  - 6 See "Local Water Done Well legislation" at dia.govt.nz.
  - 7 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.
  - 8 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%
Number of audit reports	78	100%	32	100%

- 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
  - 9 The Appendix explains the different types of opinions we include in audit reports.



Part 1 Our audits of councils' 2024-34 long-term plans

Attachment A

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 longterm 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%
Number of audit reports	78	100%	58	100%

- 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.



Part 1 Our audits of councils' 2024-34 long-term plans

- 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.

# Trends in councils' financial and infrastructure strategies

- 2.1 Financial strategies and infrastructure strategies are the core components of longterm 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.



Part 2

Trends in councils' financial and infrastructure strategies

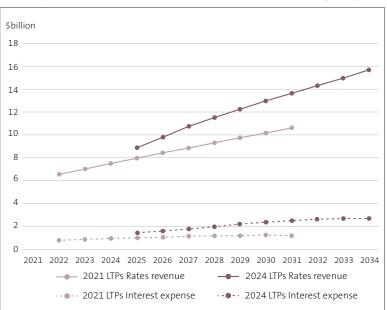
Attachment A

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	\$36.7 billion	1220/
	(32% of rates revenue)	(30% of rates revenue)	+32%
Interest expense	\$10.3 billion	\$21.5 billion	100%
	(12% of rates revenue)	(17% of rates revenue)	+108%
Depreciation and amortisation	\$34.5 billion	\$47.1 billion	1270/
	(40% of rates revenue)	(38% of rates revenue)	+37%
Other operating expenses	\$70.8 billion	\$92.3 billion	. 2004
	(82% of rates revenue)	(74% of rates revenue)	+30%
Total operating expenses	\$143.3 billion	\$197.5 billion	+38%

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.



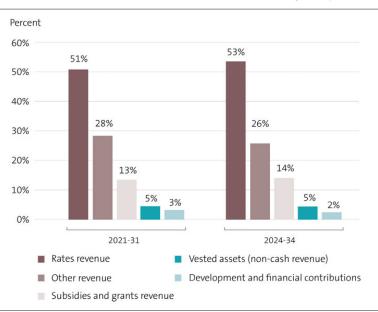
#### Figure 4 Interest expense and rates revenue in councils' 2021-31 and 2024-34 long-term plans

# 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.



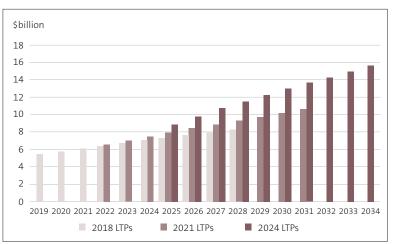
#### Figure 5

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



Part 2
Trends in councils' financial and infrastructure strategies

- 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.



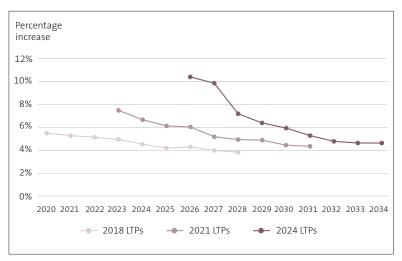
#### Figure 6

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.

Trends in councils' financial and infrastructure strategies

#### Figure 7 Average percentage increase in rates in councils' last three long-term plans



#### Councils are planning to address deferred maintenance

- 2.15 Local government owns and operates 26% of New Zealand's infrastructure assets.<sup>11</sup> This includes essential services such as three waters services, waste management, and roads. Councils also own and operate community facilities, parks, and land assets.
- 2.16 Together, these assets have a value of at least \$76 billion.<sup>12</sup> The decisions councils make about how and where to invest in these assets have long-term, intergenerational implications for their communities.
- 2.17 For many years, we have reported that councils have not been spending their capital expenditure budgets and have not replaced assets as fast as those assets have been "run down". The result is a widespread backlog of repairs, maintenance, and renewals.
- 2.18 Most councils are also dealing with an infrastructure deficit. The causes of this deficit can go back decades.

11 New Zealand Infrastructure Commission (2024), Build or maintain? New Zealand's infrastructure asset value, investment, and depreciation, 1990-2022, page 6.

12 New Zealand Infrastructure Commission (2024), Is local government debt constrained? A review of local government financing tools, page 3.



Part 2				
Trends	in councils'	financial and	infrastructure	strategies

2.19

money to replace the use of existing assets) until 1996.<sup>13</sup> There was significant underinvestment in infrastructure from the late 1980s to the 1990s. As a result, the condition of the infrastructure that some councils manage has 2 20 deteriorated. This is now significantly affecting some councils' levels of service, particularly water services. When we audited the 2021-31 long-term plans, councils were planning to 2.21 increase investment in infrastructure. This has continued in the 2024-34 longterm plans. 2.22 Financial and infrastructure strategies show that the 58 councils are forecasting to invest more in their assets than in previous years. Total capital expenditure during 2024-34 is forecast to be \$91.9 billion – a 34% increase on forecasts in the 2021-31 long-term plans. Of this, councils plan to spend \$23.5 billion on new assets (to meet additional 2.23 demand), \$29 billion on improving levels of service, and \$39.5 billion on renewing existing assets.

Councils were not legally required to fund depreciation (that is, set aside

- 2.24 We compare renewals spending to depreciation because depreciation is a reasonable measure for estimating the portion of the asset that will run down during a financial year.
- 2.25 A gap between renewals expenditure and depreciation provides some indication that councils will not be replacing infrastructure at the same rate as it is being run down. However, because assets have long life cycles, this is only one indicator of whether councils are reinvesting enough in their assets.<sup>14</sup>
- 2.26 Figure 8 sets out the proportion of forecast renewal expenditure to forecast depreciation for the last three long-term plans. This shows that renewals expenditure is forecast to be around 100% of forecast depreciation in the early years of 2024-34 but will then decrease steadily over time. This pattern featured in the 2021-31 long-term plans.
- 2.27 During 2024-34, forecast renewals expenditure will be, on average, 85% of forecast depreciation. This compares to the 82% forecast in the 2021-31 long-term plans.
- 2.28 Although this is an improvement, councils still might not be planning to reinvest enough in their assets to maintain levels of service.

14 We use our comparison of depreciation with renewals as an indicator only. We expect any difference between the two to reduce during the life of an asset. When there is high growth, a higher proportion of capital expenditure is on non-renewal assets. Therefore, as a percentage of depreciation, renewals will trend downwards over time as non-renewal assets are capitalised.

<sup>13</sup> New Zealand Infrastructure Commission (2024), *Is local government debt constrained?* A review of local government financing tools, page 44.

Part 2

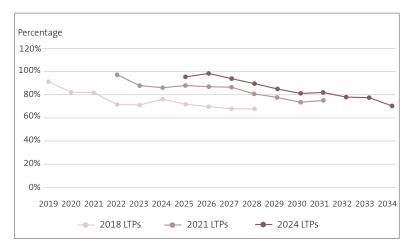
Attachment A

#### Figure 8

EDIN | kaunihera a-rohe o

OUNCIL Ötepoti

Average forecast renewals expenditure as a percentage of forecast depreciation in councils' last three long-term plans



#### Councils are planning to invest more in their water assets

- 2.29 Many councils are faced with significant challenges associated with ageing water infrastructure. In their long-term plans, councils have reported and acknowledged the consequences of these challenges.
- 2.30 The historical underinvestment in water infrastructure assets is affecting service levels. In our recent article about councils' reporting on the quality of their drinking water,<sup>15</sup> we highlighted that councils achieved just under 60% of their targets for water supply measures in 2022/23. That was a lower result than for the previous two years, when councils achieved about 66% of the targets.
- 2.31 The 58 councils forecast to spend \$24.6 billion on three waters assets in their 2021-2031 long-term plans. The same councils are planning to spend \$38.6 billion on these assets during 2024-34 – an increase of 57%.
- 2.32 Councils report that their main reasons for investing more in three waters assets are a combination of meeting increasing demand from population growth, addressing infrastructure deficits, cost escalation (exacerbated by a workforce shortage in the construction industry), and the need to improve service levels.

<sup>15</sup> Controller and Auditor-General (2024), "Testing the water: How councils report on drinking water quality". at oag.parliament.nz.

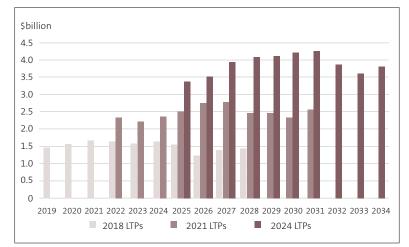


Part 2 Trends in councils' financial and infrastructure strategies

2.33 Figure 9 compares the capital expenditure on three waters that councils planned in their 2018-28, 2021-31, and 2024-34 long-term plans.

#### Figure 9

Councils' total planned capital expenditure on three waters assets in their last three long-term plans



- 2.34 Figure 10 shows that councils plan to reinvest more in water supply assets compared to depreciation (113%). This indicates that councils are seeking to address the infrastructure deficit to improve drinking water service levels.
- 2.35 However, Figure 10 also shows that the proportion of forecast renewal expenditure to forecast depreciation is much lower for stormwater than for other water assets. We also saw this in the 2021-31 long-term plans.
- 2.36 This could be of concern, particularly given the increasing frequency of severe weather events associated with climate change.

#### Figure 10

Proportion of renewals expenditure to forecast depreciation for three waters assets in councils' last three long-term plans

Water asset activity	Capital expenditure as a percentage of depreciation: 2018-28	Capital expenditure as a percentage of depreciation: 2021-31	Capital expenditure as a percentage of depreciation: 2024-34
Water supply (drinking water)	83%	123%	113%
Wastewater treatment and disposal	66%	96%	87%
Stormwater and drainage	53%	51%	43%

# Councils' knowledge about their assets' condition and performance

- 2.37 Councils need good information to inform their decisions and plans for renewing and maintaining their infrastructure. We have regularly reported that councils need to prioritise collecting information about the condition and performance of their critical assets, such as water services, infrastructure, and roads.
- 2.38 Councils have been working to improve the information that they have about the condition and performance of their critical assets. However, we continue to find that when some councils forecast renewals and maintenance expenditure, they base these decisions on the age of the assets, rather than on condition and performance information.
- 2.39 Age is only one indicator of when an asset might need replacing. In theory, it is reasonable to expect that an older asset will require replacement before a newer asset. In practice, the opposite might be true depending on the condition and performance of the asset. Making investment decisions based on the asset's age rather than on its condition and performance increases the risk that the asset is planned to be replaced either earlier or later than required.
- 2.40 If the plan is to replace later (based on age) than required (based on condition and performance), this increases the risk of asset failure and reduced levels of service. It could also lead to councils incurring expenditure on assets before it is necessary to do so.



Part 2 Trends in councils' financial and infrastructure strategies

2.41 Once those councils that deferred their long-term plans until 30 June 2025 have adopted them, we plan to report on councils' infrastructure strategies further to consider whether councils are improving their knowledge about the condition and performance of their critical assets.

#### The impact of water reform on councils' long-term plans

- 2.42 As we mentioned in Part 1, the Local Government (Water Services) Bill 2024 was introduced in December 2024. This sets out arrangements for water services delivery and regulatory systems.
- 2.43 The Bill provides five water service delivery models for councils to choose from:
  - Model 1, an in-house business unit (the current delivery model for many councils);
    - Model 2, a single council-owned water organisation;
    - Model 3, a multi-council-owned water organisation;
    - Model 4 mixed council/consumer trust-owned water organisation; and
    - Model 5, a consumer trust-owned water organisation.<sup>16</sup>
- 2.44 Although councils would need to adhere to the principles and settings of the Local Water Done Well framework, they could choose which of the models is the best option for their communities.
- 2.45 Under Local Water Done Well (specifically, the Local Government (Water Services) Bill 2024), councils that opt for:
  - Model 1 would retain their water assets;
  - Models 2, 3, and 4 can choose to transfer their water assets to a different type of water organisation; and
  - Model 5 would transfer their water assets to a water organisation owned by a consumer trust.
- 2.46 The impact of water reform on councils' long-term plans would depend on which water services delivery model a council selected and, where applicable, whether a council chose to transfer its water assets. Transferring a council's water assets to a water organisation would significantly impact that council's long-term plan.

26

16 See "Water Services Policy Future Delivery System" at dia.govt.nz.



Trends in councils' financial and infrastructure strategies

- 2.47 Councils that have already adopted their long-term plans might need to amend these plans if the chosen model in the Water Services Delivery Plan is significantly different from what was in the adopted long-term plan.
- 2.48 The 12 councils that have deferred adopting their long-term plans by 12 months (until 30 June 2025) are preparing their Water Services Delivery Plans under Local Water Done Well at the same time as they prepare their 2025-34 long-term plans.
- 2.49 The councils' 2025-34 long-term plans should reflect their intentions for future water services delivery, as set out in their Water Services Delivery Plans.
- 2.50 Until the legislation is passed and councils' water services delivery models and asset transfers are known, it is difficult to forecast or analyse the impact on councils' long-term plans and balance sheets (particularly on assets and debt). We will revisit our analysis once this information is available.
- 2.51 The Local Government (Water Services) Bill 2024 is currently being consulted on until 23 February 2025, meaning the Bill could change further before it is enacted.

# Common risks to councils' delivery of their capital programmes

- 2.52 In recent years, we have found that councils generally budget to reinvest more in assets than they actually spend.<sup>17</sup> We have previously reported that most councils have not delivered all their capital expenditure programmes and that some capital projects have either been delayed or not been delivered at all.
- In 2021/22, councils collectively 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.
- 2.54 Limitations on the construction industry's capacity, the high level of demand from councils, and uncertainty about external funding for capital projects create significant risks and challenges for councils in completing their capital programmes.

17 Controller and Auditor-General (2024), Insights into local government: 2023, at oag.parliament.nz.



2.55

Part 2
Trends in councils' financial and infrastructure strategies

that councils will not be able to deliver their capital programmes. The capacity of available contractors in New Zealand is limited, and there is a high level of demand from local government.
2.56 Several councils are planning to significantly increase their capital programmes. Our audit reports noted that, if these councils do not deliver their programmes, they risk not meeting their planned levels of service or incurring greater costs during the long term.
2.57 Nineteen of our audit reports drew attention to uncertainty and assumptions that councils made about central government funding for capital projects. Much of this related to uncertainty about New Zealand Transport Agency Waka Kotahi funding.

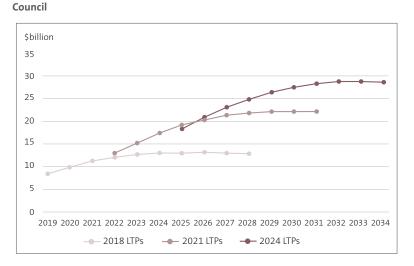
Fourteen of our audit reports on 2024-34 long-term plans drew attention to risks

- 2.58 Several councils had also made assumptions that we did not consider reasonable about levels of government funding for capital projects such as flood and shoreline protection.
- 2.59 Councils also considered the impacts of climate change in their infrastructure strategies. The future condition of councils' assets will be affected by the impacts of climate change such as rising sea levels causing coastal inundation and flooding. This will impact councils' capital expenditure.
- 2.60 Because the timing and extent of the future impacts of climate change are uncertain, the effects on councils' infrastructure strategies are often difficult to determine. Once those councils that deferred their long-term plans until 30 June 2025 have adopted them, we will provide further analysis and comment on how councils have considered climate change in their long-term plans.



# Councils plan to increase borrowing to finance investment in infrastructure

- 2.61 Councils use debt to spread the costs of building, maintaining, and renewing their long-term infrastructure. Debt financing infrastructure allows councils to share the costs and benefits of investments among those who benefit from them over time.
- 2.62 In their 2024-34 long-term plans, councils are planning to borrow at historically high levels (compared to previous long-term plans). Figure 11 shows that, excluding Auckland Council, total council debt is forecast to reach a peak of \$28.8 billion in 2033. We separated Auckland Council's debt from other councils because it has historically accounted for more than 50% of the total debt for all councils.



#### Figure 11 Total forecast debt in councils' last three long-term plans, excluding Auckland

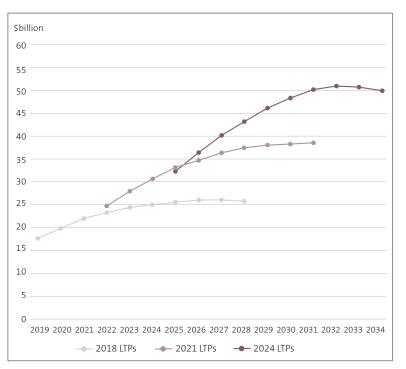


Part 2 Trends in councils' financial and infrastructure strategies

2.63 Figure 12 shows that, including Auckland Council, total debt is forecast to peak at \$50.9 billion in 2032.

#### Figure 12







Trends in councils' financial and infrastructure strategies

## Some councils have almost reached the debt limits in their financial strategies

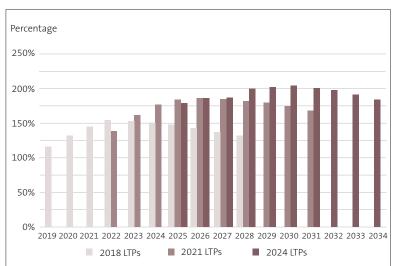
- 2.64 Most councils borrow through the Local Government Funding Agency (the LGFA).
- 2.65 The LGFA sets limits on how much councils can borrow. These limits include a debt-to-revenue limit that prevents councils from borrowing more than 280% or 175% of their revenue, depending on their credit rating.
- 2.66 The LGFA recently announced that it is increasing its debt limit for high-growth councils to 350% of total revenue.<sup>18</sup> Any increase in limit is also subject to the approval of the LGFA Board. It made this announcement after the 58 councils had prepared the long-term plans that we discuss in this report.
- 2.67 Most councils also set their own debt limits below LGFA limits. Keeping within their own debt limits means that councils would be able to borrow more to meet the costs of an unexpected event, such as an earthquake or severe weather.
- 2.68 Councils' own debt limits vary significantly. Some councils have debt limits that are much lower than LGFA limits. In some instances (such as Marlborough District Council, New Plymouth District Council, Waikato Regional Council, and Environment Southland), the limits are lower than, or close to, 100% of total revenue.
- 2.69 Other councils (such as Clutha District Council, Hauraki District Council, and Kāpiti Coast District Council) have not set separate debt limits from the LGFA.
- 2.70 Figure 13 shows the average level of debt by councils as a percentage of total income (excluding Auckland Council). Borrowing by these councils will, on average, be at its highest in 2030 at 204% of total revenue. Figure 14 includes borrowing by Auckland Council.
- 2.71 The forecast debt-to-revenue ratio is lower in 2024/25 than was forecast in the 2021-31 long-term plans. However, by 2028, the average debt to revenue ratio is forecast to be at historically high levels (200%).
- 2.72 Some councils' borrowing is forecast to get close to the LGFA limits. When councils are close to LGFA debt limits they might be less able to respond to the costs of unforeseen events, asset failures, or changes to the timing of their capital programmes.

18 See "LGFA increases borrowing capacity to support high growth councils" at beehive.govt.nz.



Part 2
Trends in councils' financial and infrastructure strategies

- 2.73 For example, our audit reports on Hamilton City Council's and Tauranga City Council's long-term plans drew attention to risks associated with debt levels that will be close to the LGFA borrowing limits set at the time. This reduces the ability of these councils to borrow more than currently forecast within the 2024-34 period. However, we note that, after the LGFA's recent announcement, highgrowth councils may now choose to extend their self-imposed debt limits.
- 2.74 Although borrowing for most other councils is well within LGFA limits, some councils are forecasting that they will be very close to or will exceed their self-imposed debt limits within the 2024-34 period.



#### Figure 13

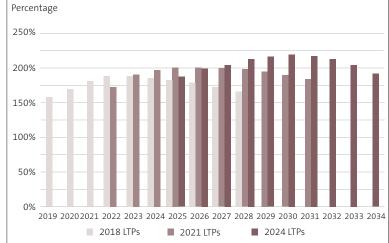
Debt as a percentage of total revenue, excluding Auckland Council



Figure 14

Trends in councils' financial and infrastructure strategies

Debt as a percentage of total revenue, including Auckland Council



- 2.75 The costs of borrowing have risen sharply in recent years, and councils will need to carefully consider how further borrowing might affect their expenses over time. Some councils' credit ratings were downgraded after they adopted their 2024-34 long-term plans because of their weak financial positions and rising debt.
- 2.76 These downgrades will lead to relatively higher interest rates for those councils. This will increase their borrowing costs and could limit the amount of further debt that they can take on. This could also have consequences for their ability to fund the costs of unforeseen events or emergencies.



Part 2

Trends in councils' financial and infrastructure strategies

## Only two councils are using special purpose vehicles to fund infrastructure investment

- 2.77 As well as borrowing from the LGFA, the Infrastructure Funding and Financing Act 2020 provides a mechanism for councils to finance infrastructure projects with help from the National Infrastructure Agency (formerly Crown Infrastructure Partners).
- 2.78 Under this Act, councils can, under certain conditions, access finance through special purpose vehicles. This provides councils with another option for financing infrastructure investment and is typically at a fixed rate for a longer term (for example: 30 years) than what the LGFA can offer.
- 2.79 By using a special purpose vehicle, councils can fund specific infrastructure projects through borrowing that is not included on the council's balance sheet and charge a levy to those who benefit from the infrastructure. This method of borrowing is not subject to LGFA debt limits.
- 2.80 Only two councils are currently using special purpose vehicles. They are Wellington City Council (to finance the Sludge Minimisation Facility) and Tauranga City Council (to fund the Western Bay of Plenty Transport System Plan).
- 2.81 There are few indications in long-term plans that councils plan to use the finance facilities available through the Infrastructure Funding and Financing Act 2020.
- 2.82 Palmerston North City Council had signalled its intention to fund several of its capital projects using the Act. These projects included the planned upgrade of its wastewater treatment and disposal system and the redevelopment of its central library.
- 2.83 However, the Council had not applied for funding under the Act when it prepared its long-term plan. This was one of the reasons for our adverse opinion of Palmerston North City Council's 2024-34 long-term plan.
- 2.84 Councils have indicated that the process of putting a levy in place under the Act can be complex and take considerable time and effort.
- 2.85 These factors might be acting as a barrier to councils choosing these arrangements. We understand that the Ministry of Housing and Urban Development is leading work on improving the Act.<sup>19</sup>

34

19 See Cabinet Paper ECO-24-SUB-0076: Improving Infrastructure Funding and Financing, 22 May 2024.

# 3

# Conclusion

- 3.1 Councils prepared their 2024-34 long-term plans during a time of significant change and uncertainty. Notably, the Government was developing legislation to change how water services will be owned, financed, and operated. The timing of the Government's transport policy announcements and funding decisions also did not align with the time frames for councils' long-term plans.
- 3.2 Most councils responded to this uncertainty well. They were able to complete long-term plans that met the required standards and provided their communities with a reliable view of how councils will provide and pay for services.
- 3.3 The 2024-34 long-term plans also show that councils face significant financial and infrastructure challenges that they will need to carefully manage.
- 3.4 Rising operating costs and the need to increase capital expenditure are putting pressure on many councils. In response, councils are increasing rates at historically high levels. To pay for much-needed investment in infrastructure, councils are also increasing their debt to some of the highest levels in decades.
- 3.5 As a result, some councils are close to or exceeding their self-imposed debt limits.
- 3.6 These factors create risks to councils' long-term financial sustainability and to their ability to respond to unforeseen events such as earthquakes or severe weather. Councils will need to carefully manage these risks.
- 3.7 The changing operating context for local government highlights the importance of a strong strategic and agile approach to long-term planning. We continue to recommend that the Department of Internal Affairs and the local government sector review the required content for long-term plans so that they remain fit for purpose and focus on what matters most to communities.
- 3.8 Long-term plans (and their supporting finance and infrastructure strategies) should be actively used to drive councils' delivery and performance and to provide accountability to their communities.

# ltem 6

Attachment A

# Appendix Types of audit reports that we can issue

An audit report will be either standard or non-standard.<sup>20</sup> A non-standard audit report is one that contains:

- an adverse opinion;
- a qualified audit opinion;
- an emphasis of matter paragraph; and/or
- an "other matter" paragraph.

An adverse opinion is quite rare and means that the auditor disagrees with the entity. It indicates that, in the auditor's professional opinion, the underlying information and assumptions in the long-term plan are unreasonable.

An adverse opinion or qualified opinion can also be called a modified opinion. An auditor will include an emphasis of matter paragraph or an "other matter" paragraph in the audit report to draw attention to:

- · a breach of law; or
- a matter or matters presented or disclosed that are of such importance that they are fundamental to readers' understanding of the audited information.

An emphasis of matter paragraph does not necessarily mean that the auditor has found anything wrong. Instead, the auditor wants to draw readers' attention to a matter or matters that are fundamental to understanding the long-term plan.

An audit report can contain more than one modification to the audit opinion or more than one emphasis of matter paragraph.

36

20 For a plain-language explanation of the different forms of audit report, see our blog post "The Kiwi guide to audit reports", at oag.parliament.nz.

## About our publications

#### All available on our website

The Auditor-General's reports are available in HTML and PDF format, and often as an epub, on our website – oag.parliament.nz. We also group reports (for example, by sector, by topic, and by year) to make it easier for you to find content of interest to you.

Our staff are also blogging about our work – see oag.parliament.nz/blog.

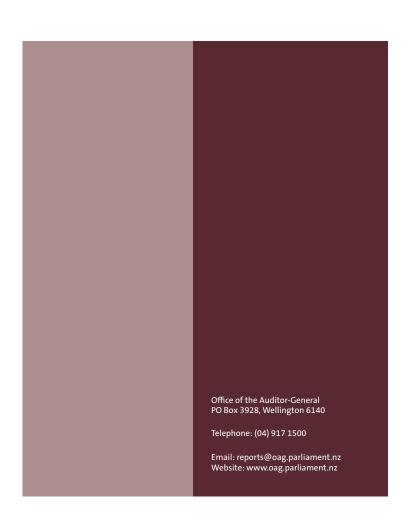
#### Notification of new reports

We offer facilities on our website for people to be notified when new reports and public statements are added to the website. The home page has links to our RSS feed, Twitter account, Facebook page, and email subscribers service.

#### Sustainable publishing

The Office of the Auditor-General has a policy of sustainable publishing practices. This report is printed on environmentally responsible paper stocks manufactured under the environmental management system standard AS/NZS ISO 14001:2004 using Elemental Chlorine Free (ECF) pulp sourced from sustainable well-managed forests.

Processes for manufacture include use of vegetable-based inks and water-based sealants, with disposal and/or recycling of waste materials according to best business practices.







## **The Global Risks Report 2025** 20th Edition

INSIGHT REPORT



January 2025 | The Global Risks Report 2025

#### Acknowledgement

The Global Risks Report is produced exclusively by the World Economic Forum. We are grateful to our longstanding partners on previous editions, Marsh McLennan and Zurich Insurance Group. Their generous inputs and in-depth guidance have been invaluable over the last 20 years.

#### Terms of use and disclaimer

This document is published by the World Economic Forum as a contribution to a project, insight area or interaction. The findings, interpretations and conclusions expressed herein are a result of a collaborative process facilitated and endorsed by the World Economic Forum but whose results do not necessarily represent the views of the World Economic Forum, nor the entirety of its Members, Partners or other stakeholders. Item 6

World Economic Forum

91-93 route de la Capite CH-1223 Cologny/Geneva Switzerland Tel.: +41 (0)22 869 1212 Fax: +41 (0)22 786 2744 E-mail: contact@weforum.org www.weforum.org

Copyright © 2025 by the World Economic Forum All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, or otherwise without the prior permission of the World Economic Forum.

ISBN: 978-2-940631-30-8

The report and an interactive data platform are available at <a href="https://www.weforum.org/publications/global-risks-report-2025/">https://www.weforum.org/publications/global-risks-report-2025/</a>.

### Contents

Preface	4
Overview of methodology	5
Key findings	6
Chapter 1: Global Risks 2025: A world of growing divisions	13
1.1 The world in 2025	13
1.2 The path to 2027	15
1.3 "Geopolitical recession"	20
1.4 Supercharged economic tensions	28
1.5 Technology and polarization	34
Endnotes	40
Chapter 2: Global Risks 2035: The point of no return	43
2.1 The world in 2035	43
2.2 Structural forces	47
2.3 Pollution at a crossroads	48
2.4 Losing control of biotech?	53
2.5 Super-ageing societies	60
2.6 Looking back: 20 years of the Global Risks Report	66
Endnotes	70
Appendix A: Definitions and Global Risks List	74
Appendix B: Global Risks Perception Survey 2024-2025	77
Appendix C: Executive Opinion Survey: National Risk Perceptions	80
Appendix D: Risk governance	91
Partner Institutes	96
Acknowledgements	102

# ltem 6

## Preface



Saadia Zahidi Managing Director

The multi-decade structural forces highlighted in last year's *Global Risks Report* – technological acceleration, geostrategic shifts, climate change and demographic bifurcation – and the interactions they have with each other have continued their march onwards. The ensuing risks are becoming more complex and urgent, and accentuating a paradigm shift in the world order characterized by greater instability, polarizing narratives, eroding trust and insecurity. Moreover, this is occurring against a background where today's governance frameworks seem ill-equipped for addressing both known and emergent global risks or countering the fragility that those risks generate.

This is the 20th edition of the *Global Risks Report*. Looking back over the last two decades, environmental risks have steadily consolidated their position as the greatest source of long-term concern. This year's **Global Risks Perception Survey** shows that a sense of alarm is also mounting in the shorter term: Environmental problems, from extreme weather to pollution, are here now and the need to implement solutions is urgent.

Concerns about state-based armed conflict and geoeconomic confrontation have on average remained relatively high in the ranks over the last 20 years, with some variability. Today, geopolitical risk – and specifically the perception that conflicts could worsen or spread – tops the list of immediate-term concerns. Fear and uncertainty cloud the outlook in various parts of the world, including in Ukraine, the Middle East, and Sudan, with multilateral institutions struggling to provide effective mediation and work towards resolutions.

Societal risks such as inequality rank high among today's leading concerns as well as over the last years. Polarization within societies is further hardening views and affecting policy-making. It also continues to fan the flames of misinformation and disinformation, which, for the second year running, is the top-ranked short- to medium-term concern across all risk categories. Efforts to combat this risk are coming up against a formidable opponent in Generative Al-created false or misleading content that can be produced and distributed at scale. More broadly, technological risks, while not seen as immediate, rise in the rankings for the 10-year time horizon, given the rapid pace of change in areas such as Al and biotech. Economic risks have fallen in the rankings since last year, with inflation and the risk of an economic downturn no longer top of mind among decisionmakers and experts. But there is no room for complacency: if the coming months see a spiral of tariffs and other trade-restricting measures globally, the economic consequences could be significant. Elevated valuations in several asset classes make them more vulnerable to these and other risks.

In this report we dive deep into key global risk themes - conflict, trade wars, and technology and polarization as leading short- to medium-term concerns, as well as pollution, biotech and superageing as areas where serious risks could unfold over a longer-term time horizon. We also provide a retrospective view of the last two decades of assessing global risks. Twenty years ago, when we were preparing our first Global Risks Report, the world was in a different place. Risks that have been well managed and mitigated since then were those where the concerted and collective efforts of multistakeholder leaders helped to build common ground, compromises and mutually acceptable solutions. It will be up to visionary leaders to involve all key stakeholders to address the risks now foreseen for the next decade and to build durable peace and prosperity.

The report highlights the latest findings from our annual **Global Risks Perception Survey**, which this year brought together the collective intelligence of over 900 global leaders across academia, business, government, international organizations and civil society. It also leverages insights from some 100 thematic experts, including the risk specialists who form the Global Risks Report Advisory Board, the Global Future Council on Complex Risks, and the Chief Risk Officers Community. We would also like to express our gratitude to the core team that developed this report – Mark Elsner and Grace Atkinson – and to Ricky Li, Ignacio Moreno and Gayle Markovitz for their support.

The world has changed profoundly over the last 20 years and will continue to do so in unpredictable ways. But foresight based on informed, expert views remains critical for better planning and preparation, in both the short and long term. The 20th Global Risks Report continues to shine a light on globally relevant risks that are often complex and sometimes alarming. Yet, in examining the trajectory of the risks foreseen over the last two decades, it is clear that there is no viable alternative to multilateral solutions going forward. Leaders across the public and private sectors, civil society, international organizations and academia must seize the baton to work openly and constructively with each other. By deepening honest dialogue and acting urgently to mitigate the risks that lie ahead, we can rebuild trust and together create stronger, more resilient economies and societies.

# Item 6

# Overview of methodology

The **Global Risks Perception Survey (GRPS)** has underpinned the *Global Risks Report* for two decades and is the World Economic Forum's premier source of original global risks data. This year's **GRPS** has brought together leading insights on the evolving global risks landscape from over 900 experts across academia, business, government, international organizations and civil society. Responses for the **GRPS 2024-2025** were collected between 2 September and 18 October 2024.

"Global risk" is defined as the possibility of the occurrence of an event or condition that, if it occurs, would negatively impact a significant proportion of global GDP, population or natural resources. Relevant definitions for each of the 33 global risks are included in Appendix A: Definitions and Global Risks List.

The GRPS 2024-2025 included the following components:

- Risk landscape invited respondents to assess the likely impact (severity) of global risks over one-, two- and 10-year horizons to illustrate the potential development of individual global risks over time and identify areas of key concern.
- Consequences asked respondents to consider the range of potential impacts of a global risk arising, to highlight relationships between risks and the potential for compounding crises.
- Risk governance invited respondents to reflect on which approaches have the most potential for driving action on global risk reduction and preparedness.
- Outlook asked respondents to predict the evolution of key aspects underpinning the global risks landscape.

#### Appendix B: Global Risks Perception Survey 2024-2025 provides more detail on the methodology.

To complement **GRPS** data on global risks, the report also draws on the World Economic Forum's **Executive Opinion Survey (EOS)** to identify risks that pose the most severe threat to each country over the next two years, as identified by over 11,000 business leaders in 121 economies. When considered in context with the **GRPS**, this data provides insight into local concerns and priorities and points to potential "hot spots" and regional manifestations of global risks. **Appendix C: Executive Opinion Survey: National Risk Perceptions** provides more detail.

Finally, the report integrates the views of leading experts to generate foresight and to support analysis of the survey data. Contributions were collected from 59 colleagues across the World Economic Forum's platforms. The report also harnesses qualitative insights from 96 experts from across academia, business, government, international organizations and civil society through community meetings, private interviews and thematic workshops conducted from April to November 2024. Experts included members of the Global Risks Report Advisory Board, the Global Future Council on Complex Risks and the Chief Risk Officers Community. Refer to Acknowledgements for more detail.

# Item 6

## Key findings

The Global Risks Report 2025 presents the findings of the Global Risks Perception Survey 2024-2025 (GRPS), which captures insights from over 900 experts worldwide. The report analyses global risks through three timeframes to support decisionmakers in balancing current crises and longer-term priorities. Chapter 1 explores current or immediateterm (in 2025) and short- to medium-term<sup>1</sup> (to 2027) risks, and Chapter 2 focuses on the risks emerging in the long term (to 2035). The report considers not only the survey findings and the range of implications, but also provides six in-depth analyses of selected risk themes.

Below are the key findings of the report, in which we compare the risk outlooks across the three time horizons.

#### Declining optimism

As we enter 2025, the global outlook is increasingly fractured across geopolitical, environmental, societal, economic and technological domains. Over the last year we have witnessed the expansion and escalation of conflicts, a multitude of extreme weather events amplified by climate change, widespread societal and political polarization, and continued technological advancements accelerating the spread of false or misleading information. Optimism is limited as the danger of miscalculation or misjudgment by political and military actors is high. We seem to be living in one of the most divided times since the Cold War, and this is reflected in the results of the **GRPS**, which reveal a bleak outlook across all three time horizons – current, short-term and long-term.

A majority of respondents (52%) anticipate an unsettled global outlook over the short term (next two years), a similar proportion to last year (Figure A). Another 31% expect turbulence and 5% a stormy outlook. Adding together these three categories of responses shows a combined four percentage point increase from last year, indicating a heightened pessimistic outlook for the world to 2027.

Compared to this two-year outlook, the landscape deteriorates over the 10-year timeframe, with 62% of respondents expecting stormy or turbulent times. This long-term outlook has remained similar to the survey results last year, in terms of its level of negativity, reflecting respondent skepticism that current societal mechanisms and governing institutions are capable of navigating and mending the fragility generated by the risks we face today.

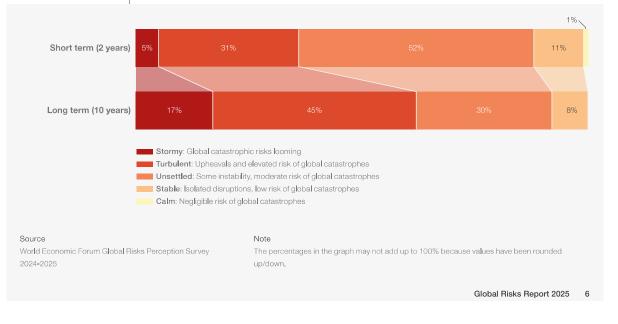
### Deepening geopolitical and geoeconomic tensions

Comparing this year's findings for the world in 2025 with the two-year risk outlook provided by the **GRPS** two years ago shows how far

#### FIGURE A

#### Short- and long-term global outlook

"Which of the following best characterizes your outlook for the world over the following time periods?"





#### AUDIT AND RISK SUBCOMMITTEE 10 March 2025

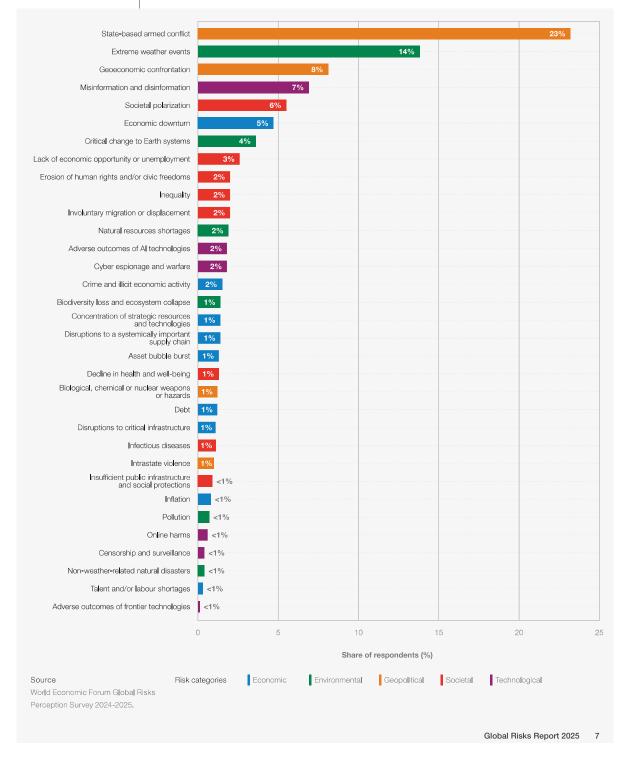
ltem 6

perceptions have darkened when it comes to conflict. **State-based armed conflict**, now ranked as the #1 current risk by 23% of respondents (Figure B), was overlooked as a leading two-year risk two years ago. In a world that has seen an increasing number of armed conflicts over the last decade,<sup>2</sup> national security considerations are starting to dominate government agendas. Section 1.3: "Geopolitical recession" dives deep into the dangers of

FIGURE B

#### Current Global Risk Landscape

"Please select one risk that you believe is most likely to present a material crisis on a global scale in 2025."



Attachment B

perceived as the most central risk of all, plaving

Attachment B

a significant role in both triggering and being influenced by other risks. It is contributing to weakening trust and diminishing our collective sense of shared values.

As well as **Inequality**, other societal risks also feature in the top 10 of the two-year ranking: Societal polarization, Involuntary migration or displacement and Erosion of human rights and/ or civic freedoms. The importance ascribed to this set of societal risks by respondents suggests that social stability will be fragile over the next two years.

Respondent concern around certain key economic risks - Economic downturn and Inflation - has subsided since last year, with these two risks witnessing the largest falls in the two-year ranking (Figure 1.5). Nonetheless, the impacts of the costof-living crisis since 2022 contributed to Inequality becoming the top interconnected risk this year: Economic downturn, Inflation, and Debt were selected among the top causes of Inequality by GRPS respondents.

Although there are fewer societal risks in the top 10 of the 10-year risk ranking than in the top 10 of the two-year risk ranking (two compared to four, see Figure C), the profound societal fractures that feature prominently in this report should not be perceived as solely short-term risks. Looking ahead to the next decade, Inequality and Societal polarization continue to feature among the top 10 risks. This is an important pair of risks to watch, given how related they can be to bouts of social instability, and in turn to domestic political and to geostrategic volatility. In super-ageing societies - such as Japan, South Korea, Italy or Germany unfavourable demographic trends could accentuate these risks over the next 10 years. Pensions crises and labour shortages in the long-term care

FIGURE C

#### Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period."



#### Source

World Economic Forum Global Risks Perception Survey 2024-2025.

Global Risks Report 2025 8

DUNEDIN | kaunihera a-rohe o

considerations and highlights the worsening

humanitarian impacts of the ongoing conflicts.

The risk of further destabilizing consequences

following Russia's invasion of Ukraine, as well as in the Middle East and in Sudan are likely to be

amplifying respondents' concerns beyond 2025 as

well. In the two-year outlook, State-based armed

Section 1.4: Supercharged economic tensions

Geoeconomic confrontation, from #14 last year to

#9 today reflects unease about the path ahead for

in geopolitical tensions also concerns respondents.

with Cyber espionage and warfare ranked #5 in

However, the top risk in 2027 is Misinformation

and disinformation, for the second year in a

row (Figure C). There are many ways in which a proliferation of false or misleading content is

complicating the geopolitical environment. It is a

general public worldwide about what is happening

image of products or services from another country.

in conflict zones; or it can be used to tarnish the

A growing sense of societal

Societal fractures are central to the overall risks

map (Figure D). Inequality (wealth, income) is

landscape, as shown in the risk interconnections

leading mechanism for foreign entities to affect voter intentions; it can sow doubt among the

global economic relations. The role of technology

explores how global geoeconomic tensions could unfold. The rise in the two-year ranking of

conflict has moved up from #5 to #3 since our

GRPS 2023-24 (Figure C).

the two-year outlook.

fragmentation

ltem 6

Attachment B

sector are likely to become acute and widespread for environmental risks over the next decade problems in super-ageing societies, with no easy is alarming - while all 33 risks in the GRPS are fix for governments. Section 2.5: Super-ageing expected to worsen in severity (Figure E) from the societies explores this risk theme. two-year to the 10-year time horizon, environmental risks present the most significant deterioration. Extreme weather events are anticipated to Environmental risks - from longbecome even more of a concern than they already are, with this risk being top ranked in the 10-year term concern to urgent reality risk list for the second year running. Biodiversity loss and ecosystem collapse ranks #2 over the The impacts of environmental risks have worsened 10-year horizon, with a significant deterioration in intensity and frequency since the Global Risks compared to its two-year ranking. Report was launched in 2006, as discussed in depth in Section 2.6: Looking back: 20 years of The GRPS shows generational divergence when it the Global Risks Report. Moreover, the outlook comes to risk perceptions related to environmental FIGURE D Global risks landscape: An interconnections map<sup>3</sup> Erosion of human rights and/or civic freedoms Intrastate Visinformation nce and surveillance Biodiversity loss 7 Stat ed ari confli and eco Biological, chemical or nuck weapons or hazards itcomes dv migratio nline Pollú Involuntary of ologies ha or displacem S is to critical espionage Non-weather-related natural disasters **Orime and illicit** and warfare economic activity Decline in health and well-being Inequality Adverse outcomes of frontier technologies e weathe vents Critical change Beoeconomic to Earth system confrontation Disruptions to a sy importa Insufficient public infrastructure ack of e Concentration of and social protections onomic opportunity strategic resources and technologies employment Natural resource shortages Inflatio Talent and/or labour shortages Economic downtur Debt Asset bubble burst Nodes Edges Relative influence Risk influence - High - Medium High Medium Risk categories Economic Environmenta Geopolitical Societal Technological Low Low Source World Economic Forum Global Risks Perception Survey 2024-2025 Global Bisks Report 2025 9

DUNEDIN kaunihera a-rohe o CITY COUNCIL **Ötepoti** 

Attachment B



fast-paced nature of change in the field of AI and its increasing ubiquity. Indeed, Adverse outcomes of AI technologies is one of the risks that climbs the most in the 10-year risk ranking compared to the two-year risk ranking (Figure G). In this report we highlight the role of Generative AI (GenAI) in producing false or misleading content at scale, and how that relates to societal polarization. Section 1.5: Technology and polarization explores this and the broader risks from greater connectivity, rapid growth in computing power and more powerful AI tools.

AUDIT AND RISK SUBCOMMITTEE

10 March 2025

Among the areas experiencing the most rapid technological advances is the Biotech sector. Section 2.4: Losing control of biotech? takes an in-depth look at emerging risks in biotech, supercharged by Al. Over a 10-year time horizon, low-probability, high-impact risks exist, including Intrastate violence from biological terrorism and Adverse outcomes of frontier technologies involving accidental or malicious misuse of gene editing technologies, or even of brain-computer interfaces. At the same time, such risks do not

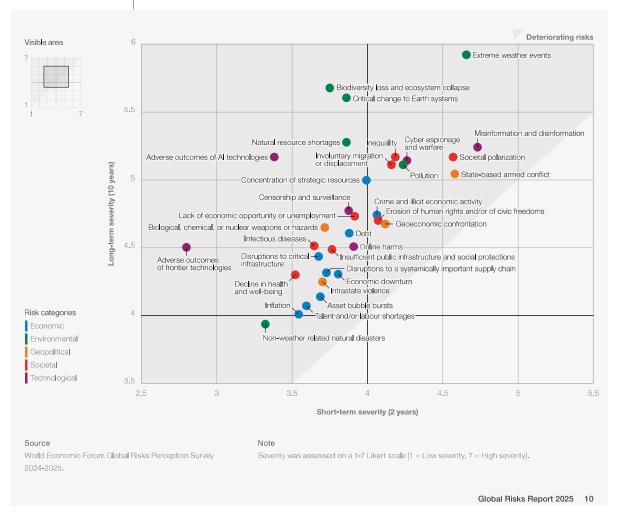


FIGURE E

Relative severity of global risks over a 2- and 10-year period

stakeholder, with the public sector placing Pollution

as a top 10 risk in the 10-year ranking, but not the

private sector (Figure 2.4). Section 2.3: Pollution

at a crossroads aims to fill awareness gaps by

exploring under-appreciated pollutant risks that

by 2035 - and ideally much sooner given their significant impacts on health and ecosystems.

need to become more prominent in policy agendas

Technological risks - still "under

In a year that has seen considerable experimentation

by companies and individuals in making the best use

Al technologies are low in the risk ranking on a two-

of AI tools, concerns about Adverse outcomes of

the radar"



#### AUDIT AND RISK SUBCOMMITTEE 10 March 2025

diminish the tremendous actual and potential progress for humankind stemming from biotech.

#### The time to act is now - is consensus possible in a fragmenting world?

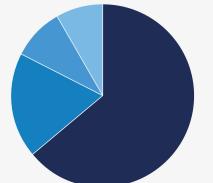
Deepening divisions and increasing fragmentation are reshaping international relations and calling into question whether existing structures are equipped to tackle the challenges collectively confronting us. Levels of global cooperation across many areas of geopolitics and humanitarian issues, economic relations, and environmental, societal and technological challenges may reach new lows in the coming years. Key countries appear to be turning inward, focusing on mounting domestic economic or societal concerns, just when they should be seeking to strengthen multilateral ties to confront shared challenges. When asked about the characteristics of the global political outlook over the next decade, 64% of **GRPS** respondents believe that we will face a **Multipolar or fragmented order**, in which middle and great powers contest, set and enforce regional rules and norms (Figure F). Perceptions in response to this question have changed little compared to last year. The Western-led global order is expected to continue its decline over the next decade but will nonetheless remain an importance locus of power. Alternative power centres are likely to strengthen, not just led by China, but also by key emerging powers, including India and the Gulf states.

The decade ahead will be pivotal as leaders will be confronted with increasingly complex global risks. But to prevent a downward spiral in which citizens worldwide will be worse off than before, ultimately there is no option other than to find avenues for dialogue and collaboration.<sup>4</sup>

#### FIGURE F

#### Global political outlook

"Which of the following best characterizes the global political environment for cooperation on global risks in 10 years?"



64%

Multipolar or fragmented order in which middle and great powers contest, set, and enforce regional rules and norms

Bipolar or bifurcated order shaped by strategic competition between two superpowers

- 9% Realignment towards a new international order led by an alternative superpower
- 8% Continuation or reinvigoration of the US-led, rules-based international order

Source World Economic Forum Global Risks Perception Survey 2024-2025

Attachment B



FIGURE G

Global risks ranked by severity over the short and long term

"Please estimate the likely impact (severity) of the following risks over a 2-year and 10-year period."

	Misinformation and disinformation	1st Ond	Extreme weather events
	Extreme weather events	2 <sup>nd</sup>	Biodiversity loss and ecosystem collapse
l	State-based armed conflict	3 <sup>rd</sup>	Critical change to Earth systems
	Societal polarization	4 <sup>th</sup>	Natural resource shortages
	Cyber espionage and warfare	5 <sup>th</sup>	Misinformation and disinformation
	Pollution	6 <sup>th</sup>	Adverse outcomes of AI technologies
l	Inequality	7 <sup>th</sup>	Inequality
	Involuntary migration or displacement	8 <sup>th</sup>	Societal polarization
	Geoeconomic confrontation	9 <sup>th</sup>	Cyber espionage and warfare
	Erosion of human rights and/or of civic freedoms	10 <sup>th</sup>	Pollution
ŀ	Crime and illicit economic activity	11 <sup>th</sup>	Involuntary migration or displacement
	Concentration of strategic resources	12 <sup>th</sup>	State-based armed conflict
	Lack of economic opportunity or unemployment	13 <sup>th</sup>	Concentration of strategic resources
	Online harms	14 <sup>th</sup>	Censorship and surveillance
	Debt	15 <sup>th</sup>	Crime and illicit economic activity
	Censorship and surveillance	16 <sup>th</sup>	Lack of economic opportunity or unemployment
	Critical change to Earth systems	17 <sup>th</sup>	Erosion of human rights and/or of civic freedoms
	Natural resource shortages	18 <sup>th</sup>	Geoeconomic confrontation
	Economic downturn	19 <sup>th</sup>	Biological, chemical or nuclear hazards
	Insufficient public infrastructure and social protections	20 <sup>th</sup>	Debt
	Biodiversity loss and ecosystem collapse	21 <sup>st</sup>	Infectious diseases
	Disruptions to a systemically important supply chain	22 <sup>nd</sup>	Online harms
	Biological, chemical or nuclear hazards	23 <sup>rd</sup>	Adverse outcomes of frontier technologies
	Intrastate violence	24 <sup>th</sup>	Insufficient public infrastructure and social protections
ļ	Asset bubble bursts	25 <sup>th</sup>	Disruptions to critical infrastructure
	Disruptions to critical infrastructure	26 <sup>th</sup>	Disruptions to a systemically important supply chain
	Infectious diseases	27 <sup>th</sup>	Economic downturn
	Talent and/or labour shortages	28 <sup>th</sup>	Decline in health and well-being
	Inflation	29 <sup>th</sup>	Intrastate violence
	Decline in health and well-being	30 <sup>th</sup>	Asset bubble bursts
	Adverse outcomes of AI technologies	31 <sup>st</sup>	Talent and/or labour shortages
	Non-weather related natural disasters	32 <sup>nd</sup>	Inflation
	Adverse outcomes of frontier technologies	33 <sup>rd</sup>	Non-weather related natural disasters

Global Risks Report 2025 12

Perception Survey 2024-2025

## 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

**Title** <u>J</u>A HSW report for December 2024 and January 2025 **Page** 87

#### Health, Safety and Wellbeing Reporting for 1 December 2024 to 31 January 2025 and FYTD (1 July 2024 – 30 June 2025)

#### **ORGANISATION OVERVIEW**

#### 1. Total Events Recorded FYTD: 717

Note: Event refers to all accidents, incidents that cause damage or harm, or have the potential to cause damage or harm (near miss) and hazards.

Event Type	January 2024	December 2024	FYTD
Incident	41	52	405
Injury	22	18	161
Injury – Lost time Work	1	0	13
Near Miss / Hazard	11	12	133
Notifiable Events	0	0	5
Injury – Non Work	2	3	22
Injury – Lost time Non Work	3	6	21



Note: The notifiable events are included in the person type

#### 2. Tier 1 to 3 Projects with Critical Risks

Events, inspections and audits for December 2024/January 2025 for the Tier 1 to 3 Projects with critical risks

Project	No. of Events	Inspections	Audits	Positive Observation
Civic Centre Upgrade (CCU)			2	
Moana Pool Redevelopment (MOA)				
Organics Receivals Building (ORB)			2	
New Collection System (NCS)				
Bath Street (9240)			3	
South Dunedin Library & Community Complex (SDL)			1	

Project	No. of Events	Inspections	Audits	Positive Observation
Town Hall Heritage Restoration (5066)			1	
Community Housing Renewals				
Archives Compliance				
Playground Renewals				
Logan Park Artificial Turf				

#### 3. Improvements

#### Vehicle Safety Alert – Manual Vehicles

On January 12, a vehicle incident occurred when a staff member failed to engage the handbrake. As a result, the vehicle rolled approximately 40 metres down the road, colliding with a white barricade before descending an incline into private property. Fortunately, no-one was harmed. Following this event, an investigation revealed that DCC operates a total of 24 manual vehicles. To address this issue and prevent future occurrences, a safety alert that identifies good practice will be distributed directly to all personnel responsible for operating these vehicles.

#### 3 Waters Lockout Tagout (LOTO) Project

A comprehensive Lockout Tagout (LOTO) project has been created for 3 Waters, specifically tailored to the intricate operations of their area. It includes a cost review and funding has been secured. 3 Waters management will hire a third-party LOTO expert to ensure the programme is well-resourced, managed and implemented, whilst improving safety and efficiency.

#### Parks Meeting Contractor Obligations

Work was done to help the parks team meet their health and safety obligations when engaging contractors to manage freedom camping over the summer. The arrangement between DCC and DOC made the Parks team think that by funding DOC, the legal responsibilities would shift to DOC, relieving DCC of any further action. However, legal responsibilities cannot be waived, and since this is a jointly funded project, both parties have responsibilities. A new efficient and compliant process will be created to ensure that contractors are inducted, and their driver's licences recorded for this work.

Key: P = Lead Indicator

Dago 2 of 22



10 March 202

4.	Events of Note for December 2024 and January 2025 🔁
----	---

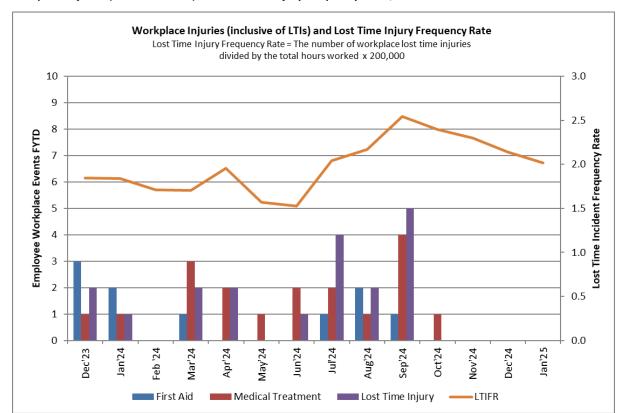
	Incident Type	Team	Description	Actual Risk	Potential Risk	Related to Critical/ Common Risk	Underlying Cause	Corrective Action	Status
β	Incident* (#14764)	3 Waters	Incinerator malfunctioned; unable to restart; fuel substance on floor and staff had a lack of training.			Hazardous energy			Underway
Ъ	Near Miss / Hazard (#14779)	Parking Services	Threatening phone call from member of public who received 3 infringements	L4	H12	Aggression/ Violence	Third Party Behaviour	<ol> <li>Reported to the Police.</li> <li>SOP updated to include third party behaviour.</li> </ol>	Completed
þ	Near Miss / Hazard (#14873)	Waste and Environmental Services	New system built for landfill gases will raise risk while it embeds and settles	L4	H12	Hazardous substances	Environment /Land	Confirmed agreed mitigation measures are in place	Completed
Ъ	Incident (#14906)	3 Waters	Shutter door of HRAS closed unexpectedly damaging vehicle	L4	H12	Hazardous energy	Equipment/Design / Plant	<ol> <li>Barrel on outside switch to be replaced to allow shutting of door from outside with plant key.</li> <li>HRAS roller door timer to be removed</li> </ol>	Underway
₽	Incident (#14924)	3 Waters	Vehicle parked on steep hill rolled down street and bank	L4	E20		Environment/ Land	<ol> <li>Safety alert to staff highlighting the importance of handbrake use and leaving in gear.</li> </ol>	Underway
₽	lnjury (#14965)	3 Waters	Lever came out of locked position, knocking helmet/ visor off and hit forehead			Hazardous energy			Not started.

\* This event was omitted from the notable events for November.

Incidents have been included which, upon reading the description, we believe the potential risk will be high, and we will be ensuring that these items are being raised to the appropriate level.

<sup>🔁 =</sup> Lead Indicator Key: 🔁 = Lag Indicator



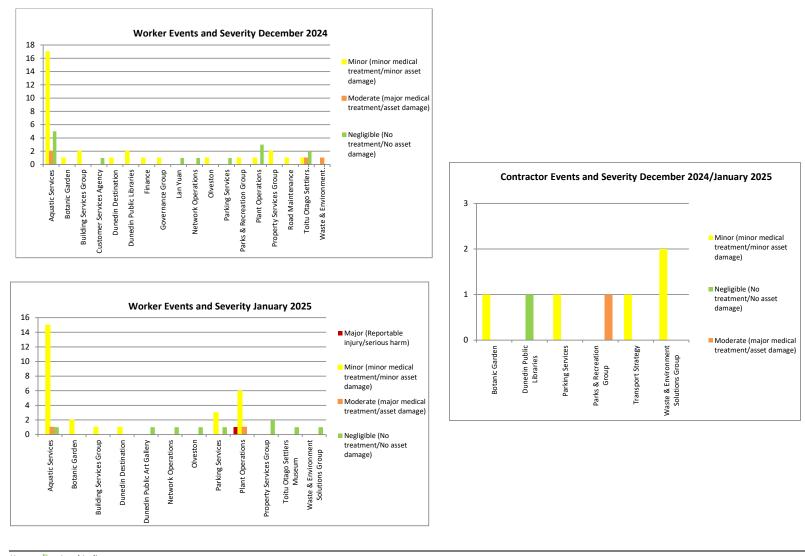


5. Workplace Injuries (inclusive of LTIs) and Lost Time Injury Frequency Rate  $\overline{\mathcal{P}}$ 

Key: P = Lead Indicator P = Lag Indicator

Page 4 of 23





Key: P = Lead Indicator

🔁 = Lag Indicator

Page 5 of 23



Worker Event Causation FYTD

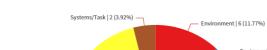
Environment | 42 (9.72%)

Equipment / Design | 76 (17.59%)

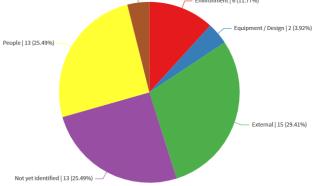
Systems/Task | 27 (6.25%)

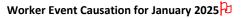
People | 109 (25.23%)

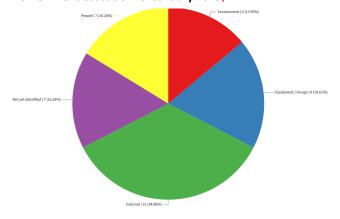
Organisation | 3 (0.7%) Not yet identified | 32 (7.41%)



Worker Event Causation for December 2024







🔁 = Lead Indicator Key: 🔁 = Lag Indicator

Page 6 of 23

			Inciden	its Reported FYTD	by Group				
160 -	3 Waters & Transition	Arts, Culture & Recreation	Business & Community Engagement	Climate & City Growth	Corporate Services	Customer & Regulatory	ELT	Finance	Manahautū, Policy & Partnerships
140 -		141							
120 -									
100 -									
80 -	63								
60 -									
20 -	10 <sup>15</sup>	16 22 <u>15</u> 17		18 21	16	<u>9 12</u>			7
0 -		32	1 2 3 1 1 1	4 7 3 1	3 1 2 2 2		2	2	1 4
	3 Waters & Transition Business Support & Improvement Capital Delivery Network Operations Planning Plant Operations	Dunedin Public Art Gallery Dunedin Public Libraries Lan Yuan Olveston Parks & Recreation Group Aquatic Services Botanic Garden Toitu Otago Settlers Museum	Governance Group Communications Dunedin Destination Enterprise Dunedin Marketing & Design Isite Visitor Centre	Capital Works Road Maintenance Transport Delivery Transport Strategy Waste & Environment Solutions Group Sustainability Group	Digital Services Fleet/Parking Operations Health & Safety Group Housing Portfolio and Project Support Office Group Property Services Group	Building Services Group Animal Services Customer Services Agency Resource Consents Group Parking Services	Executive Leader ship Team	Finance	Community Partnerships Group Corporate Policy Group Task Force Green

#### Total events recorded for employees and contractors FYTD: 459 $\frac{1}{2}$ 6.

🔁 = Lead Indicator Key: 🔁 = Lag Indicator

Page 7 of 23



Department	Event ID	Potential Risk	Critical Risk	Event Date	Status	Days' overdue	Description
3 Waters	13778		Hazardous substance	27/3/2024	Underway	55	Redundant mercury tilt switches requiring disposal
	14586		Hazardous substance	14/10/024	Not started	86	Recycled effluent spill, dosing pipework broken
	14596		Hazardous substance	14/10/2024	Underway	69	Forklift struck dosing pipework
	14597		Hazardous energy	16/10/2024	Underway	105	Motor required isolation and testing
	14648			30/10/2024	Not started	99	Vehicle damage while parking
	14764		Hazardous energy	28/11/2024	Underway	69	Incinerator process issues; fuel substance on floor
	14866			5/12/2024	Not started	49	Speeding infringement
Property	14835			12/12/2024	Not started	55	Contractors did not report to Chief Fire Warden during evacuation

#### 7. Overdue work event investigations for employees and contractors $\overline{P}$

Key: → = Lead Indicator → = Lag Indicator

#### 8. Active Corrective Actions 🖯

The table below shows the status of the corrective actions for Vault Check, Incidents, Injury, Near Miss/Hazard and Site Inspections.

Not started	Underway	Overdue
28	31	59

#### 9. Ongoing event outcomes for employees and contractors P

#### Property:

#### Boiler pressure release caused cap on the flue to come off (#14683) Notifiable

The following corrective actions have been identified:

- Boiler remains shut down.
- Replacing flue caps with a new design.
- SOP to include ` Do not overtighten boiler door'.
- Improve communication systems.
- Maintenance reports to be sufficiently detailed (Completed).
- Inspect insulation in all boilers for deterioration. *February 2025*

#### Cut hand on battery chainsaw while assisting co-worker (#14677) Notifiable

The following corrective actions have been identified and are being worked through:

- Define scope of work for attendants.
- Identify appropriate tools for tasks.
- Create SOP's for the tasks.
- Introduce pre-start risk planning.
- Identify training/competencies required.
- Create actions in your AIMP. *May 2025*

#### Contractor disturbed and excavated contaminated land (#14329)

The investigation has found that there was insufficient sharing of information to the contractor. Some improvements include 'No dig' instructions for contaminated sites. Staff developing a process around issuing of instructions for work on a contaminated site. *December 2024* 

#### Transport:

#### Hatch Cover Gave Way (#12231):

Pedestrian was hurt when a Chorus hatch cover gave way, a replacement centre support bar has been installed. Chorus is undertaking a national inspection programme to check all covers and will provide an update once they've got through our network. *December 2024* 

#### 3 Waters:

#### Minor shock from UV unit when cleaning (#14551) Notifiable

Final corrective action to create 3-monthly inspection for UV plugs. February 2025

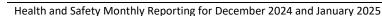
#### Uncontrolled spray of caustic soda (#14497) Notifiable:

A loose non-return valve for caustic to neutralisation tank caused caustic to spray and damage the airlines. Third party H&S auditor was engaged to complete an ICAM, the report is yet to be finalised. Initial corrective actions include:

Modify lay-out of tank and add splash protection to the system.

Attachment A

Attachment A



Install a conductivity meter and add provision for an alarm to stop the process when required.

AUDIT AND RISK SUBCOMMITTEE

10 March 2025

- Create a 6-monthly valve inspections form.
- Implement neutralisation caustic pump and valve fault alarms.
- Enhance training for staff on alarm systems.
- Develop direct escalation protocols
- Set clear clean up decision criteria

EDIN | kaunihera a-rohe o

.

Ōtepoti

- Set up same safety planning criteria for both contractors and employees
- Ensure data safety data sheets are available and current
- Improve WorkSafe notification process. *March* 2025

#### Mosgiel WWTP - Overdue Maintenance of Slip Rings (#9782):

Clarifier burnt out due to lack of maintenance of the slip rings. Final action is underway and to construct a new cable path to the clarifiers. This will include enhanced safety features such as safety stops and gates to stop bridge movement before entering. New slip rings arrived late December but are not compatible and can't be used. A new fit for purpose slip ring is being sourced with estimated 6 months ETA. *July 2025.* 

#### Winch Lift Capacity (#12725):

Risk identified that the crane truck which is fitted with a crane boom and winch is being operated outside of its lift capacity rating which could result in an uncontrolled lift. A business case has been put forward for replacement options, in the meantime the work is being outsourced to avoid using old lifting equipment. *August 2024.* 

#### Crane hook and cable failure (#12820):

During use, the crane hook and cable came of the sheaves. The crane has been recertified and a replacement hook with latch has been installed, but further safety controls have been identified as missing due to the age of the crane. Further assessments to be undertaken *November 2024*.

#### Incinerator Plug Burnt Out Causing Smoke (#13552):

When heating up the incinerator the plug burnt out causing smoke to fill the room. Final corrective action:

Structured training programme and competency assessment for standby operators. January 2025

#### Tahuna Plant Area Ventilation Fan Not Returned to Service (14120):

Fan 2 had been turned off during programmed maintenance. Unfortunately, it was never switched back on. This could have caused a build-up of H<sub>2</sub>S within the room. Corrective actions include:

- Identify and install info stickers on safety critical equipment
- Review hazards register and identify safety critical elements
- Identify critical equipment in safety planning assessments. June 2025.

#### Suspected Fire in Blower Enclosure (#14164):

Smoke was seen to be bellowing out of the Blower 2 enclosure. Staff did not want to risk opening the door in case there was a fire, causing a lean flashover. The blowers were shut down, FENZ was called, and the site made safe. Final corrective action is to add Location signage to be at site entries, *January 2025.* 

#### 10. Critical Risks 🔁

The top 10 critical risks identified by the Board are listed below. Further information on the critical risks can be found on the HSW Toolbox.

Key: P = Lead Indicator P = Lag Indicator

Page 10 of 23

Attachment A

Impairment at Work (CR09): Currently under review with more resources and procedures being established.

	Critical Risk	No. of	No. of	
Critical Risk	Symbol	Work	Contractor	Audits
Confined Space (CR01)				
Working at Height (CR02)				3
Hot Work (CR03)				
Excavation and/or Trenching Work (CR04)				5
Working on/near Roads (CR05)	C St			24
Hazardous Substances (CR06)	a a a a a a a a a a a a a a a a a a a	2		7
Hazardous Energy Sources (CR07)	N/S	3		1
Aggression or Violence (CR08)	Ro 759	7	2	
Impairment (CR09) – under review				
Lone/Remote Working (CR10)	Ĵ.			

For the month of December/January, the table below details the number of events and audits carried out by critical risk.

\* Some audits look at more than one critical risk

#### HEALTH AND SAFETY COLLABORATIVE PROJECTS 🔁

#### 11. Lock Out Tag Out Policy (LOTO)

Creating a new procedure around the process of locking out and tagging out all energy sources before undertaking any work on machinery/equipment. The policy is critical to ensuring worker safety in a high-risk environment such as 3 Waters. *March* 2025

#### 12. Leadership Observations

Date	Position	Comment
2/12/2024	CEO	Spoke to Councillors re leaks of information to the media, resulting in impacts on staff.
14/1/2025	GM 3 Waters & Transition	Wellbeing check-in with staff at Tahuna and Musselburgh.
17/1/2025	GM 3 Waters & Transition	Compliment after undertaking floor walk.

Key: 🔁 = Lead Indicator

🔁 = Lag Indicator

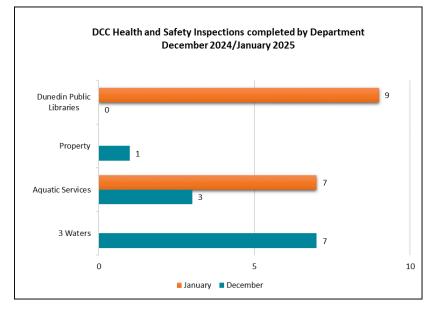
Page 11 of 23

Date	Position	Comment
20/1/2025	Acting GM Customer & Regulatory	Site visit with staff – discussed Health and safety risks associated with their work

#### 13. Positive Observations

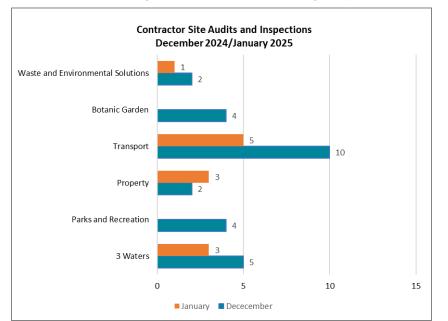
Date	Position	Comment
31/1/2025	Team Leader Fleet/Parking Operations	Encouraged by staff member to stop and think through best approach to an incident and record it in Vault
24/1/2025	Wastewater Treatment Supervisor - South	Noticed info on ERP differed to that signposted. Organised installation of staff noticeboard.

#### 14. DCC Health & Safety Inspections completed for December 2024/January 2025 🔁



Key: P = Lead Indicator B = Lag Indicator

Page 12 of 23



#### 15. Contractor Site Audits Completed for December 2024/January 2025 >

Compliance ID (Metric)	Dept	Date	Contractor	Potential Risk	Activity	Findings	Status
9915	Transport	6/12/2024	Downer New Zealand	H12	9240 – Bath Street	Chains and compactors to be tested. Move signage and fencing to cover where ground has fallen in.	Completed
9924	Transport	13/12/2024	Downer New Zealand	H12	9240 – Bath Street	Some wooden pallets obstructing footpath. TMD to be updated to reflect changes.	Completed
332*	WES	18/12/2024	Downer NZ Ltd	H12	GI Landfill Leachate drainage	Gas trap fall protection inadequate. First aid kit/extinguisher not present.	Completed
9952	Transport	24/1/2025	Downer NZ Ltd	H12	TMP Audit – Pine Hill Road	Missing signs – Men Working on Side Road, Traffic light and speed limit sign	Completed

\*recorded as an Observation

Key: 🔁 = Lead Indicator 🔁 = Lag Indicator

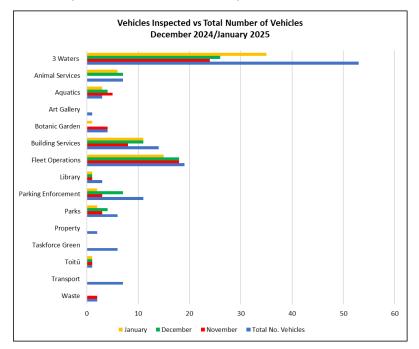
Page 13 of 23

**Attachment A** 

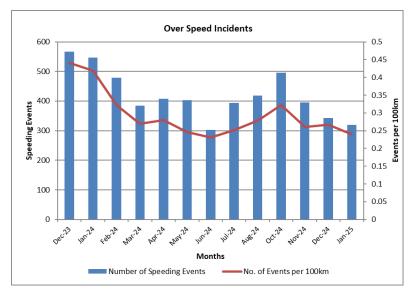


#### TRENDS AND OBSERVATIONS

16. Vehicles Inspected in December 2024/January 2025



#### 17. Over Speed Incidents 🔁



The report for the month of December 2024 recorded a **decrease** of **13.64%** when compared to November 2024, and a **decrease** of **40%** in events when compared to December 2023.

For the month of January 2025, there was a **decrease** of **6.73%** when compared to December 2024, and a **decrease** of **42%** in events compared to January 2024.

Key: → = Lead Indicator → = Lag Indicator

Page 14 of 23

Attachment A

#### **EMPLOYEE INFORMATION AND PROCESSES**

18.	New Employee New Employee Inductions – December Inductions – January		Health monitoring completed FYTD	Workstation Assessments FYTD	
	5 new starts December	12 new starts January	0	20	
	0 inductions received	1 induction received			

#### 19. Training Courses completed FYTD 1

Course Name	# of workers
Advanced Driving Course	9
Breathing Apparatus Reassessment	10
Certified Handler – Hazardous Substances	1
Confined Space & Gas Detection	17
Damstra Safety Internal Training	11
Dangerous Goods Licence Endorsement	5
De-escalation Training	47
Dead Water Workshop	27
ELT - New Staff Induction	20
EWP Elevated Work Platform	8
Fire Warden training	11
First Aid Training	118
Forklift Operator	1
Hazard and Risk Management	15
Hazard and Risk Management - inhouse	51
Health & Safety Rep	6
Heavy Vehicle Training	9
Height Safety Training	15
Emergency Management Training	10
Hazardous Substances Handling	1
Leadership in Safety – Site Safe	1
Mental Health First Aid	7
NZ Diploma in Workplace Health and Safety Management	1
OSH Forklift Licence Endorsement	18
Overhead Gantry Crane	22
Permit Issuer/Receiver	11
Pool Lifeguard Training	72
Pre-Hospital Emergency Care	2
Safeguarding Children	120
Situational Safety Training	35
Sling Regular Loads Safely	22
Tractor – Practical Assessment	4
Traffic Management	2

Key: P = Lead Indicator → = Lag Indicator

Page 15 of 23

Attachment A

#### 20. Health and Safety Framework and Reviews >

#### Fit For Work Framework:

After agreement to proceed with the framework, work is underway to make refinements as follows:

- Drafting a Fit for Work policy currently incorporating feedback from P&C
- Drafting process to identify and define Safety Sensitive Roles

Proposed next review by HSW Board April 2024.

#### Contractor Health and Safety Management:

The updated HSW in Procurement and Contract Management information has been uploaded to Connect. A presentation to WLT is scheduled for 20 March, and a presentation to the HSW Committee is scheduled for 26 February 2025.

#### Health and Safety Audit Criteria and Guidance:

The DCC now has an external panel of H&S auditors to provide oversight to some of our large projects that include numerous critical risks. The proposed criteria and guidance have been shared with several contract managers and presented to the Community of Practice Group for feedback.

#### 21. Annual Department Health and Safety Improvement Plans harpi

The following departments have created their 2024/25 Improvement Plan or partially created their Plan.

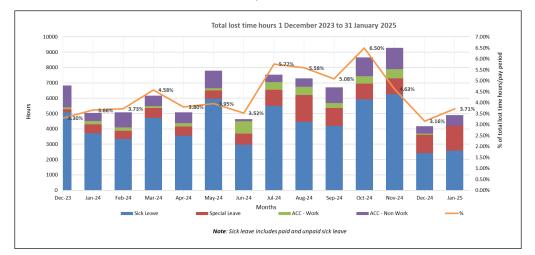
Department	2024/25 Improvement Plans
HSW Board	prepared
3 Waters	Partially
Animal Services	
Aquatic Services	
DPAG TOSM Lan Yuan	
BIS	<ul> <li>✓</li> </ul>
Botanic Garden	<ul> <li>✓</li> </ul>
Building Services	<ul> <li>✓</li> </ul>
City Development	<ul> <li>✓</li> </ul>
Community Partnership	<ul> <li>✓</li> </ul>
Comms and Marketing	×
Corporate Policy	<ul> <li>✓</li> </ul>
Creative Partnerships	<ul> <li>Image: A set of the set of the</li></ul>
Customer Services	<ul> <li>Image: A set of the set of the</li></ul>
Library	<ul> <li>Image: A set of the set of the</li></ul>
Enterprise Dunedin/Events	<ul> <li>Image: A set of the set of the</li></ul>
Environmental Health & Alcohol Licensing	
Finance	X
Governance	<ul> <li>Image: A set of the set of the</li></ul>
Health and Safety	
Housing Policy	
Legal	X
Olveston	✓
Parking Services	1
Parks and Recreation	

Key: → = Lead Indicator → = Lag Indicator

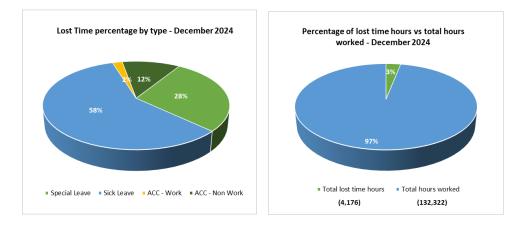
Page 16 of 23

Department	2024/25 Improvement Plans prepared
People and Capability	×
PPSO	X
Procurement and Contracts	<ul> <li>✓</li> </ul>
Property & Fleet Ops	Partially
Resource Consents	
South Dunedin Future/Zero Carbon	Image: A start of the start
Transport	<ul> <li>✓</li> </ul>
Waste and Environmental Solutions	<ul> <li>✓</li> </ul>

#### 22. Lost Time – 1 December 2023 to 31 January 2025 권



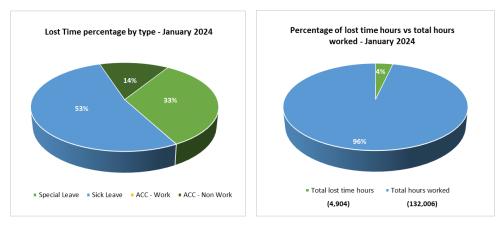
#### 23. Lost Time percentage by type/Percentage of Lost time house vs total hours worked $eqref{b}$



Page 17 of 23

Attachment A





#### 24. Distribution per ELT of Lost Time hours for FYTD - 1 July 2024 to 30 June 2025 $hardred{D}$

ELT	ACC - Non Work	ACC - Work	Leave Without Pay	Sick Leave	Sick Leave (Unpaid)	Special Leave	Grand Total	% Lost Time Hours vs Total Contracted Working Hours
3 Waters & Transition	2,986	1,291	401	4,333	64	916	9,990	7%
Arts,Culture&Recreation	1,684	312	2,264	10,803	546	1,554	17,162	6%
Business&Comm Engagement			105	2,218	8	1,406	3,736	6%
CEO Office			17	240		4	261	4%
Climate & City Growth	334		610	2,285	60	321	3,610	5%
Corporate Services	157		466	3,622	4	1,284	5,532	5%
Customer & Regulatory	348	754	433	3,815	103	2,435	7,888	5%
Finance			4	807		16	827	2%
Policy & Partnerships			10	805	17		832	3%
Grand Total	5,507	2,356	4,310	28,929	801	7,934	49,837	6%

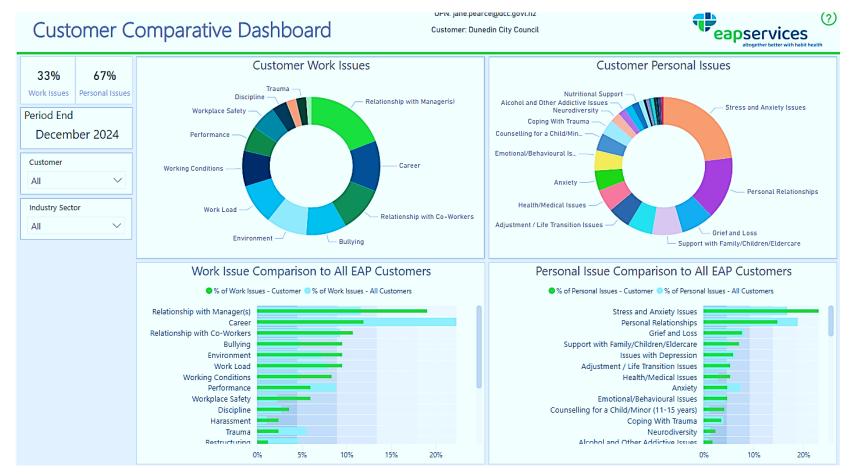
Key: P = Lead Indicator P = Lag Indicator

Page 18 of 23

Attachment A

# Attachment A

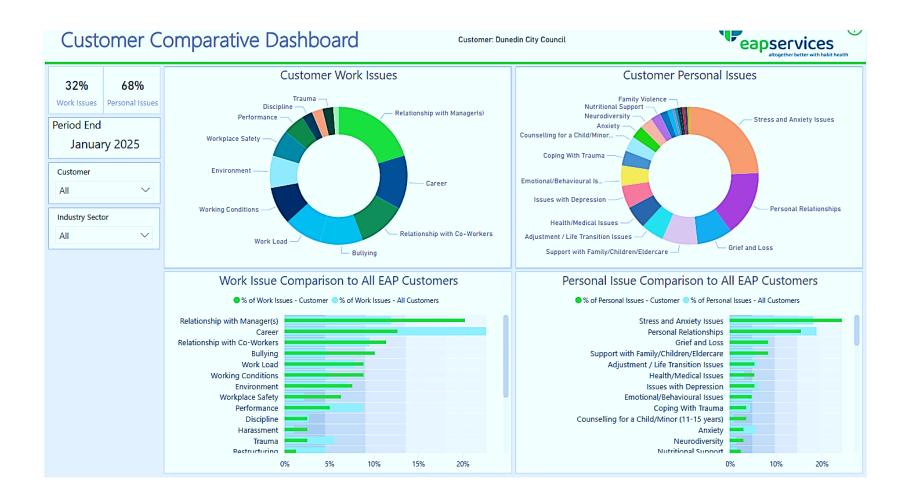




Key: P = Lead Indicator P = Lag Indicator

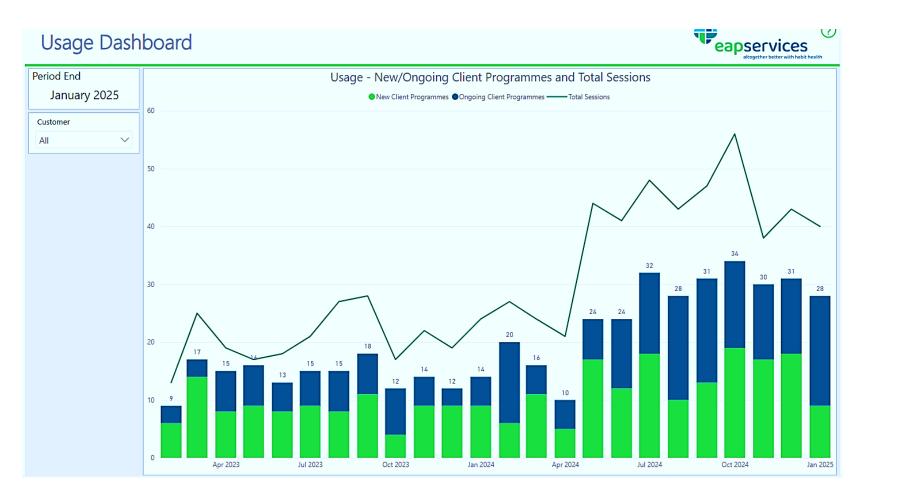
Page 19 of 23

Item 7



Key: P = Lead Indicator P = Lag Indicator

Page 20 of 23



Key: P = Lead Indicator P = Lag Indicator

Page 21 of 23

# Attachment A

#### December 2024

January 2025

All Oth	er Services		All Other Services				
Service Type	Total Programmes	Sessions	Service Type	Total Programmes	Sessions		
Nutritional Support	3	5	Nutritional Support	4	6		
Sleep and Fatigue Health Coaching	1	3	Sleep and Fatigue Health Coaching	1	3		
QuitHelp (Smoking and Vaping Cessation)	1	2	QuitHelp (Smoking and Vaping Cessation)	1	3		
Total	5	10	Total	6	12		

Key: २ = Lead Indicator २ = Lag Indicator

Page 22 of 23



Total Worker

Workplace Events

December 2024

46

Total Worker

Workplace Events

January 2025

**Δ(**)

Contractors pre-approved to date

596

**Total Contractor Events** 

December 2024

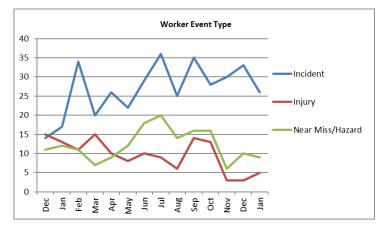
/

**Total Contractor Events** 

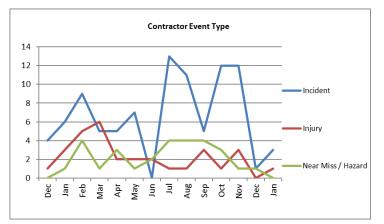
January 2025

Δ

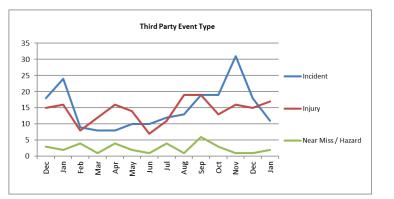
#### 25. Worker Event Reporting by type



#### 26. Contractor Event Reporting by type



#### 27. Third Party Event Reporting by type





#### 28. Volunteer Event Reporting by type

There was one volunteer incident during the month of January 2025 relating to a minor vehicle accident.

Key: P = Lead Indicator P = Lag Indicator

Page 23 of 23

Attachment A

# 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	Budget	Variance		Last Year
	YTD	YTD	YTD		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)	(17.377)	(27.852)	10.475	F	(25.891)
including Waipori					
Capital Expenditure	70.535	99.602	29.067		99.405
Debt					
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	-
Total Debt	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.

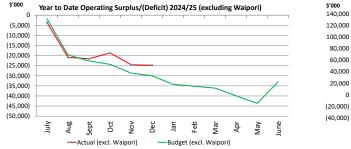
# Signatories

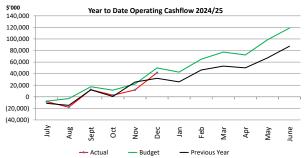
Author:	Hayden McAuliffe – Financial Services Manager
Authoriser:	Carolyn Allan – Chief Financial Officer

# Attachments

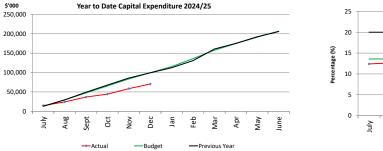
	Title	Page
<u>.</u> Д	Dashboard Summary Financial Information	113
<u>↓</u> B	Debt Graph	114
<u>↓</u> C	Statement of Financial Performance	115
Ū₽	Statement of Financial Position	116
<u></u> ΩE	Statement of Cashflow	117
<u>.</u> ↓	Capital Expenditure Summary	118
ŪG	Capital Expenditure Detailed Programme	119
<u>.</u> Н	Operating Variances	126
<u>↓</u> I	Detailed Financial Update	127

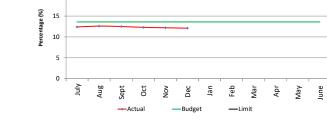
Summary Financial Information For the Six months Ending 31 December 2024

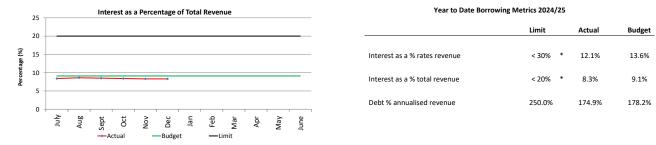




Interest as a Percentage of Rates Revenue



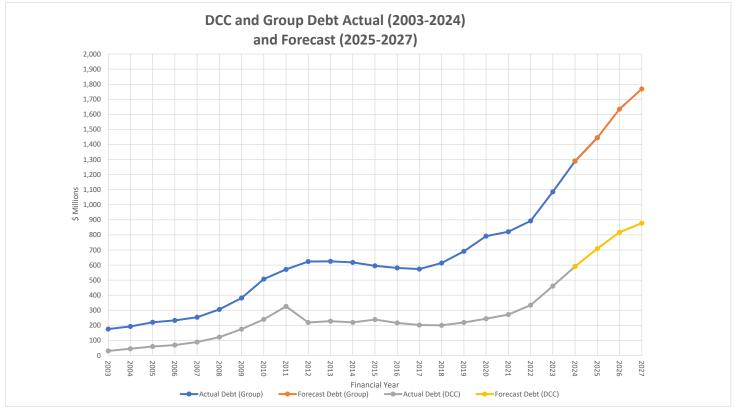




Item 8

Financial Report - Period ended 31 December 2024





Sources:

Actual debt: Dunedin City Council annual reports from 2003 to 2024.

Forecast debt (Group): Dunedin City Treasury Ltd Statement of Intent for the year ending 30 June 2027, Dunedin City Holdings Ltd projections and the DCC draft 9 year plan.

Item 8

#### CITY COUNCIL Raunihera a-rohe o Otepoti

### DUNEDIN CITY COUNCIL

#### Statement of Financial Performance For the Six Months Ending 31 December 2024 Amount : \$'000

	Month	Month	Month			Year to Date	Year to Date	Year to Date		LY YTD	LY Full Year	Full Year
	Actual	Budget	Variance		REVENUE	Actual	Budget	Variance		Actual	Actual	Budget
	19,990	19,918	72		Rates Revenue	119,935	119,511	424	F	101,681	203,946	239,021
	272	170	102	F	Rates Penalties	1,099	699		F	835	1,654	1,300
	5,890	6,690	800	U	External Revenue	39,721	41,574	1,853	υ	38,125	92,741	93,331
	1,945	2,394	449	U	Grants	12,321	14,667	2,346	U	24,607	42,830	27,327
	176	321	145	U	Contributions	1,956	1,925	31	F	2,747	8,823	6,850
	3,712	3,411	301	F	Internal Revenue	21,435	20,463	972	F	20,110	39,601	40,927
	31,985	32,904	919	U	TOTAL REVENUE	196,467	198,839	2,372	υ	188,105	389,595	408,756
					EXPENDITURE							
	6,025	7,055	1,030	F	Personnel Costs	42,912	42,386	526	U	41,034	83,091	83,879
	6,942	7,400	458	F	Operations & Maintenance	44,086	45,179	1,093	F	43,808	88,227	89,810
	996	1,225	229	F	Occupancy Costs	21,558	21,294	264	U	18,864	33,360	35,673
	2,352	2,021	331	U	Consumables & General	12,987	12,519	468	υ	13,279	33,571	25,792
	154	276	122	F	Grants & Subsidies	9,659	9,718	59	F	9,538	10,835	10,906
	3,712	3,411	301	U	Internal Charges	21,435	20,464	971	U	20,111	39,601	40,927
	9,676	10,189	513	F	Depreciation	54,096	61,132	7,036	F	57,436	117,100	122,356
	2,368	2,702	334	F	Interest	14,523	16,212	1,689	F	12,029	24,467	32,424
	32,225	34,279	2,054	F	TOTAL EXPENDITURE	221,256	228,904	7,648	F	216,099	430,252	441,767
	(240)	(1,375)	1,135	F	NET SURPLUS (DEFICIT)	(24,789)	(30,065)	5,276	F	(27,994)	(40,657)	(33,011)
					Add							
	801	369	432	F	Waipori Fund Net Operating	7,412	2,213	5,199	F	2,103	5,446	4,425
_	561	(1,006)	1,567	F	NET SURPLUS (DEFICIT)	(17,377)	(27,852)	10,475	F	(25,891)	(35,211)	(28,586)

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



CITY COUNCIL Kaunihera a-rohe o Otepoti

# DUNEDIN CITY COUNCIL

#### Statement of Financial Position As at 31 December 2024 Amount : \$'000

30-Jun-24 LY Full Year Actual		31-Dec-24 This Month Actual	31-Dec-24 This Month Budget	30-Jun-25 Full Year Budget	31-Dec-23 LY Month Actual
	Current Assets				
8,555	Cash and cash equivalents	13.816	9,467	6,052	14,734
13,749	Other current financial assets	9,639	10,883	10,883	11,659
29,558	Trade and other receivables	16,486	27,348	29,229	19,980
512	Current Tax Asset	511	370	250	359
586	Inventories	649	574	574	473
-	Non-current assets held for sale	-	-	-	-
1,769	Prepayments	2,111	1,483	1,483	2,204
54,729	Total Current Assets	43,212	50,125	48,471	49,409
	Non Current Assets				
197,292	Other non-current financial assets	210,763	199,946	200,404	194,911
136,339	Shares in subsidiary companies	136,339	136,339	138,889	133,789
5,806	Intangible assets	4,036	3,385	4,553	2,555
110,826	Investment property	110,440	116,687	122,907	106,300
4,520,340	Property, plant and equipment	4,539,058	4,737,257	4,846,706	4,452,777
4,970,603	Total Non Current Assets	5,000,636	5,193,614	5,313,459	4,890,332
5,025,332	TOTAL ASSETS	5,043,848	5,243,739	5,361,930	4,939,739
	Current Liabilities				
40,315	Trade and other payables	37,153	46,610	40,425	31,430
4,554	Short Term Borrowings	6,527	-	-	-
6,185	Revenue received in advance	5,088	5,091	5,446	5,298
11,252	Employee entitlements	8,869	7,184	10,066	7,855
62,306	Total Current Liabilities	57,637	58,885	55,937	44,583
	Non Current Liabilities				
590,473	Term Loans	630,972	655,473	709,473	547,473
1,257	Employee entitlements	1,320	1,275	1,245	1,275
22,206	Provisions	22,206	17,001	17,001	17,001
320	Other Non-Current Liabilities	320	320	320	320
614,256	Total Non Current Liabilities	654,818	674,069	728,039	566,069
676,562	TOTAL LIABILITIES	712,455	732,954	783,976	610,652
	Equity				
1,651,592	Accumulated funds	1,634,048	1,634,382	1,633,600	1,660,177
2,686,878	Revaluation reserves	2,686,879	2,865,374	2,933,277	2,657,874
10,300	Restricted reserves	10,470	11,029	11,079	11,037
4,348,770	TOTAL EQUITY	4,331,393	4,510,785	4,577,954	4,329,087
5,025,332		5,043,848	5,243,739	5,361,930	4,939,739

#### Statement of Change in Equity As at 31 December 2024

#### Amount : \$'000

30-Jun-24 LY Full Year Actual		31-Dec-24 This Month Actual	31-Dec-24 This Month Budget	30-Jun-25 Full Year Budget	31-Dec-23 LY Month Actual
4,354,978	Opening Balance	4,348,770	4,538,637	4,538,637	4,354,978
(35,211)	Operating Surplus (Deficit)	(17,377)	(27,852)	(28,586)	(25,891)
29,003	Movements in Reserves	-	-	67,903	
4,348,770		4,331,393	4,510,785	4,577,954	4,329,087

Financial Report - Period ended 31 December 2024



#### CITY COUNCIL | kauniha a-rohe Otepoti

#### DUNEDIN CITY COUNCIL Statement of Cashflows For the Six Months Ending 31 December 2024 Amount : \$'000 Year to Date Year to Date Full Year LY YTD Actual Budget Budget Actual **Cash Flow from Operating Activities** Cash was provided from operating activities Rates Received 273.912 124,161 139.361 102.473 Other Revenue 54,206 59,986 121,692 65,743 Interest Received 4,072 3,940 7,878 4,064 Dividend Received 718 1,017 12,954 585 Income Tax Refund 370 Cash was applied to Suppliers and Employees (129,005) (139,322) (265,336) (131,421) Interest Paid (12,378) (14,979) (32,580) (9,509) Net Cash Inflow (Outflow) from Operations 41,774 50,003 118,890 31,935 **Cash Flow from Investing Activities** Cash was provided from investing activities: Sale of Assets 19 120 1,061 . Reduction in Loans & Advances \_ 11.072 Reduction in Investments Other 2.346 Cash was applied to: Increases in Loans & Advances -\_ (2.550)Increase in Investments DCHL Increase in Investments Other (14,695) (2,850) (2,850) (3,575) Capital Expenditure (73,409) (112,900) (236,772) (113,318) (113,486) (242,052) Net Cash Inflow (Outflow) from Investing Activity (77,013) (115,750) **Cash Flow from Financing Activities** Cash was provided from financing activities: 60,000 66,500 120,500 87,200 Loans Raised Increase in Short Term Borrowings Cash was applied to: Loans Repaid Decrease in Short Term Borrowings (19,500) -Net Cash Inflow (Outflow) from Financing Activity 40.500 66,500 120,500 87.200 5,261 753 (2,662) 5,649 Total Increase/(Decrease) in Cash **Opening Cash and Deposits** 8,555 8,714 8,714 9,085 **Closing Cash and Deposits** 13,816 9,467 14,734 6,052



#### DUNEDIN CITY COUNCIL

#### Capital Expenditure Summary by Activity For the Six Months Ending 31 December 2024 Amount : \$'000

Group	Year to Date	Year to Date	Year to Date		LY YTD	Full Year YTD	Actual vs FY
Gloup	Actual	Budget	Variance	_	Actual	Budget	Budget
Community & Planning	-	105	105	U	-	105	0.0%
Economic Development	-	25	25	U	439	60	0.0%
Galleries, Libraries & Museums	720	2,273	1,553	U	960	3,527	20.4%
Governance & Support Services	271	2,007	1,736	U	686	3,895	7.0%
Property	16,470	13,861	2,609	0	12,715	37,195	44.3%
Regulatory Services	144	265	121	U	9	600	24.0%
Reserves & Recreational Facilities	3,110	6,659	3,549	U	4,555	16,075	19.3%
Roading & Footpaths	16,752	21,815	5,063	U	34,085	40,091	41.8%
Three Waters	29,602	41,306	11,704	U	41,230	80,123	36.9%
Waste Management	3,466	11,286	7,820	U	4,726	25,212	13.7%
	70,535	99,602	29,067	U	99,405	206,883	34.1%

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



Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Community & Planning	City Development	New Capital	Street Trees and Furniture	-	100,000	(100,000)	100,00
		Total New Capital			100,000	(100,000)	100,00
	Total City Development			-	100,000	(100,000)	100,00
	Community Development & Events	Renewals Capital	Task Force Green	-	5,000	(5,000)	5,00
		Total Renewals Capital			5,000	(5,000)	5,00
	<b>Total Community Development &amp; Eve</b>	nts		-	5,000	(5,000)	5,00
otal Community & Planning				-	105,000	(105,000)	105,00
Economic Development	Destination Marketing	New Capital	Digital Content - Camera and Video Gear	(0)	25,002	(25,002)	60,00
	-	Total New Capital	-	(0)	25,002	(25,002)	60,00
	Total Destination Marketing			(0)	25,002	(25,002)	60,00
otal Economic Development				(0)	25,002	(25,002)	60,00
Galleries, Libraries & Museums	Dunedin Public Art Gallery	New Capital	Acquisitions - Donation Funded	-	35,000	(35,000)	35,00
-			Acquisitions - DPAG Society Funded		30,000	(30,000)	30,00
			Acquisitions - Rates Funded	82,765	120,000	(37,235)	120,00
			Minor Capital Works	5,480	60,000	(54,520)	100,00
		Total New Capital		88,245	245,000	(156,755)	285,00
		Renewals Capital	Heating and Ventilation System	-	-	-	30,00
		Total Renewals Capital	<b>.</b> .		-	-	30,00
	Total Dunedin Public Art Gallery			88,245	245,000	(156,755)	315,00
	Dunedin Public Libraries	New Capital	Heritage Collection Purchases	16,926	35,000	(18,074)	70,00
			South Dunedin Library and Community Complex	24,406	600,000	(575,594)	600,00
		Total New Capital	, , ,	41,331	635,000	(593,669)	670,00
		Renewals Capital	Acquistions - Operational Collection	448,097	498,000	(49,903)	996,00
			Minor Capital Equipment	-	27,498	(27,498)	55,00
		Total Renewals Capital	· ···· ··· ···	448,097	525,498	(77,401)	1,051,00
	Total Dunedin Public Libraries			489,429	1,160,498	(671,069)	1,721,00
	Olveston House	Renewals Capital	Minor Capital Works	10,951	37,000	(26,049)	40,00
		Total Renewals Capital		10,951	37,000	(26,049)	40,00
	Total Olveston House			10,951	37,000	(26,049)	40,00
	Toitū Otago Settlers Museum	New Capital	Acquisitions - Rates Funded	6,950	45,000	(38,050)	50,00
			Minor Capital Works	42,654	25,000	17,654	40,00
			New Gallery Space - Theatrette	22,200	351,000	(328,800)	711,00
		Total New Capital	,	71,804	421,000	(349,196)	801,00
		Renewals Capital	Gallery Furniture and Office/Gallery Renewal	-	360,000	(360,000)	550,00
			Minor Equipment Renewals	51,805	50,000	1,805	100,00
			Plant Renewal	9,178		9,178	200,00
		Total Renewals Capital		60,983	410.000	(349,017)	650.00
	Total Toitū Otago Settlers Museum	i otal nenewais capital		132,788	831,000	(698,212)	1,451,00
otal Galleries, Libraries & Museum	<b>~</b>			721,412	2,273,498	(1,552,086)	3,527,00

roup	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Governance & Support services	Fleet Operations	New Capital	EV Charging Infrastructure	-	-	-	30,00
		Total New Capital		-	-	-	30,00
		Renewals Capital	General Replacement	147,674	270,000	(122,326)	390,00
		Total Renewals Capital		147,674	270,000	(122,326)	390,00
	Total Fleet Operations			147,674	270,000	(122,326)	420,00
	Civil Defence	New Capital	Plant Equipment	-	50,000	(50,000)	100,00
		Total New Capital		-	50,000	(50,000)	100,00
	Total Civil Defence			-	50,000	(50,000)	100,00
	Council Communications and Marke	Renewals Capital	Minor Equipment Renewals	-	25,002	(25,002)	50,00
		Total Renewals Capital		-	25,002	(25,002)	50,00
	Total Council Communications and Ma	arketing		-	25,002	(25,002)	50,00
	<b>Business Information Solutions</b>	New Capital	Internal Legacy Corrections	-	49,998	(49,998)	100,00
			Internal Services Workstream		175,001	(175,001)	350,00
			Value added External Services Workstream	7,950	750,000	(742,050)	1,500,00
		Total New Capital		7,950	974,999	(967,049)	1,950,00
		Renewals Capital	Internal Legacy Corrections	115,237	549,999	(434,762)	1,100,00
			Internal Services Workstream	-	137,497	(137,497)	275,00
		Total Renewals Capital		115,237	687,496	(572,259)	1,375,00
	Total Business Information Solutions		123,187	1,662,495	(1,539,308)	3,325,00	
otal Governance & Support servic	es			270,861	2,007,497	(1,736,636)	3,895,00
Property	Commercial	New Capital	Commercial Property Purchases	(15,000)	-	(15,000)	
		Total New Capital		(15,000)	-	(15,000)	
		Renewals Capital	Asset Renewals	8,400	130,000	(121,600)	640,00
		Total Renewals Capital		8,400	130,000	(121,600)	640,00
	Total Commercial			(6,600)	130,000	(136,600)	640,00
	Housing	New Capital	Housing Growth	50,114	780,000	(729,886)	1,600,00
		Total New Capital		50,114	780,000	(729,886)	1,600,00
		Renewals Capital	Asset Renewals	250,569	246,000	4,569	500,00
			Fitzroy St Housing Upgrade	1,350	750,000	(748,650)	1,500,00
			Healthy Homes Upgrades	24,203	-	24,203	
		Total Renewals Capital		276,122	996,000	(719,878)	2,000,00



Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Property	Operational	New Capital	South Dunedin Library and Community Complex	9,905,209	4,350,000	5,555,209	19,900,000
		Total New Capital		9,905,209	4,350,000	5,555,209	19,900,000
		Renewals Capital	Asset Renewals	948,858	737,100	211,758	1,055,00
			Civic Centre	3,232,167	2,570,000	662,167	5,030,00
			Dunedin Public Art Gallery Refurbishment	(183)	-	(183)	310,000
			Octagon CCTV	-	100,000	(100,000)	100,000
			Olveston House Renewal	-	130,000	(130,000)	250,000
			Town Hall/Municipal Chamber Exterior and Lift	568,955	900,000	(331,045)	1,600,00
		Total Renewals Capital		4,749,797	4,437,100	312,697	8,345,000
	Total Operational			14,655,006	8,787,100	5,867,906	28,245,000
	Investment	Renewals Capital	Asset Renewals	210,389	430,000	(219,611)	850,000
		Total Renewals Capital		395,025	430,000	(34,975)	850,000
	Total Investment			395,025	430,000	(34,975)	850,000
	Community	New Capital	CCTV George Street	-	500,000	(500,000)	500,000
			Public Toilets Growth	457,073	258,000	199,073	510,000
		Total New Capital		457,073	758,000	(300,927)	1,010,00
		Renewals Capital	Asset Renewals	317,618	1,499,800	(1,182,182)	2,000,00
			Community Hall Renewals	104,894	126,000	(21,106)	250,000
			Edgar Centre Refurbishment	-	204,000	(204,000)	300,000
			Public Toilet Renewals	203,662	150.000	53,662	300.000
			Railway Station Exterior and Lift	(5,318)	-	(5,318)	
			Tarpits	22,528	-	22,528	
		Total Renewals Capital	· F ·	643,383	1,979,800	(1,336,417)	2,850,000
	Total Community			1,100,456	2,737,800	(1,637,344)	3,860,000
Total Property				16,470,123	13,860,900	2,609,223	37,195,000
Reserves & Rec facilities	Aquatic Services	New Capital	Moana Pool Improvements	-	10,002	(10,002)	20,000
	-		Mosgiel Pool	3,440	-	3,440	
		Total New Capital	· · · · ·	3,440	10,002	(6,562)	20,000
		Renewals Capital	Moana Pool Renewals	1,020,971	3,243,000	(2,222,029)	8,902,000
			St Clair Pool Renewals	227,007	300,000	(72,993)	350,000
		Total Renewals Capital		1,247,978	3,543,000	(2,295,022)	9,252,000
	Total Aquatic Services			1,251,418	3,553,002	(2,301,584)	9,272,000
	Botanic Gardens	New Capital	Botanic Garden Improvements	19,246	68,000	(48,754)	105,00
		Total New Capital		19,246	68,000	(48,754)	105,00
		Renewals Capital	Botanic Garden Renewals	15,040	25,900	(10,860)	79,00
		Total Renewals Capital		15,040	25,900	(10,860)	79,000
	Total Botanic Gardens			34,286	93,900	(59,614)	184,000



Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Reserves & Rec facilities	Cemeteries & Crematorium	New Capital	Cemetery Strategic Development Plan	45,941	-	45,941	500,000
			City Wide Beam Expansion	54,541	-	54,541	360,000
		Total New Capital		100,482	-	100,482	860,000
		Renewals Capital	Structures Renewals	91,612	97,000	(5,388)	142,000
		Total Renewals Capital		91,612	97,000	(5,388)	142,000
	Total Cemeteries & Crematorium			192,094	97,000	95,094	1,002,000
	Parks & Recreation	New Capital	Logan Park Hockey Turf	195,939	500,000	(304,061)	1,000,000
			Playground Improvements	465,905	377,000	88,905	817,000
			Recreation Facilities Improvements	46,499	225,000	(178,501)	450,000
			Track Network Development	-	50,000	(50,000)	100,000
		Total New Capital		708,343	1,152,000	(443,657)	2,367,000
		Renewals Capital	Greenspace Renewals	233,406	285,000	(51,594)	570,000
			Playground Renewals	458,301	786,700	(328,399)	1,160,000
			Recreation Facilities Renewals	232,894	690,900	(458,006)	1,520,000
		Total Renewals Capital		924,601	1,762,600	(837,999)	3,250,000
	Total Parks & Recreation			1,632,944	2,914,600	(1,281,656)	5,617,000
Total Reserves & Rec facilities				3,110,742	6,658,502	(3,547,760)	16,075,000
Regulatory Services	Compliance Solutions	Renewals Capital	Minor Equipment Renewals	3,729	40,000	(36,271)	50,000
		Total Renewals Capital		3,729	40,000	(36,271)	50,000
	Total Compliance Solutions			3,729	40,000	(36,271)	50,000
	Parking Operations	Renewals Capital	Car Park Buildings Equipment	140,000	-	140,000	
			Offstreet Carparks	-	190,000	(190,000)	380,000
			Parking Meter Renewals	-	35,000	(35,000)	170,000
		Total Renewals Capital		140,000	225,000	(85,000)	550,000
	Total Parking Operations			140,000	225,000	(85,000)	550,000
Total Regulatory Services	· ·			143,729	265,000	(121,271)	600,000



Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Roading and Footpaths	Shaping Future Dunedin	New Capital	Central City Cycle & Pedestrian Improvements	45,584	-	45,584	11 Duuget
nouting and rootpaths	Shaping Fatare Builean	New cupital	Central City Parking Management		405,000	(405,000)	1,200,00
			Mosgiel & Burnside Park & Ride	92,163		92,163	1,200,00
		Total New Capital	hospiel a summae rank a nide	137,747	405,000	(267,253)	1,200,00
	Total Shaping Future Dunedin			137,747	405,000	(267,253)	1,200,00
	Transport	New Capital	Central City Upgrade Bath Street	132,546	1,500,000	(1,367,454)	1,500,0
			Central City Upgrade Retail Quarter	377,729	60,000	317,729	60,0
			Coastal Plan	1,378,126	1,475,000	(96,874)	2,950,0
			Dunedin Urban Cycleways	131,710	1,000,000	(868,290)	1,874,7
			LED Street Lights	6,640	-	6,640	,- ,
			Low Cost, Low Risk Improvements	1,775,171	2,000,000	(224,829)	2,000,0
			Other Unsubsidised New Capital	2,400	-	2,400	,,.
			Peninsula Connection	62,827	-	62,827	
		Total New Capital		3,867,149	6,035,000	(2,167,851)	8,384,7
		Renewals Capital	Footpath Renewals	3,046,896	2,880,000	166,896	5,750,0
			Gravel Road Re-Metaling	417,286	591,900	(174,614)	1,184,0
			Major Drainage Control	2,625,608	3,051,498	(425,890)	6,102,0
			Minor Capital Works	732,621	-	732,621	
			Pavement Rehabilitations	1,302	1,299,200	(1,297,898)	3,248,0
			Pavement Renewals	5,041,844	5,925,000	(883,156)	10,824,0
			Structure Component Replacement	472,772	910,200	(437,428)	2,076,0
			Traffic Services Renewal	408,789	717,000	(308,211)	1,322,0
		Total Renewals Capital		12,747,118	15,374,798	(2,627,680)	30,506,0
	Total Transport			16,614,267	21,409,798	(4,795,531)	38,890,7
Fotal Roading and Footpaths				16,752,014	21,814,798	(5,062,784)	40,090,71



iroup	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Three Waters	Stormwater	New Capital	Mosgiel Stormwater Pumpstations and Network	60,743	847,000	(786,257)	1,750,00
			New Capital Supporting Growth	197,022	462,000	(264,978)	924,00
			New Resource Consents	-	322,000	(322,000)	322,00
			South Dunedin Flood Alleviation	110,511	375,000	(264,489)	750,00
			Stormwater New Capital Other	3,649,347	3,372,666	276,681	5,059,00
		Total New Capital		4,017,623	5,378,666	(1,361,043)	8,805,00
		Renewals Capital	Central City Renewals	80,263	-	80,263	
			Mosgiel Stormwater Pumpstations and Network	15,181	-	15,181	
			Other Stormwater Renewals	2,719,855	4,161,000	(1,441,145)	7,180,00
			Renewals Supporting Growth	63,325	975,000	(911,675)	2,015,00
		Total Renewals Capital		2,878,623	5,136,000	(2,257,377)	9,195,00
	Total Stormwater			6,896,246	10,514,666	(3,618,420)	18,000,00
	Wastewater	New Capital	Metro Wastewater Treatment Plant Resilience	187,789	4,210,000	(4,022,211)	8,707,00
			New Capital Supporting Growth	180,711	425,502	(244,791)	851,00
			Wastewater New Capital Other	537,328	2,339,502	(1,802,174)	4,679,00
		Total New Capital		905,827	6,975,004	(6,069,177)	14,237,00
		Renewals Capital	Biofilter Media Replacement	24	-	24	
			Central City Renewals	17,113	-	17,113	
			Metro Wastewater Treatment Plant Resilience	1,983,639	1,804,000	179,639	3,731,00
			Other Wastewater Renewals	6,062,870	2,441,498	3,621,372	5,023,00
			Renewals Supporting Growth	-	324,000	(324,000)	648,00
			Rural Wastewater Schemes	705,991	894,000	(188,009)	894,00
			Wastewater Pumpstation Renewals	1,658,774	1,939,000	(280,226)	3,891,00
		Total Renewals Capital		10,428,411	7,402,498	3,025,913	14,187,00
	Total Wastewater			11,334,238	14,377,502	(3,043,264)	28,424,00
	Water Supply	New Capital	New Capital Supporting Growth	,	588,000	(588,000)	1,176,00
			Port Chalmers Water Supply	161,344	534,000	(372,656)	1,068,00
			Water New Capital Other	112,431	2,296,000	(2,183,569)	4,748,00
			Water Supply Resilience	2,688,308	2,429,502	258,806	4,859,00
		Total New Capital		2,962,082	5,847,502	(2,885,420)	11,851,00
		Renewals Capital	Central City Renewals	(36,490)		(36,490)	11,001,00
			Dam Safety Action Plan	62,437	-	62,437	
			Other Water Renewals	8,225,099	7,318,502	906,597	15,125,00
			Renewals Supporting Growth		621,000	(621,000)	1,286,00
			Water Supply Resilience	156,422	2,627,000	(2,470,578)	5,437,00
		Total Renewals Capital	water supply resilience	8,407,468	10,566,502	(2,159,034)	21,848,00
	Total Water Supply	rotar tellewais capitar		11,369,550	16,414,004	(5,044,454)	33,699,00
tal Three Waters	iotai watei suppiy			29,600,034	41,306,172	(11,706,138)	80,123,00

Attachment G



Group	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Waste Management	Waste Futures	New Capital	Bulk Waste System	7,000	-	7,000	
			Construction and Demolition Facility	6,457	100,000	(93,543)	383,00
			Glass Facility	-	525,000	(525,000)	860,00
			Material Recovery Facility	634,603	5,366,000	(4,731,397)	13,466,00
			New Collection System (Waste, Recycling, Organics & Glass)	437,883	-	437,883	
			Organics Facility	860,271	1,800,000	(939,729)	3,013,00
			Resource Recovery Park Precinct	206,766	1,300,000	(1,093,234)	3,512,00
			Smooth Hill Landfill	(4,000)	-	(4,000)	
		Total New Capital		2,148,979	9,091,000	(6,942,021)	21,234,00
	Total Waste Futures			2,148,979	9,091,000	(6,942,021)	21,234,00
	Waste & Environmental Solutions	New Capital	Community Recycling Hubs	5,000	185,000	(180,000)	305,00
		Green Island Landfill Aftercare	134,487	100,000	34,487	300,00	
			Green Island Landfill and Transfer Station	(7,344)	-	(7,344)	
			Green Island Landfill Gas Collection System	872,688	925,000	(52,312)	1,255,00
			Green Island Landfill Leachate System	107,655	700,000	(592,345)	1,495,00
			Sawyers Bay Closed Landfill	-	-	-	18,00
		Total New Capital		1,112,486	1,910,000	(797,514)	3,373,00
		Renewals Capital	Asset Renewals	3,557	-	3,557	
			Forester Park Landfill Culvert Pipe	-	-	-	15,00
			Green Island Landfill and Transfer Station	37,055	60,000	(22,945)	150,00
			Green Island Leachate System Pump/Pumpstation	5,191	5,000	191	15,00
			Kerbside Bin Replacements	82,831	120,000	(37,169)	260,00
			Public Place Recycling and Rubbish Bins	75,895	100,000	(24,105)	165,00
		Total Renewals Capital		204,529	285,000	(80,471)	605,00
	<b>Total Waste &amp; Environmental Solutio</b>	ns		1,317,015	2,195,000	(877,985)	3,978,00
otal Waste Management				3,465,994	11,286,000	(7,820,006)	25,212,00
irand Total				70,534,909	99,602,369	(29,067,460)	206,882,71



#### DUNEDIN CITY COUNCIL

#### Summary of Operating Variances For the Six Months Ending 31 December 2024 Amount : \$'000

	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)							
Group	Actual	Budget	Variance	Rates Revenue	Operating Revenue	Internal Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n
Community & Planning	(1,820)	(1,378)	(442)	-	(94)	(141)	(23)	(206)	-	-	22
Economic Development	(260)	(217)	(43)	-	(83)	(1)	(49)	81	2	-	7
Galleries, Libraries & Museums	(2,636)	(2,970)	334	-	37	(15)	66	282	(71)	43	(8)
Governance & Support Services	(6,511)	(5,453)	(1,058)	425	731	(147)	(1,613)	(744)	257	(167)	200
Property	(1,569)	(1,866)	297	-	(241)	(1)	(180)	(201)	(1)	322	599
Regulatory Services	627	1,110	(483)	-	(716)	6	168	34	(4)	-	29
Reserves & Recreational Facilities	(4)	(487)	483	-	(231)	(1)	15	108	(1)	114	479
Roading & Footpaths	(6,033)	(2,036)	(3,997)	(1)	(2,780)	(62)	621	(1,658)	-	480	(597)
Three Waters	(7,006)	(16,654)	9,648	-	353	213	491	1,121	248	783	6,439
Waste Management	423	(114)	537	-	(746)	1,121	(22)	1,605	(1,401)	114	(134)
Total Council (excluding Waipori)	(24,789)	(30,065)	5,276	424	(3,770)	972	(526)	422	(971)	1,689	7,036
Waipori Fund	7,412	2,213	5,199	-	5,201	-	-	(2)	-	-	-
Total Council	(17,377)	(27,852)	10,475	424	1,431	972	(526)	420	(971)	1,689	7,036





### DETAILED FINANCIAL UPDATE

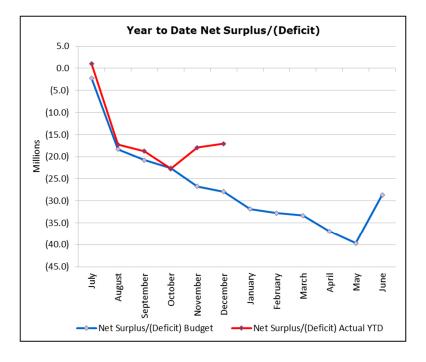
#### For the period ended 31 December 2024

This report provides a detailed commentary on the Council's financial result for the period ended 31 December 2024 and the financial position at that date.

#### STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance is provided in Attachment C.

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



The net deficit (including Waipori) for the period ended 31 December 2024 was \$17.377 million or \$10.475 million less than budget.



#### REVENUE

The total revenue for the period was \$196.467 million or \$2.372 million less than budget.

The major variances were as follows:

#### **External Revenue**

Actual \$39.721 million, Budget \$41.574 million, Unfavourable variance \$1.853 million

Waste and Environmental Services was unfavourable \$746k. Landfill commercial and domestic waste revenue was unfavourable \$1.218 million. Changes relating to the new kerbside collections contract mean disposal fees under the contract is reported as internal revenue. Offsetting this variance, waste levy revenue for waste minimisation initiatives, received from the Ministry for the Environment, was favourable \$318k.

Metered and casual parking was unfavourable \$344k, mainly in on-street parking, Frederick St carpark and the Lower Moray Place carpark. A new parking dashboard has been developed which can provide additional site-specific occupancy analysis. This information will be used for future budgeting and decision making.

Parks and Recreation revenue was unfavourable \$322k. Aquatic Services revenue was unfavourable \$435k, with general admissions, merchandise sales, learn to swim and hydroslide revenue all below budget. This was offset by \$177k favourable revenue variance for rates recoveries and rent charges relating to land leased for telecommunications transmitters.

Building Services revenue was unfavourable \$205k. Overall, the number of building consent applications received, and inspections undertaken remain below expectation.

Property revenue was unfavourable \$185k, partly due to the expired tenancy at High Performance Sport while the property is upgraded. Revenue is expected to recommence in January.

DPAG, Toitu and Lan Yuan revenue was unfavourable \$133k due to lower than budgeted venue hire and Lan Yuan admissions revenue. There was no lease revenue for the commercial space in the Dunedin Public Art Gallery for the year to date.

Resource consents revenue was unfavourable \$118k due to fewer consents being applied for.

Compliance Solutions revenue was unfavourable \$96k, due to Parking Enforcement revenue being less than budget due to vacancies and staff leave earlier in the year. However, this has improved with revenue favourable for the two of the last three months.

Offsetting these unfavourable variances:

Three Waters revenue was favourable \$243k, mainly due to favourable trade waste charges, water sales and meter rentals.

#### **Grants Revenue**

Actual \$12.321 million, Budget \$14.667 million, Unfavourable variance \$2.346 million

Transport revenue was unfavourable \$2.601 million, largely due to NZTA co-funding not being approved for some projects. Subsidy revenue of 51% of project expenditure had been budgeted for these projects.

Three Waters revenue was unfavourable \$110k as no capital grants have been received to date.



Offsetting these unfavourable variances, Olveston revenue was favourable \$271k due to a donation received on the winding up of the Olveston Charitable Foundation.

Parks and Recreation was favourable \$110k due to unbudgeted donation of \$100k for the upgraded playground at the Botanic Garden.

#### **Internal Revenue**

Actual \$21.435 million, Budget \$20.463 million, Favourable variance \$972k

Waste and Environmental Services landfill revenue was favourable \$1.121 million. Changes relating to the new kerbside collections contract mean disposal fees under the contract is reported as internal revenue resulting in a favourable landfill revenue variance of \$1.413 million to date. Offsetting this variance, internal landfill revenue from waste treatment plant sludge disposal was unfavourable \$260k due to less sludge being disposed of at the landfill than anticipated.

Internal revenue from Better Off Funding was unfavourable \$239k across various activities.

#### EXPENDITURE

The total expenditure for the period was \$221.256 million or \$7.648 million less than budget.

The major variances were as follows:

#### **Personnel Costs**

Actual \$42.912 million, Budget \$42.386 million, Unfavourable variance \$526k

Personnel costs were 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. While the provision is expected to decrease again in January, it is important to note that leave movements have had an impact on personnel costs throughout the year to date and will continue to impact for the rest of the year. Annual leave is being actively managed, and work is underway to budget these fluctuations for future years.

#### **Operations and Maintenance Costs**

Actual \$44.086 million, Budget \$45.179 million, Favourable variance \$1.093 million

Waste and Environmental Services costs were favourable \$1.897 million. The kerbside collections contract cost was favourable \$1.185 million, due to landfill disposal costs now recorded as internal costs. Overall, the kerbside collection contract costs were higher than budget due to an increase in contract rates after budgets were approved. ETS costs were favourable \$703k due to a lower Unique Emissions Factor and the current projected cost of carbon credits being lower than budgeted. Recent government announcements around the ETS scheme however may have an unfavourable impact on the cost of carbon credits going forward.

Three Waters maintenance expenditure was favourable \$906k largely reflecting lower than budgeted costs for treatment plant maintenance to date. Reactive plant maintenance requirements were less than anticipated coupled with proactive management of planned maintenance requirements, and savings associated with optimisation of plant processes around the handling of sludge.

Property Services costs were favourable \$132k. Expenditure in all portfolios is managed closely by Property staff.



These favourable variances were partially offset by:

Transport expenditure was unfavourable \$1.841 million due largely to \$1.718 million unbudgeted costs relating to the October 2024 rain event. Other subsidised and unsubsidised cost variances, including unbudgeted contract cost fluctuations, are being managed.

#### **Occupancy Costs**

Actual \$21.558 million, Budget \$21.294 million, Unfavourable variance \$264k

Property costs were unfavourable \$135k with gas and electricity at various properties being \$120k higher than budgeted. Contract cleaning costs were unfavourable \$91k.

Parks and Recreation costs were unfavourable \$95k, due to the cost of gas at Moana Pool.

DPAG, Toitu and Lan Yuan costs were unfavourable \$69k, mainly due to the cost of gas and electricity at the Dunedin Public Art Gallery and Toitu.

#### **Consumable and General Costs**

Actual \$12.987 million, Budget \$12.519 million, Unfavourable variance \$468k

People and Capability costs were unfavourable \$438k due to the cost of outsourced professional services.

BIS costs were unfavourable \$238k, mainly being timing of software licence costs as well as postage costs. Software costs are expected to be on budget by year-end.

Waste and Environmental costs were unfavourable \$265k mainly due consultants costs relating to the Green Island landfill closure, consent costs for the resource recovery park and costs relating to the 2024 unique emissions factor application.

Finance costs were unfavourable \$106k, mainly being additional external audit costs.

These unfavourable variances were partly offset by:

Parks and Recreation were favourable \$149k mainly due to consultants costs and telecommunications being less than budget.

Three Waters costs were favourable \$166k mainly due to consultants costs overall being less than budget, despite unbudgeted consultants costs for Local Water Done Well.

Transport costs were favourable \$193k with consultants costs below budget. This favourable variance was partly offset by unfavourable variances in software licence fees and compensation costs. Compensation costs are not budgeted for, and the software and subscriptions variances were due to budget timing differences.

#### **Grants and Subsidies Costs**

Actual \$9.659 million, Budget \$9.718 million, Favourable variance \$59k

Property costs were unfavourable \$101k, mainly due to an unbudgeted grant to the Dunedin Theatre Network.

The remaining net favourable variance is due to the timing of grants expenditure compared to budget for the year to date.



#### **Internal Costs**

Actual \$21.435 million, Budget \$20.464 million, Unfavourable variance \$971k

Waste and Environmental Services expenditure was unfavourable \$1.401 million, mainly due to changes relating to the new kerbside collections contract mean disposal fees under the contract is reported as internal expenditure.

Offsetting this, Investment Account expenditure was favourable \$251k, mainly due to Better Off Funding costs being less than budgeted.

Three Waters expenditure was favourable \$248k due to savings in the cost of disposing sludge from the waste treatment plant due to better treatment and incineration of the sludge.

#### **Depreciation Costs**

Actual \$54.096 million, Budget \$61.132 million, Favourable variance \$7.036 million

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.

Three Waters asset values reduced by \$849 million from \$4.805 million to \$3.956 million, resulting in a favourable depreciation variance to December of \$6.439 million.

#### **Interest Costs**

Actual \$14.523 million, Budget \$16.212 million, Favourable variance \$1.689 million

This favourable variance reflected a lower interest rate than the 5% rate budgeted. Interest rates will be reviewed quarterly by Dunedin City Treasury Limited. The October to December interest rate is 4.37%. The interest rate for the January to March quarter is forecast to be 3.97%.

Act	Actual Quarterly Interest Rates						
Q1	Jul-Sep	4.80%					
Q2	Oct-Dec	4.37%					
Q3	Jan-Mar	3.97%					

#### WAIPORI FUND NET OPERATING RESULT

Actual \$7.412 million surplus, Budget \$2.213 million surplus, Favourable variance \$5.199 million

Year to date the Waipori Fund has reported a net operating surplus of \$7.412 million, \$5.199 million more than budget. Operating revenue was favourable \$5.201 million. 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 investments values saw an increase in value for the month, maintaining favourable results for the year to date.

# Item 8

# Attachment I

#### STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is provided as Attachment D.

- Other current financial assets of \$9.639 million relate to the Waipori Fund.
- The term loans balance at 31 December 2024 is \$637.499 million. This balance is made up as follows:

	Actual \$million	Budget \$million	Variance \$million	
Loan Balance	630.972	655.473	24.501	F
Accrued Interest on Loans	6.527	-	(6.527)	U
Total Loans	637.499	655.473	17.974	F

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.

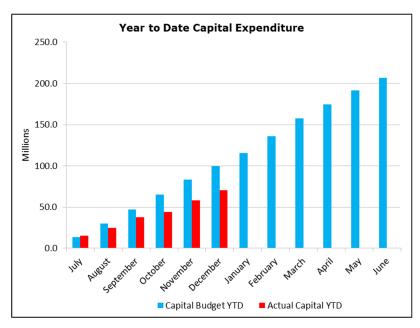
• A graph showing DCC and Group debt profile is provided as Attachment B.



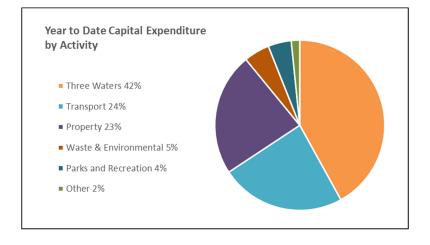
#### CAPITAL EXPENDITURE

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

Total capital expenditure for the period was \$70.535 million or 70.8% of the year-to-date budget.



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





#### Galleries, Libraries & Museums capital expenditure was \$1.553 million underspent.

Expenditure was under budget partly due to the timing of collections acquisitions for the Libraries activity, including expenditure for the new South Dunedin Community Library collection, which is budgeted to be acquired over the first six months of the financial year prior to being housed in the new library early next year.

Work on the new Theatrette gallery space at Toitu has only just commenced, resulting in an underspend of \$329k to date. There has been no expenditure to date on the exhibition lighting upgrade.

Governance and Support Services capital expenditure was \$1.736 million underspent.

BIS capital was underspent by \$1.539 million, driven by lower-than-expected expenditure on Valueadded External Services projects (Online Services and Customer Self Service Portal), Internal Legacy projects (Eplan 2GP submission tool) and hardware renewals. Some projects are awaiting completion of business cases. Internal Services Workstream project (Mobility) is underspent as most of the development work is being done in-house.

Fleet Operations was underspent \$122k due to timing of the vehicle replacement programme.

Property capital expenditure was \$2.609 million overspent.

Renewals expenditure overall was underspent by \$1.900 million mainly due to several projects in their early stages or yet to commence, including the Fitzroy St housing renewal, the Sims building renewal and the Olveston renewal project. Minor capital works to renew bathrooms in the Dunedin Library is delayed. The Municipal Chambers renewal project has begun. The Civic Centre renewal project was slightly ahead of budget. The seismic strengthening project at 414 Moray Place was overspent \$178k as the final contract costs of the project were accounted for this financial year. This project was budgeted for completion in June 2024.

Offsetting the renewals underspend, new capital expenditure for the period was overspent \$4.509 million due to the timing of the South Dunedin Community Complex project, which is expected to be within budget and on schedule. Handover of the property to Council for fitout is underway in January. Work on the Oxford St Housing upgrade and new George St CCTV is yet to commence. New public toilets expenditure is ahead of budget, and Outram Glen, Navy Park and Harwood toilets are now complete.

**Regulatory Services** capital expenditure was \$121k underspent.

Parking Operations capital was underspent \$85k, with the installation of new barrier arms in two carpark buildings in early October.

Reserves and Recreational Facilities capital expenditure was \$3.549 million underspent.

The Moana Pool Redevelopment Renewal was underspent \$2.143 million, due partly to changes in project timelines and because the scope of work for stage two of the project is still to be confirmed.

Other Aquatic Services renewals were underspent \$152k due to the timing of Moana Pool general renewals and the St Clair Heating Upgrade project being delivered under budget.

Parks recreational facilities new capital and renewals were underspent \$978k because of delays to some projects such as hard surface renewals and sports equipment replacement.

The Logan Park hockey turf expenditure was underspent \$304k.



Roading and Footpaths capital expenditure was \$5.063 million underspent.

Transport's overall renewal spend was under budget \$2.628 million, mainly kerb and channel renewals, pavement resealing, retaining wall renewals and carriageway resurfacing.

In terms of new capital delivery, expenditure was \$2.435 million under budget. The Central City Upgrade Bath Street project was underspent \$1.367 million due to budget timing. The Low-Cost Low Risk roading projects were underspent \$571k. This was partly offset by the Central City Upgrade (retail quarter) project being over budget \$250k due to end of project remedial works being undertaken.

Three Waters capital expenditure was \$11.704 million underspent.

The Three Waters team are continuously reprioritising the work programme whilst maintaining the overall current capital budget.

Consequently, renewal expenditure was underspent \$1.390 million with various network and treatment plant projects being slightly ahead of budget for the month. There has been a reduction in spending compared with previous months as several large projects, including Seacliff and Pipe Renewals in Sawyers Bay, approach completion. Additionally, there has been a slower start on construction in some pipeline and treatment plant renewals due to complexity of design and associated delays.

New capital expenditure was \$10.316 million underspent, mainly due to new capital projects across all three waters yet to commence. The Bath St stormwater project was slightly ahead of budget for the period.

Waste and Environmental capital expenditure was \$7.820 million underspent.

Expenditure on the Material Recovery facility was underspent \$4.731 million. Both detailed design and negotiations with the preferred supplier for processing equipment are underway. Notification that the Resource Consents have been granted was received on 11 December, and the notice period for appeals of that decision expired in mid-January. No appeals were received.

Organics facility expenditure was underspent \$940k. Civil design and negotiations with the preferred supplier for processing equipment is underway.

Resource Recovery Park Precinct was underspent \$1.093 million. Notification has now been received that the resource consents have been granted. The notification period for appeals expired in mid-January. No appeals were received.

Glass Facility expenditure was underspent \$525k as the project is yet to commence.

Green Island Landfill Gas Collection System capital was underspent \$52k. The new gas flare is under construction and was installed in mid-December and commissioned in early January. Work is underway on-site in preparation for installation and final costs are forecast to remain within budget.

New Kerbside Collection System expenditure was overspent \$438k. The bin roll-out project is completed, with final wash-up costs have now been completed.



#### COMMENTS FROM GROUP ACTIVITIES

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

#### Community & Planning - \$442k Unfavourable

Internal revenue was unfavourable \$94k due to no Better Off Funding in this activity. Operating expenditure was unfavourable \$206k, mainly due to Resource Consents consultants spend being over budget for the period as well as the timing of Community Development projects and Events grants.

#### Economic Development - \$43k Unfavourable

Visitor Centre operating revenue was unfavourable \$98k. As the summer cruise retail sales and commissions revenue are expected to increase.

#### Galleries, Libraries and Museums - \$334k Favourable

Olveston revenue was favourable \$270k due to a donation received on the winding up of the Olveston Charitable Foundation. Revenue of merchandise sales at the Art Gallery, Toitu and Lan Yuan were less than budget.

Operating costs for all activities were favourable year-to-date.

#### Governance and Support Services - \$1.058 million Unfavourable

Interest revenue was favourable 254k as was rates penalties \$400k.

Operating expenditure was unfavourable \$744k. People and Capability costs were unfavourable \$432k mainly due to the cost of outsourced professional services. Finance operating costs were unfavourable \$88k, mainly due to additional external audit fees, of which \$30k relates to the 2023/24 audit. Council Communicating and Marketing costs were unfavourable \$103k due mainly to unbudgeted expenditure relating to the Hospital Campaign.

Better-Off Funding internal costs were favourable \$239k, being the allocation of Better-Off funding to various activities.

Depreciation was favourable \$200k because of lower than budgeted BIS capital expenditure in 2023/24.

#### Waipori Fund - \$4.767 million Favourable

The Waipori Fund has reported a net operating surplus of \$7.412 million year to date, \$5.199 million more than budget. Operating revenue was favourable \$5.201 million.

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 investments values saw an increase in value for the month, maintaining favourable results for the year to date.



#### Property - \$297k Favourable

Operating revenue was unfavourable \$241k. Community property revenue was unfavourable \$128k, with lease arrangements for High Performance Sport under negotiation, and the facility currently vacant while upgrade work is underway. Development contributions revenue was also \$56k below budget.

Operating expenditure was unfavourable \$201k. Electricity, gas and ground rent costs were \$110k over budget for the period. Wall Street over expenditure for electricity and gas is mostly recoverable from mall tenants. A grant to the Dunedin Theatre Network for \$107k also contributed to the variance. Forward work plans are under review to ensure expenditure is kept within budget levels.

#### Regulatory Services - \$483k Unfavourable

External revenue was \$317k unfavourable Parking Operations revenue was unfavourable \$466k due to lower-than-expected activity, particularly on-street parking. New number plate recognition technology was installed at the Lower Moray Place and Wall Street carparks in October resulting in an increase in revenue at these locations since then. Leased parking was unfavourable \$142k, with fewer leased spaces now available in both off-street parking locations and carpark buildings.

Compliance Solutions revenue was unfavourable \$96k, with Parking Enforcement revenue less than budget due to staff vacancies and leave earlier in the year. Building Services revenue was \$205k unfavourable mainly due to reduced consents and inspections revenue. The number of building consents and inspections were lower than previous levels.

#### Reserves and Recreational Facilities - \$483k Favourable.

External revenue was \$79k unfavourable. Aquatics revenue was less than budget overall, despite Gym revenue being favourable. Cemeteries and Crematorium revenue was favourable, along with general Parks rental and recoverable revenue.

#### Roading and Footpaths - \$3.997 million Unfavourable

Subsidy revenue was unfavourable \$2.601 million. Funding decisions by NZTA under the National Land Transport Programme include caps on funding for footpath resurfacing that were not known at the time budgets were compiled. Timing of the contractor work programme also contributed to this variance.

Operating costs were unfavourable \$1.658 million mainly due to \$1.718 million emergency maintenance costs to date relating to the October rain event.

Unsealed pavement maintenance, environmental maintenance and routine drainage maintenance costs were all unfavourable \$1.105 million, mainly due to a high volume of mud tank cleaning resulting from two winter season rain events, a high volume of winter dig out work, slip repairs and contract cost fluctuations. These variances were offset by favourable expenditure in a number of other activities including subsidised sealed pavement maintenance, unsubsidised coastal structures maintenance and general unsubsidised road maintenance.

#### Three Waters - \$9.648 million Favourable

Three Waters external operating revenue was favourable \$353k, largely due to development contributions revenue. Trade waste and water sales revenue was \$210k ahead of budget for the period.

Operating costs were favourable \$1.121 million, mainly reflecting lower than budgeted reactive network maintenance costs to date, a reduction in proactive maintenance and some savings associated with optimisation.



Internal costs were also favourable \$48k due to lower sludge volumes (and associated disposal costs) at the Green Island landfill (see comments below).

#### Waste Management - \$537k Favourable

Waste Management external revenue was unfavourable \$746k. Landfill commercial and domestic waste revenue was unfavourable \$1.218 million. Changes relating to the new kerbside collections contract mean disposal fees under the contract will be reported as internal revenue. Offsetting this variance, waste levy revenue for waste minimisation initiatives, received from the Ministry for the Environment, was favourable \$318k and unbudgeted revenue from the sale of rubbish bags was \$102k.

Internal revenue was favourable \$1.121 million, mainly due to kerbside collection revenue as mentioned above, partly offset by unfavourable sludge revenue from the Wastewater treatment plants. Sludge is now being lime treated or incinerated and therefore not classed as special hazardous waste, resulting in lower disposal fees and volumes.

Operating costs were favourable \$1.605 million. Kerbside collection costs were favourable \$1.185 million, which was more than offset by unfavourable internal landfill disposal fees relating to the kerbside collection contract (see comment below). Overall, the kerbside collection contract costs were higher than budget due to an increase in contract rates after budgets were approved. ETS costs were \$703k less than budgeted. MOE waste levy costs were favourable \$48k. The reduced levy cost is a result of less material liable for the waste levy charge arriving at the landfill than expected.

Internal costs were unfavourable \$1.401 million mainly due to changes relating to the new kerbside collections contract resulting in \$1.430 million for landfill disposal fees under the contract being reported as internal expenditure.

#### Hospital Campaign - \$151k Unfavourable

As at 31 December costs relating to the SOS Hospital Campaign totalled \$164k, mainly being costs associated with the public march, the costs of advertising and promotional material such as badges and shirts, and costs relating to the ambulance travelling around the region and to Wellington.

Council has approved unbudgeted expenditure up to \$346,099 for the campaign.

Revenue from donations totalled \$13k.

#### October Rain Event - \$3.077 million Unfavourable

As at 31 December operational costs relating to the October rain event totalled \$2.219 million, mainly being emergency maintenance through the Transport roading maintenance contract, but also including other emergency work such as sandbagging costs, floodwater pumping, refuse skip deployment and emergency welfare-related costs.

Capital expenditure relating to the rain event totalled \$857k as at 31 December.

No subsidy revenue has been received to date, with a report to be submitted to NZTA and NEMA to acquire funding assistance for these costs.

# 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
-------------	---

# Attachments

Title

LA Waipori Fund - December 2024 Quarter

Page 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			$\checkmark$
Economic Development Strategy			$\checkmark$
Environment Strategy			$\checkmark$
Arts and Culture Strategy			$\checkmark$
3 Waters Strategy			$\checkmark$
Spatial Plan			$\checkmark$
Integrated Transport Strategy			$\checkmark$
Parks and Recreation Strategy			$\checkmark$
Other strategic projects/policies/plans			$\checkmark$

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**

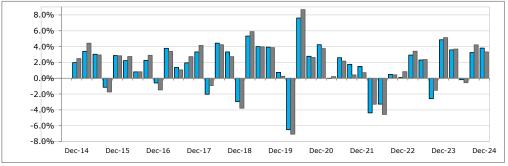
There are no implications for Community Boards.

# **Dunedin City Treasury Ltd**

50 The Octagon
P0 Box 5045
Dunedin 9058
New Zealand
Telephone (03) 474 3696
Facsimile (03) 474 3594
Email dunedincitytreasury@dcc.govt.nz

то:	Chief Executive, Dunedin City Council
FROM:	Dunedin City Treasury Limited
DATE:	16 January 2024
SUBJECT:	WAIPORI FUND - Dec 2024 Quarter

# Quarterly Returns vs Benchmark



#### December 2024 Quarter

The Fund made a return of 3.8% over the quarter, relative to the Benchmark return of 3.3%. The equity portion of the portfolio delivered a strong quarterly performance, returning 6.4% compared to the benchmark's 6.2%. This outperformance was attributed to prior effective stock selection within the New Zealand and Australian equities space and a favourable overweight position in international equities. The portfolio lagged the benchmark for the full year, returning 15.4% versus the benchmark's 18.1% - the lower exposure to mega tech companies such as Nvidia, Meta, Amazon, Microsoft and Apple was the main detractor .

#### **Fund Returns**

	Waipori		Bench	mark
Period ended	Quarter	FY	Quarter	FY
31 December 2024	%	%	%	%
NZ Equities (NZ50 Gross)	6.8	14.2	5.5	11.9
Australian Equities (Australian All Acc)	2.8	8.6	0.6	7.8
Int'l Equities (MSCI World Gross)	8.7	7.1	12.1	14.5
Property Equities (NZ Real Estate)	-0.4	4.3	-2.1	6.2
Short Term Interest (NZ 90 day bb)	1.9	3.1	1.2	2.7
Fixed Interest (NZ Corp Bond index)	1.1	5.6	1.2	5.1
TOTAL	3.8	7.2	3.3	7.7

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

#### **Investment Profile**

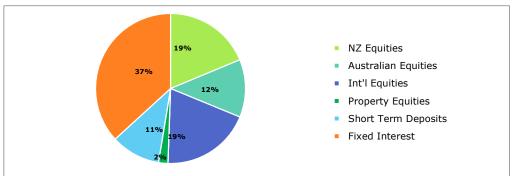
Waipori is diversified across asset classes with 52.6% invested in growth assets (equities and property) and 47.4% invested in income assets (fixed interest investments and short term deposits /cash).

The market value of the investment portfolio (i.e. the total value of all financial assets held) as at 31 December 2024 was \$110.0 million.

#### **Summary of Investments**

		Percentage of	Benchmark/
As at 31 December 2024	Market Value	Portfolio	Exposure Range*
NZ Equities	20,626,478	18.8	16.0
Australian Equities	13,676,728	12.4	11.0
Int'l Equities	21,303,577	19.4	15.0
Equities	55,606,782	50.6	20.0 - 60.0
Property Equities	2,218,076	2.0	3.0
Property	2,218,076	2.0	0.0 - 10.0
Short Term Deposits (incl. bank account balance)	11,699,934	10.6	10.0
Fixed Interest	40,456,878	36.8	45.0
Fixed Interest	52,156,812	47.4	40.0 - 70.0
TOTAL	109,981,670	100.0	100.0

#### Asset Allocation



#### **Market Outlook**

The Reserve Bank of New Zealand (RBNZ) reduced the Official Cash Rate (OCR) by 1.25% in the second half of 2024, reducing to 4.25%, with an additional 0.5% cut anticipated in February 2025. This reflects weak economic growth, rising unemployment, and inflation returning to within the RBNZ's 1-3% target band. Further cuts are expected in 2025 as the OCR moves closer toward what is considered to be the RBNZ's neutral OCR.

The NZX 50 achieved an overall strong annual return in 2024, buoyed by improving economic prospects and rate cuts, which have set a positive outlook for 2025. Similarly, the Australian market performed well in 2024 despite declining earnings, with further rate cuts and the economic recovery expected to drive modest gains in 2025, although external risks remain. Globally, earnings growth remained robust, driven by US technology stocks. Europe underperformed, Japan showed moderation, and emerging markets maintained steady growth. Double-digit global earnings growth is anticipated to continue into 2025, with broader sector gains expected to continue.

The Fund continues to take a long-term investment approach, diversifying across regions and sectors with 52.6% in growth assets (equities) and 47.4% in income-generating assets (fixed interest). It focuses on equities from stable, dividend-paying companies that consistently deliver dividends, even during periods of market uncertainty.

In the past, strong New Zealand CPI data negatively impacted the Fund's value relative to the Inflation-Adjusted Capital Base. However, annual consumer price inflation is now close to the midpoint of the RBNZ 1–3% target band. As a result, the Fund's value rose above the Inflation-Adjusted Capital Base during the quarter ending 31 December 2024.

Tim Loan CHAIR Gerhard Riepl TREASURY ANALYST Richard Davey TREASURER

P 2

Attachment A

# WAIPORI FUND PERFORMANCE VERSUS INVESTMENT OBJECTIVES

31 December 2024

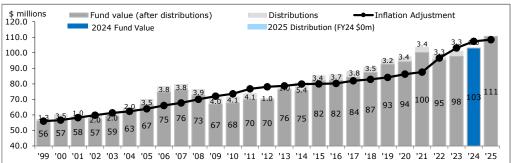
1. INCOME

Objective	2025 Est. Cash Income	2025 Est. Yield	Yield	Period Years
The primary objective of the Fund will be to maximise its income, subject always to a proper consideration of investment risk.	\$4,055,547	3.9%	4.4%	25 1/2

## 2. CAPITAL GROWTH - Values rounded to nearest \$100,000

	Total Fund Value	Revised	
Objective	31 Dec 2024	Capital Base	Achieved
<b>TOTAL FUND VALUE LESS ACCUMULATED DISTRIBUTION:</b> Subject to the income distribution needs of the Council and the provisions for capital protection, a key objective will be to grow the Fund's capital. Each calendar quarter, the Fund's capital base is to be adjusted by the movement in the CPI as follows: Revised capital base = previous capital base x (1 + quarterly CPI movement)	\$110,500,000	\$108,400,000	¥

# Fund value less accrued distribution (\$000) (No dist. in 2025 so far; total dist. since 1999~\$77M, CPI adj. ~\$106M) The difference between Total Fund Value and Total Summary of Investments (page 2) is other receiveables such as dividends, interest and sales proceeds due but not yet received.



(The Total Fund Value has surpassed the Inflation-Adjusted Capital Base, driven by robust capital growth and the absence of distributions in 2024.)

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

	Waipori			OCR +		Period
Objective	Return*	OCR*	CPI*	CPI	Achieved	Years
The Council envisages a minimum return over the medium to long-term, net of all fees and charges attributable to the Fund, equivalent to the weighted average Offical Cash Rate (OCR) plus the movement in the "all groups" Consumer Price Index (CPI).	6.8%	2.4%	2.7%	5.1%	✓	10.50

WAIPORI – – OCR ••••• CPI OCR + CPI 210 200 190 180 170 160 150 140 130 . . . . ..... 120 110 100 90 Jun-14 + Jun-14 + Sep-14 -Jun-15 -Jun-15 -Jun-15 -Jun-16 -Jun-16 -Jun-16 -Jun-19 -Jun-19 -Jun-19 -Jun-20 -Jun-20 -Jun-20 -Jun-20 -Jun-22 -Jun Base = 100, 30 June 2014

Attachment A

WAIPORI FUND Statement of Financial Performance for month ended 31 December 2024

Quarter	Actual YTD			Quarter			Year to Date		Target
31-Dec-23	31-Dec-23		Actual	Target	Variance	Actual	Target	Variance	Full Year
		Income							
343,660	780,247	Dividends	365,670	496,300	(130,630)	811,165	842,096	(30,931)	1,747,074
464,411	859,382	Interest	492,106	653,814	(161,708)	1,001,332	1,152,947	(151,615)	2,308,473
-	(4,158)	Surplus on sale of Equities	14,778	-	14,778	(73,527)	-	(73,527)	-
		Unrealised Gains/(Losses)							
3,433,696	205,021	Equities	831,670	n.a.	n.a.	2,795,490	n.a.	n.a.	n.a.
(591,878)	(670,189)	Exchange Movements	2,191,878	n.a.	n.a.	1,650,990	n.a.	n.a.	n.a.
2,841,818	(465,168)	Revaluation of Equities	3,023,548	451,915	2,571,633	4,446,480	903,830	3,542,650	1,807,660
1,043,768	1,063,384	Revaluation of Bonds	231,115	-	231,115	1,364,292	-	1,364,292	-
149	(1,860)	Revaluation of \$AUD Bank A/C	412	-	412	238	-	238	-
4,693,806	2,231,827	Total Income	4,127,629	1,602,029	2,525,600	7,549,980	2,898,873	4,651,107	5,863,207
		less Expenses							
48,147	96,294	Management Fees	49,665	49,667	(2)	99,330	99,333	(3)	198,665
16,677	32,206	Equity Management Advice	19,607	16,897	2,710	38,293	33,795	4,498	67,591
54	86	Bank Fees	37	34	3	70	69	1	138
64,878	128,586	Total Expenses	69,309	66,598	2,711	137,693	133,197	4,496	266,394
4,628,928	2,103,241	Net Surplus/(Deficit)	4,058,320	1,535,431	2,522,889	7,412,287	2,765,676	4,646,611	5,596,812

P 4

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

WAIPORI FUND Statement of Movement in Principal of Fund For Period to 30 September 2024

30-Jun-24		31-Dec-24
59,050,000	Principal Opening	59,050,000
-	Additional Capital	-
59,050,000	Closing Balance	59,050,000
	Inflation Adjustment Reserve	
44,667,063	Opening Balance	48,894,667
4,227,604	Transfer from Retained Earnings	1,073,399
48,894,667	Closing Balance	49,968,066
aipori is diversified across asset classes with	Retained Earnings	
(6,026,182)	Opening Balance	(4,808,254)
5,445,532	Net Surplus/(Deficit)	7,412,287
(4,227,604)	Transfer to Inflation Adjustment Reserve Distribution to Council	(1,073,399)
(4,808,254)	Closing Balance	1,530,634
103,136,413	Total Fund at End of the Period	110,548,700
statement of Financial Position		
30-Jun-24		31-Dec-24
Cu	rrent Assets	
184,791 B	ank Account	1,820,899
	ebtors/Prepayments	633,598
	bort Term Investments	9 879 035

# Stateme As at 30

		31-Dec-24
	Current Assets	
184,791	Bank Account	1,820,899
654,923	Debtors/Prepayments	633,598
17,548,980	Short Term Investments	9,879,035
18,388,694	Total Current Assets	12,333,532
	Investments	
53,093,485	Equities	57,824,858
31,717,918	Term Financial Instruments	40,456,878
84,811,403	Total Investments	98,281,736
103,200,097	Total Assets	110,615,268
	less	
	Current Liabilities	
63,684	Accruals	66,568
63,684	Total Current Liabilities	66,568
103,136,413	Total Value of Fund	110,548,700



# **RESOLUTION TO EXCLUDE THE PUBLIC**

That the Audit and Risk Subcommittee:

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

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



			,,
	The withholding of the		
	information is		
	necessary to protect		
	information where the		
	making available of the		
	information would		
	disclose a trade secret.		
	S7(2)(i)		
	The withholding of the		
	information is		
	necessary to enable		
	the local authority to		
	carry on, without		
	prejudice or		
	disadvantage,		
	negotiations (including		
	commercial and		
	industrial		
	negotiations).		
	S7(2)(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.		
C2 Treasury Risk	S7(2)(h)	S48(1)(a)	
Management	The withholding of the	The public conduct of	
Compliance Report	information is	the part of the meeting	
	necessary to enable	would be likely to	
	the local authority to	result in the disclosure	
	carry out, without	of information for	
	prejudice or	which good reason for	
	disadvantage,	withholding exists	
	commercial activities.	under section 7.	
C3 Report to the	S7(2)(b)(ii)	S48(1)(a)	
Council on the Audit of	The withholding of the	The public conduct of	
Dunedin City Council	information is	the part of the meeting	
for the year end 30	necessary to protect	would be likely to	
June 2024	information where the	result in the disclosure	
	making available of the	of information for	
	information would be	which good reason for	



	likely unreasonably to	withholding exists	
	prejudice the	under section 7.	
	commercial position of		
	the person who		
	supplied or who is the		
	subject of the		
	information.		
C4 9 Year Plan Audit -	S7(2)(b)(i)	S48(1)(a)	
Update	The withholding of the	The public conduct of	
	information is	the part of the meeting	
	necessary to protect	would be likely to	
	information where the	result in the disclosure	
	making available of the	of information for	
	information would	which good reason for	
	disclose a trade secret.	withholding exists	
		under section 7.	
	S7(2)(c)(i)		
	The withholding of the		
	information is		
	necessary to protect		
	information which is		
	subject to an obligation		
	of confidence or which		
	any person has been or		
	could be compelled to		
	provide under the		
	authority of any		
	enactment, where the		
	making available of the		
	information would be		
	likely to prejudice the		
	supply of similar		
	information or		
	information from the		
	same source and it is in		
	the public interest that		
	such information		
	should continue to be		
	supplied.		
	C7(2)/b)		
	S7(2)(h)		
	The withholding of the information is		
	necessary to enable		
	the local authority to		
	carry out, without		
	prejudice or		
	disadvantage, commercial activities.		
CE Dunadia City		$S_{1}S_{1}(1)(2)$	
C5 Dunedin City	S7(2)(b)(ii)	S48(1)(a)	
Holdings Ltd - Update			



on Audit and Risk Activity	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.	The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C6 Internal Audit Workplan Update	<ul> <li>S7(2)(b)(i)</li> <li>The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</li> <li>S7(2)(c)(i)</li> <li>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 or information or information or information from the same source and it is in the public interest that such information should continue to be supplied.</li> <li>S7(2)(h)</li> <li>The withholding of the information is necessary to enable the local authority to</li> </ul>	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.	



			I
	carry out, without		
	prejudice or		
	disadvantage,		
	commercial activities.		
C7 DCC Internal Audit	S7(2)(c)(i)	S48(1)(a)	
Actions Update	The withholding of the	The public conduct of	
	information is	the part of the meeting	
	necessary to protect	would be likely to	
	information which is	result in the disclosure	
	subject to an obligation	of information for	
	of confidence or which	which good reason for	
	any person has been or	withholding exists	
	could be compelled to	under section 7.	
	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.		
C8 DCC Risk 'Deep	S7(2)(c)(i)	S48(1)(a)	
Dive' - Fraud Risk	The withholding of the	The public conduct of	
Management	information is	the part of the meeting	
	necessary to protect	would be likely to	
	information which is	result in the disclosure	
	subject to an obligation	of information for	
	of confidence or which	which good reason for	
	any person has been or	withholding exists	
	could be compelled to	under section 7.	
	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.		



			I
C9 Gifts and	S7(2)(a)	S48(1)(a)	
Hospitality Register	The withholding of the	The public conduct of	
	information is	the part of the meeting	
	necessary to protect	would be likely to	
	the privacy of natural	result in the disclosure	
	persons, including that	of information for	
	of a deceased person.	which good reason for	
		withholding exists	
		under section 7.	
C10 Chairperson's	S7(2)(a)	S48(1)(a)	
Report	The withholding of the	The public conduct of	
	information is	the part of the meeting	
	necessary to protect	would be likely to	
	the privacy of natural	result in the disclosure	
	persons, including that	of information for	
	of a deceased person.	which good reason for	
		withholding exists	
		under section 7.	
C11 Logal Mattara	S7(2)(a)		
C11 Legal Matters	S7(2)(g)	S48(1)(a)	
	The withholding of the	The public conduct of	
	information is	the part of the meeting	
	necessary to maintain	would be likely to	
	legal professional	result in the disclosure	
	privilege.	of information for	
		which good reason for	
		withholding exists	
		under section 7.	
C12 Protected	S7(2)(a)	S48(1)(a)	
Disclosure Register -	The withholding of the	The public conduct of	
February 2025	information is	the part of the meeting	
	necessary to protect	would be likely to	
	the privacy of natural	result in the disclosure	
	persons, including that	of information for	
	of a deceased person.	which good reason for	
		withholding exists	
	S7(2)(c)(i)	under section 7.	
	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.		
C13 Investigation	S7(2)(a)	S48(1)(a)	
Register - February	The withholding of the	The public conduct of	
2025	information is	the part of the meeting	
	necessary to protect	would be likely to	
	the privacy of natural	result in the disclosure	
	persons, including that	of information for	
	of a deceased person.	which good reason for	
	S7(2)(c)(i)	withholding exists under section 7.	
	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.		

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 been of assistance in relation to the matters discussed, was relevant because they would be reporting on the item under consideration.