

Notice of Meeting:

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

Date: Thursday 4 December 2025
Time: 11.30 am
Venue: Council Chamber, Dunedin Public Art Gallery, The Octagon, Dunedin

Sandy Graham
Chief Executive Officer

Audit, Risk and Assurance Committee
PUBLIC AGENDA

MEMBERSHIP

Chairperson
Deputy Chairperson

Warren Allen
Janet Copeland

Members

Mayor Sophie Barker	Cr John Chambers
Cr Cherry Lucas	Cr Andrew Simms
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.

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1 APOLOGIES

At the close of the agenda no apologies had been received.

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

RECOMMENDATIONS

That the Committee:

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

Attachments

	Title	Page
↓A	Register of Interests	6

Audit, Risk and Assurance Committee - Register of Interest - current as at 27 November 2025				
Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Warren Allen	Chairperson	Audit and Risk Committee, Porirua City Council	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Office of the Auditor General	Potential. Audit NZ are suppliers to Council	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit Advisory Board, PWC New Zealand	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Audit and Risk Committee, Anglican Diocesan of Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Convenor	Audit and Risk Committee, Commerce Commission	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Wellington	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Property Ownership - Taupo	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Forestry Investment (Gisborne)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Nikau Foundation	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Nikau Foundation's Audit and Risk Committee	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Kiwisaver	Milford Asset Management	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee/Beneficiary	Two Family Trusts - property ownership	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Janet Copeland	Director	Next Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Ronaki (Southland) Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stoney Creek Investments Ltd	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Stoney Creek Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Copeland Ashcroft Law Ltd McAllister	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	Southland Charitable Hospital Trust	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed Companies	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Past President	Southland Branch of NZ Law Society	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Clutha Health First Limited	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	New Zealand Law Society - Standards Committee (Southland)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
Mayor Sophie Barker	Shareholder	Ayrmed Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Shareholder	Various publicly listed companies	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Property Owner	Residential Property Owner - Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Beneficiary	Sans Peur Trust (Larnach Castle)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Mentor	Business Mentors NZ	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Vegetable Growers Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Institute of Directors	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Family Member	Family member employed at Wilkinson Rogers	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Chairperson	Dunedin Heritage Fund (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Grow Dunedin Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Heritage Advisory Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Co-Chair	Ōtepoti Dunedin Destination Management Plan Advisory Panel (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) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tertiary Precinct Planning Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr John Chambers	Owner	Residential Property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Rental Property	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ōtākou Golf Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Opera Otago	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Hereweka Harbour Cone (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Waikouaiti Coast Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
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.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
	Member	NZ Institute of Chartered Accountants	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Shanghai Association (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Representative	Local Government New Zealand (Zone 6) (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tūhura Otago Museum Trust Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Ōtepoti Dunedin Destination Management Plan Advisory Panel (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	Tertiary Precinct Planning Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosgiel-Taieri Community Board (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Te Poāri a Pukekura Partnership (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
Cr Andrew Simms	Director	Landseer Motor Investments Limited	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Landseer Motor Investments Auckland Limited t/a Andrew Simms - Motor vehicle retail	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Stephen Duff Motors Limited t/a Andrew Simms Dunedin - Motor vehicle retail	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Three Diamond Automotive t/a Ralliart NZ - Race car preparation	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Cambridge Finance Limited - Financial Services	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	The Landseer Group Limited - Investments	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Otago Motorhome Centre Limited - Motor vehicle retail	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Landseer Motor Investments Henderson Limited - Motor vehicle retail	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Landseer Motor Investments Moorhouse Limited - Motor vehicle retail	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Director	Minaret Property Investments Limited - Property Investment	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
	Trustee	The Newfoundland Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Trustee	The Moturata Trust	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Taieri Trails Group	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Taieri Cricket Club	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Mosguel AFC	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Residential Property	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Owner	Commercial Property, Andersons Bay Road, Dunedin	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Dunedin Heritage Fund (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Heritage Advisory Group (Council Appointment)	No conflict identified	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Tūhura Otago Museum Trust Board (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.
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	Dunedin Heritage Fund (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	Okia Reserve Management Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.
	Member	District Licensing Committee (Council Appointment)	No conflict identified.	Seek advice prior to the meeting if actual or perceived conflict of interest arises.

Name	Responsibility (i.e. Chairperson etc)	Declaration of Interests	Nature of Potential Interest	Member's Proposed Management Plan
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.
	Owner	Residential Property Millers Flat	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 at Dunedin City Council	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.

PART A REPORTS

DELEGATIONS FOR THE AUDIT, RISK AND ASSURANCE COMMITTEE

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Audit, Risk and Assurance Committee's delegations for the Committee's information (Attachment A)
- 2 The Chairperson will also provide an overview of roles and responsibilities of an Audit, Risk and Assurance Committee.
- 3 As this is an administrative report, there is Summary of Considerations.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the delegations and overview of the Audit, Risk and Assurance Committee.

Signatories

Author:	Wendy Collard - Governance Support Officer
Authoriser:	Jackie Harrison - Manager Governance

Attachments

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Audit, Risk and Assurance Committee

REPORTING TO:	Council
CHAIRPERSON:	Warren Allen (Independent Member)
DEPUTY CHAIRPERSON	Janet Copeland (Independent Member)
CONSTITUTION AND MEMBERS:	The Mayor (ex officio), Deputy Mayor, Councillor Simms, Councillor Chambers, Councillor Vandervis and the two independent members
QUORUM:	Three members which must include at least one independent member
MEETING FREQUENCY:	Quarterly with additional meetings as required by the Chairperson

PURPOSE AND OBJECTIVES

- 1 The purpose of the Audit, Risk and Assurance Committee is to assist and advise the Council and the Chief Executive on the discharge of the Council's responsibilities for risk management and internal control, particularly ensuring the Council:
 - a) Operates with a robust internal control framework and risk management systems, processes and procedures.
 - b) Carries out activities and makes decisions using prudent financial management practices.
 - c) Complies with applicable laws, regulations, standards, policies and best practice guidelines.
- 2 The Subcommittee will satisfy itself with the integrity and appropriateness of internal and external reporting and accountability arrangements and ensure the establishment and maintenance of controls to safeguard the Council's financial and non-financial assets.
- 3 In fulfilling their role on the Audit, Risk and Assurance Committee, members shall be always impartial and independent. Committee members have a responsibility to treat all information with appropriate confidentiality. This includes matters tabled and/or discussed at meetings as well as any material circulated before or after a meeting.

AREA OF RESPONSIBILITY AND DELEGATIONS

- 1 To advise on matters of audit and risk and provide advice and recommendations to the Chief Executive and Council for its consideration.
- 2 To receive the External Auditor's correspondence in regard to the audit arrangements and letters of representation and recommend their execution to the Council.

- 3 To meet with the External Auditors, receive their reports and monitor and approve the implementation of changes to policies, procedures and practices that result from the External Auditor's recommendations.
- 4 To monitor the financial management practices and processes of the Council and consider their compliance with relevant legislation, policies and good practice.
- 5 To review the annual report including the accounting policies and make recommendations to the Council on adoption.
- 6 To review, maintain and monitor the robustness and comprehensiveness of the Council's policy framework and recommend these to Council for approval.
- 7 To monitor the appropriate operation of governance policies through the regular consideration of reports on health and safety matters, legislative compliance, fraud prevention and investigations, risk registers, sensitive expenditure and any other matters referred to it through policy content or the direct request of the Council.
- 8 To set and monitor the Internal Audit plan, appoint the Internal Auditor, receive Internal Audit findings, and monitor and approve the implementation of changes to policies, procedures and practices that result from the Internal Auditor's recommendations.
- 9 To take independent external advice and independently access information from management as required.
- 10 To consider annually the delegations for the subcommittee and make recommendations to Council on their content.

DELEGATION LIMITS

- 1 The Audit, Risk and Assurance Committee may not delegate any of its responsibilities, duties or powers.

AUDIT, RISK AND ASSURANCE COMMITTEE WORK PLAN 2025-26

Department: Civic

EXECUTIVE SUMMARY

- 1 This report provides a copy of the Audit, Risk and Assurance Committee Work Plan 2025-26 which has been aligned to work programme scheduling and decision making.
- 2 Please note that the items without ticks shown have not been scheduled for action. A Deep Dive work programme will be developed and presented to the Committee in 2026. Deep dive topics will reflect high or emerging risks.
- 3 As this is an administrative report only, the Summary of Consideration is not required.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Audit, Risk and Assurance Committee Work Plan for 2025-26.

Signatories

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

Attachments

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A	Audit, Risk and Assurance Committee WorkPlan	15

Audit, Risk and Assurance Committee WorkPlan - 2025/2026							
December 2025							
	Responsible	December	March	June	September	December	Frequency
PUBLIC REPORTS							
Terms of Reference/Delegations	Governance	✓					Once per trienium
2025/2026 Workplan Report	Governance	✓	✓	✓	✓	✓	Quarterly
Updates Report	Assurance	✓	✓	✓	✓	✓	Quarterly
Health and Safety Reporting	H&S	✓	✓	✓	✓	✓	Quarterly
Financial Strategy Compliance	Finance	✓			✓		As required
Climate Related Risk Management	Sustainability	✓			✓		6 monthly
Financial Results	Finance	✓	✓	✓	✓	✓	Quarterly
Waipori Fund - Quarterly Results	Finance	✓	✓	✓	✓	✓	Quarterly
POLICY REVIEWS/UPDATES							
Asset Management Policy <i>November 2020</i>	Infrastructure						
Asset Disposal and Write-Off Policy <i>June 2021</i>	Finance		✓				
ICT Acceptable Use Policy <i>September 2023</i>	BIS			✓			
Leave Management Policy <i>July 2025</i>	People and Capability				✓		
Information Management Policy <i>New Policy</i>	BIS		✓				
Staff Code of Conduct (Employee Values and Practices)	People and Capability		✓				
Health, Safety and Wellbeing Policy <i>November 2025</i>	H&S		✓				
Protected Disclosure "Whistle-Blower" Policy <i>February 2026</i>	Finance			✓			
Risk Management Policy <i>September 2026</i>	Risk				✓		
Treasury Risk Management Policy <i>December 2026</i>	Treasury				✓		
Staff Conflict of Interest Policy <i>May 2027</i>	Corporate and Quality						
Legal Compliance Policy <i>May 2027</i>	Legal						
Internal Audit Policy <i>July 2027</i>	Assurance						
Child Protection Policy <i>July 2027</i>	People and Capability						
Koha Policy <i>September 2027</i>	Māori Partnerships						
Fraud Bribery & Corruption Prevention Policy <i>November 2027</i>	Assurance						

Audit, Risk and Assurance Committee WorkPlan - 2025/2026							
December 2025							
	Responsible	December	March	June	September	December	Frequency
Gifts and Hospitality Policy <i>November 2027</i>	Corporate and Quality						
Procurement and Contracts Management Policy <i>June 2028</i>	Procurement and Contracts						
Purchase Card Policy <i>August 2028</i>	Finance						
Sensitive Expenditure Policy <i>August 2028</i>	Finance						
NON-PUBLIC REPORTING							
Management Reporting - Audit New Zealand	Finance	✓				✓	Annually
Treasury Compliance	Treasury	✓	✓	✓	✓	✓	Quarterly
DCHL Audit Update	DCHL	✓	✓	✓	✓	✓	Quarterly
Internal Audit Workplan Update	Assurance	✓	✓	✓	✓	✓	Quarterly
Internal Audit Actions Update	Assurance		✓		✓		6 monthly
External Audit Actions Update	Assurance	✓		✓			6 monthly
Financial Operational Assurance	Finance	✓	✓	✓	✓	✓	Quarterly
Corporate Risk Register	Risk		✓		✓		6 monthly
Legal Update (Major Litigation)	Legal		✓		✓		6 monthly
Legal Compliance Monitoring Update	Assurance			✓		✓	6 monthly
Protected Disclosure Register	Finance	✓	✓	✓	✓	✓	Quarterly
Investigation Register	Finance	✓	✓	✓	✓	✓	Quarterly
RISK OVERVIEW (DEEP DIVE)							
Deep Dive Work Programme	Risk		✓				Annually
Fraud and Corruption	Risk	✓					

AUDIT, RISK AND ASSURANCE COMMITTEE UPDATES REPORT - DECEMBER 2025

Department: Finance

EXECUTIVE SUMMARY

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

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Audit, Risk and Assurance Committee Updates Report – December 2025

DISCUSSION

Insurance

- 2 The liability insurance programme has now been fully renewed with effect from 1 November 2025. The policies include general/public liability, statutory liability, professional indemnity, and employer's liability, with the required capacity secured.
- 3 Full cost insurance valuations are being undertaken at the DCC aquatic buildings and University Oval assets (including plant).
- 4 Refresher training is being scheduled with Project and Contract Managers on the contract works insurance policy including key risks around hot works and hazardous substance warranties.

2024/25 Annual Report

- 5 The final audit fieldwork started in the week of 15 September 2025 and finished on 31 October 2025, resulting in an unqualified audit opinion.
- 6 Following the audit process, the 2024/25 Annual Report was adopted by Council at its inaugural meeting of the new triennium on 31 October 2025.
- 7 The 2024/25 Annual Report Summary has been prepared by staff and has been audited by Audit NZ. An audit opinion was received in the week beginning 24 November 2025.
- 8 Following this, the 2024/25 Annual Report and its Summary have been published on the DCC website, within statutory deadlines.

- 9 Recommended improvements to the development of future Annual Reports are as follows:
- a) 3 Waters valuations are completed as at 31 March. Over the past four years, there have been recurring issues with valuations, and completing them three months earlier than usual provides a buffer to address any potential challenges.
 - b) More detail is included on the performance of each Council-Controlled Organisation (CCO). While the primary focus of the Annual Report is the performance of the DCC, more supporting information on CCOs would provide helpful context to a reader.
 - c) The timeline for the development of the Annual Report is incrementally brought forward each year, in consultation with Dunedin City Holdings Limited and Audit NZ. This will ensure that the 2027/28 Annual Report can be adopted ahead of the next local government elections.

2026/27 Annual Plan

- 10 Work on the development of the 2026/27 Annual Plan continues. The development of the Plan is being used as an opportunity to identify new or improved revenue streams, and to review expenditure.
- 11 Budget update reports for each activity are being prepared and will be considered by Council in January 2026.
- 12 The schedule for development of the 2026/27 Annual Plan includes sufficient time for an amendment, including audit, should one be required to address a significant or material change from Year 2 of the 9 Year Plan. Community engagement is tentatively scheduled for March/April 2026.
- 13 The Annual Plan 2026/27 will be adopted by Council by 30 June 2026.

Local Water Done Well

- 14 All legislation making up the three stages of “Local Water Done Well” have now been passed.
- 15 Council’s Water Services Delivery Plan (WSDP) was accepted by the Secretary for Local Government on 10 November 2025 and confirms acceptance of the in-house delivery model. DIA accepted the plan without any changes being required and recommended that the delivery of projects required to achieve regulatory compliance is monitored.
- 16 Staff are now in the process of implementing the WSDP. A programme governance structure has been proposed with ELT representation and a cross departmental group will be formed to meet regularly and coordinate implementation delivery. This group will include representation from 3 Waters, finance and legal and others as required. The DCC Project Management Framework (PMF) has been adopted to manage this programme of work.

Policy Updates

- 17 The following policies are undergoing review:
 - a) Information Management Policy
 - b) Asset Disposal and Write-Off Policy

- c) ICT Acceptable Use Policy
 - d) Staff Code of Conduct
 - e) Health, Safety and Wellbeing Policy
- 18 After the review process, updated copies of DCC policies will be provided to the Committee for either feedback or approval.

OPTIONS

- 19 This is a noting report so there are no options.

Signatories

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

Attachments

There are no attachments for this report.

SUMMARY OF CONSIDERATIONS
Fit with purpose of Local Government

This report provides an update on various audit, risk and assurance related matters.

Fit with strategic framework

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

This report provides an update on the progress made by Council to deliver upon the activities identified by the Audit, Risk and Assurance Committee, 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 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

HEALTH, SAFETY AND WELLBEING MONTHLY REPORT FOR SEPTEMBER AND OCTOBER 2025

Department: Health and Safety

EXECUTIVE SUMMARY

- 1 The monthly Health, Safety and Wellbeing report for September and October 2025 is attached for consideration.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the monthly Health, Safety and Wellbeing report for September and October 2025.

Signatories

Author:	Jane Pearce - Health and Safety Manager
Authoriser:	Paul Henderson - General Manager Corporate and Regulatory Services

Attachments

	Title	Page
A	Health, Safety and Wellbeing monthly report for September and October 2025	23

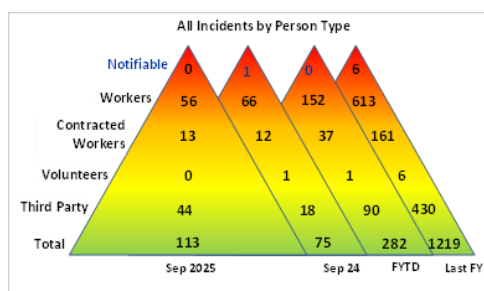
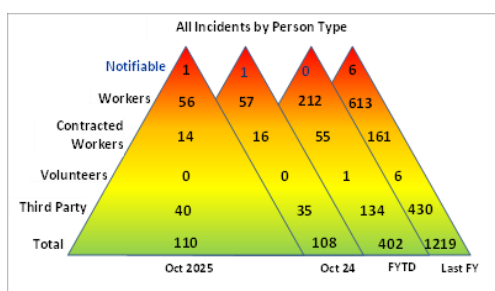
Health, Safety and Wellbeing Reporting for 1 September to 31 October 2025 and FYTD (1 July 2025 – 30 June 2026)

ORGANISATION OVERVIEW

1. Total Events Recorded FYTD: 402

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	October 2025	September 2025	FYTD
Incident	62	61	226
Injury	27	31	91
Injury – Lost time Work	0	0	3
Near Miss / Hazard	20	21	81
Notifiable Events	1	0	1



Note: The notifiable events are included in the person type


2. Notifiable Event

A WorkSafe notifiable event #15981 occurred at the Green Island Wastewater Treatment Plant when a 200 kg screening room door failed in the open position and fell onto a forklift's safety frame. The failure was caused by broken wire ropes supporting the counterweights, resulting in damage to the components of the door and cosmetic damage to the forklift. The event met WorkSafe's criteria for a notifiable event, and the scene was immediately frozen by staff. WorkSafe has since notified us that the scene is now unfrozen and has received and reviewed our investigation report. Corrective actions are currently underway, and the door has been fully isolated to ensure the safety of staff while a replacement door installed.

3. Critical Risks

The top 10 critical risks identified by the Board are listed below.

The table below details the number of events and audits carried out by critical risk for September and October 2025.



Critical Risk	Notes	Critical Risk Symbol	No. of Events		No. of Audits
			Work	Contractor	
Confined Space (CR01)					1
Working at Height (CR02)			2	1	8
Hot Work (CR03)					2
Excavation and/or Trenching Work (CR04)					7
Working on/near Roads (CR05)			3	8	25
Hazardous Substances (CR06)			9	1	7
Hazardous Energy Sources (CR07)					4
Aggression or Violence (CR08)	With H&S Working Group under review		17		
Impairment (CR09)	Under review		1		
Lone/Remote Working (CR10)	Review completed August 2025				

* Some audits look at more than one critical risk

4. High Risk Contracts

Events, inspections and audits for September/October 2025 for the Tier 1 to 3 Projects with critical risks and where there is active site work.

Contract	No. of Events	Inspections	Audits	Positive Observation	Comments
Property					
Civic Centre Upgrade			1		
Moana Pool Redevelopment			1		
Town Hall Restoration (5066)			1		
Fitzroy St – 4 Housing units			1		
Station Overbridge Toilets					
Parks & Recreation					
Playground Renewals					
Refurbish BG Café					
Security Services (10351)					
Transport					
Maintenance Contract (8515)			1		
Bath Street (9240)				1	

Key:  = Lead Indicator
 = Lag Indicator

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Contract	No. of Events	Inspections	Audits	Positive Observation	Comments
Streetlights (7794)			1		
Signals (7886)					
Bridge structure (11781)					
Retaining walls (11796)					
3 Waters					
Infra Rnwl and Upgrades with McConnell Dowell (9490)			2		
Maint and Minor Cap Works (9221)					
Provide grounds maint (9411)					
Critical Pipeline CCA (11541)					
Maint Contract for WS, WW and Stormwater (3651)			11		
Civil Pipeline Rnwl – Downer (9459)			4		
Electrical maint serv (9813)					
Civil Pipeline Rnwl - FH (9228)			2		
Water Pump Rnwl (11014)					
WW Pump Renewals (10541)			1		

5. Improvements

WES Kerbside Contract Issues – EnviroNZ

We are working with WES and EnviroNZ following repeated incidents where collection trucks damaged vehicles and infrastructure, raising safety concerns. The contractor has attributed all cases to driver behaviours, with no corrective actions taken. We recommend engaging an external H&S auditor to review processes, identify systemic gaps, and implement improvements to enhance safety and compliance.

Taskforce Green, Parks, and Transport Teams - Tree Processing Safety



Work is underway to support Taskforce Green (TFG), Parks, and Transport teams in reviewing and improving the safety of current tree processing practices. The current standard procedure involves transporting felled trees to the TFG yard, where they are ringed and split into firewood, some of these trees are of a significant size.

While this work is carried out by trained staff, it is also supported by volunteers. The process involves significant health and safety risks, including the use of chainsaws, log splitters, and manual handling of heavy materials. These activities present potential hazards to both staff and volunteers. We are actively reviewing equipment, training, workflows, and potential engineering controls to reduce risk and improve overall safety outcomes.

Botanic Gardens – Honda Power barrow and replacement vehicles

Following the purchase of the power barrow, staff received appropriate training in its use, and a Standard Operating Procedure (SOP) was developed. Feedback from the team has been overwhelmingly positive, with staff reporting high satisfaction with the equipment's performance and ease of use. Importantly, there have been no incidents or safety concerns reported since its introduction.

The Procurement team, in collaboration with Fleet, the Botanic Gardens (BG), and Health & Safety, is sourcing replacement vehicles for the Tuataras recently tagged out due to safety concerns. This

Key:  = Lead Indicator
 = Lag Indicator

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process focuses on operational needs, safety compliance and environmental suitability, with the goal of securing reliable fit for purpose vehicles that ensure service continuity and minimise risk.

3 Waters – Damstra/Vault Check Training

A noticeable improvement in staff using Vault checks for inspections over the past 12 months. To enhance our lead indicators, we will conduct training for all 3 Waters staff to improve the quality of vault checks. This training will cover:



- Selecting the appropriate template
- Documenting findings accurately
- Uploading photos
- Assigning corrective actions to the right individuals. **Dec 2025.**

3 Waters - Hi-Vis Colour Change Orange to Yellow

A slow transition is underway to change the standard hi-vis colour from orange to fluorescent yellow because it provides significantly better visibility across conditions - offering around 30% greater daytime luminance contrast (ANSI/ISEA 107-2020) and being detected about 20% sooner in low-light due to improved chromatic contrast. Major contractors such as Fulton Hogan and Downer already use yellow for its proven visibility benefits. The change will be implemented gradually in line with the natural replacement cycle of existing orange PPE to ensure cost effectiveness and minimal budget impact.








Mosgiel Library – Third-party Behaviour

Following increased third-party behaviours, Police met with stakeholders to address the issue. Inconsistent incident reporting had hindered accurate assessment and delayed resource allocation. To resolve this, staff will receive improved training on reporting and response, supported by proactive policing. These measures aim to ensure timely actions and create a safer environment for staff and patrons.

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
6. Events of Note for September and October 2025 

	Incident Type	Team	Description	Actual Risk	Potential Risk	Related to Critical/ Common Risk	Underlying Cause	Corrective Action	Status
	Incident (#15915)	3 Waters	Trailer hub hot after trip.	M9	H12	Mobile Plant (On-road)	Equipment/Design	Sent back for repair.	Completed
	Near Miss (#15917)	3 Waters	Gas flare when it fails needs to be relit manually from an extended ladder	H12	E16	Working at Height & Hazardous Substance	Equipment/Design/ Maintenance		Underway
	Incident (#15981) Notifiable Event	3 Waters	200kg weighted steel framed door failed and fell down onto forklift safety frame	M6	E16	Unsafe assets or Infrastructure	Equipment/ Design/ Maintenance	<ol style="list-style-type: none"> Created a monitoring template Biannual checks of all overhead doors incl of photos, and corrective actions Installed sturdy barriers blocking access. Installed signage "DO NOT USE - SAFETY HAZARD" Conducted daily site checks to ensure safety Informed staff of hazard/repair progress Arranged for the faulty door to be fixed. Confirm the door is safe for operation post-repair. A safety alert distributed. 	Underway
	Injury (#16014)	Library	Slipped a disk in back moving fully laden mobile shelving unit	H12	H12	Musculoskeletal	People/Injury		Underway
	Near Miss / Hazard (#16001)	WES	Landfill closed due to high wind	H10	H12	Workplace physical factors	Environment/Speed	Protocol to close site followed.	Completed
	Near Miss / Hazard (#16002)	WES	Kerbside collection cancelled due to high wind	L4	H12	Workplace physical factors	Environment/Speed	Protocol to stop collection followed.	Completed
	Incident (#15935)	Parking Services	Officer threatened by member of the public over vehicle. Second officer attended	M8	H12	Aggression/ Violence	External/ Abusive	<ol style="list-style-type: none"> Trespass order given, Police to deliver. Police advised charges will be laid. 	Underway

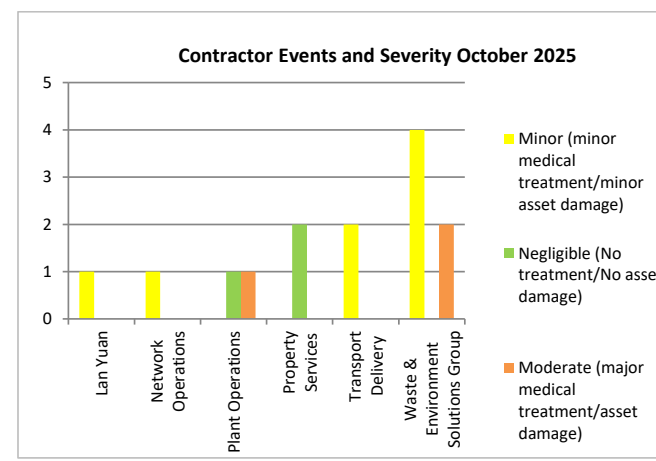
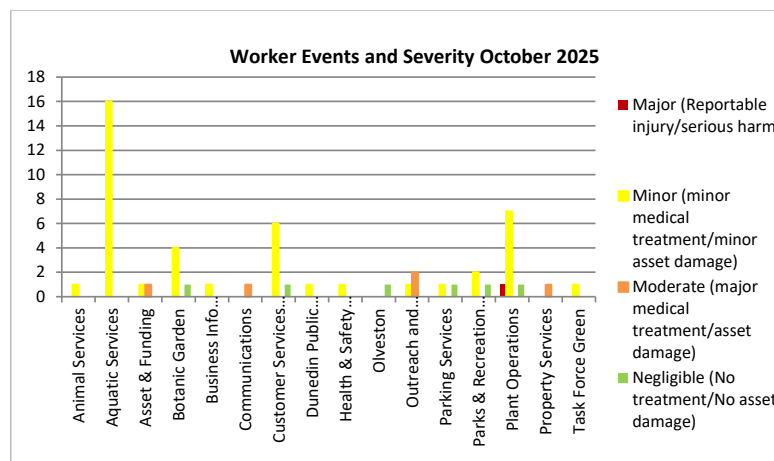
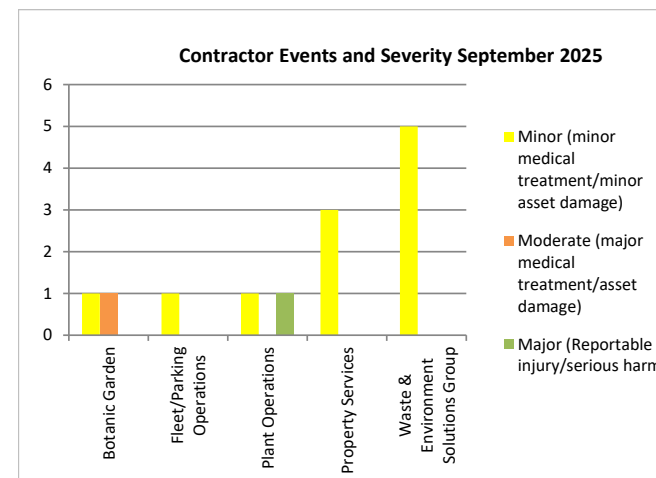
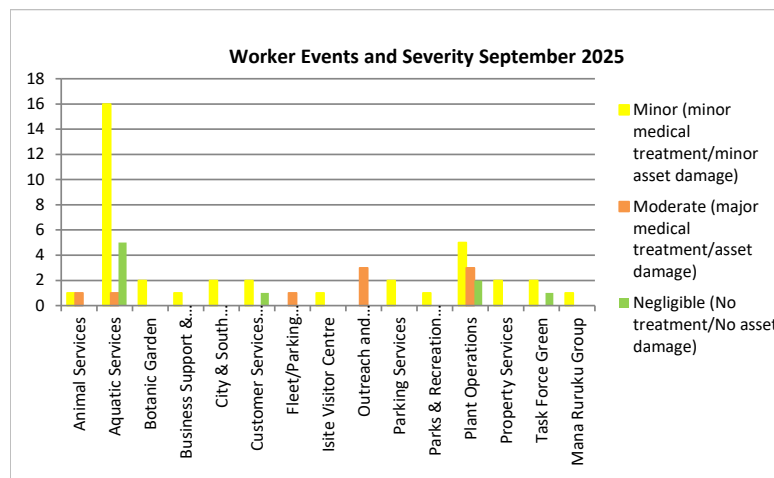
	Incident Type	Team	Description	Actual Risk	Potential Risk	Related to Critical/ Common Risk	Underlying Cause	Corrective Action	Status
	Incident (#16003)	Parking Services	Verbal abuse from owner of vehicle parked on footpath	L3	H12	Aggression/ Violence	External/ Irritable Behaviour	Officers removed themselves from the area.	Completed
	Near Miss / Hazard (#15814)	3 Waters	No safe access to the roof of the BTFs	H15	E20	Working at height	Not yet identified	Improvement project to add safety rails and barriers to enable access to the platform.	Not started.
	Incident (#15803)	Library	Group of teenagers verbally insulting and threatening violence	H12	H12	Aggression/ Violence	External / Abusive behaviour	1. Police called but did not respond 2. Requesting Police assistance to help manage the behaviours. 3. Security engaged to assist with rising issue. 4. Further training to be given on process.	Underway
	Incident (#15897)	Aquatic Services	Failing air system in bulkhead, likely to cause injury to staff when moving it.		H12	Unsafe Assets	Equipment/ Design/Failure	1. Investigate solutions and process to repair 2. Ensure enough staff assist during mobilisation.	Underway
	Near Miss / Hazard (#15850)	Parks	Sportsfield light hanging off the pole, metal was degraded		H12	Unsafe Assets	Not yet identified	1. An engineer to undertake regular inspections. 2. The clubs to perform maintenance as required	Underway
	Incident (#15880)	Property	Intruders on scaffold, 5 kg iron balustrade thrown off building on to walkway	M9	H15		External / Abusive/Destructive Behaviour	1. Reported to the police. 2. CCTV footage sent to police.	Underway
	Incident (#15795)	WES	Service strike after trainee driver caught phone wire with bin	M8	H12	Working on/ near roads	People/Application		Underway
	Incident (#15859)	WES	Height of loader bucket blocked vision, hit vehicle no damage		H12	Working on/ near roads	Not yet identified	Driver of the loader was at fault, footage has been reviewed and employee spoken with.	Completed
	Incident (#15877)	Animal Services	Sheep loose on State Highway and poor response time from Police.	L3	H15	Interactions with Animals	External / Animal Behaviours	1. Contacted both NZTA and Police to request a debrief meeting. 2. Report stock welfare concern to MPI	Completed

 Worker Lost Time Injury  Worker Events  Third Party Events  Contractor Events  Volunteer Events

*** 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.*

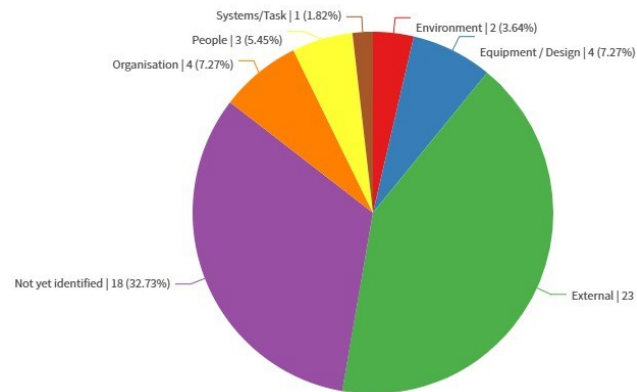
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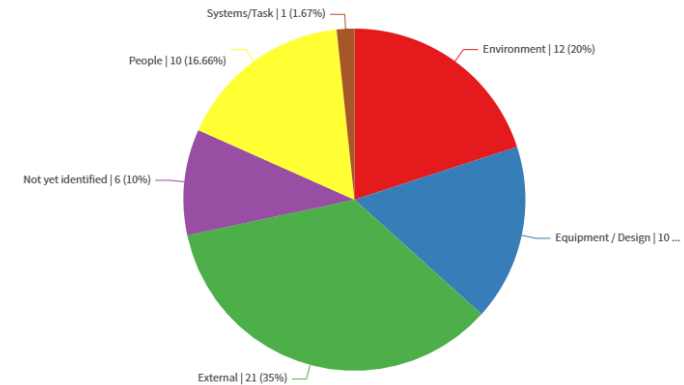


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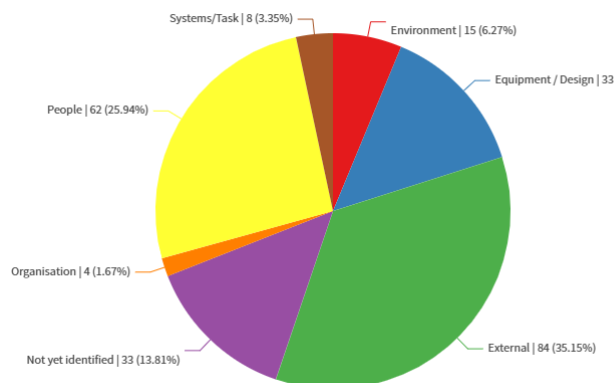
Worker Event Causation for September 2025 





Worker Event Causation for October 2025 

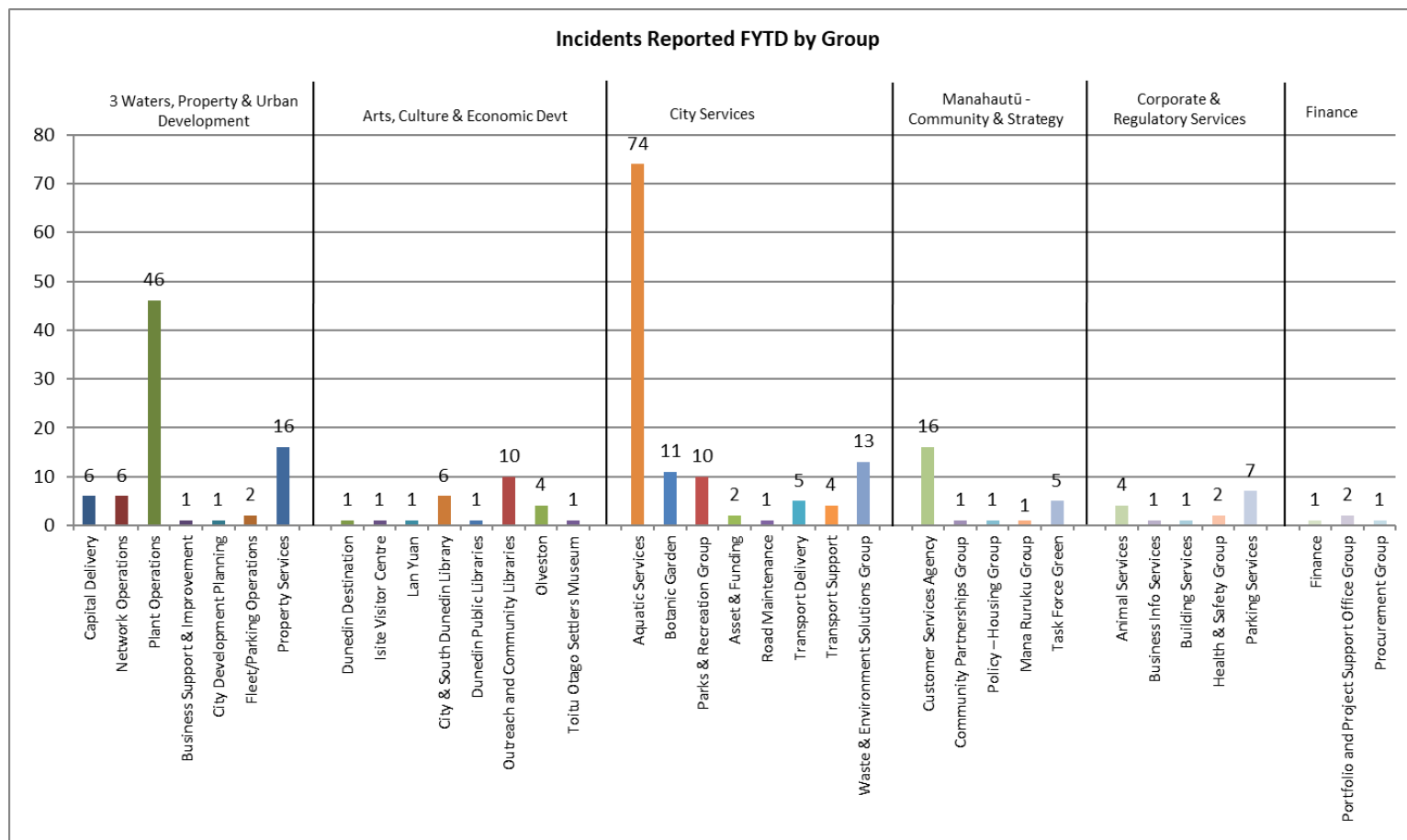




Worker Event Causation FYTD 



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7. Total events recorded for employees and contractors YTD: 267 



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8. Overdue work event investigations for employees and contractors 

Department	Event ID	Potential Risk	Critical Risk	Event Date	Status	Days' overdue	Description
Fleet Services	15908	M6	Working on/near Roads	29/9/2024	Underway	22	Rusted floor pan in van, failed WOF
Governance	15579		Aggression or Violence	19/6/2025	Underway	17	Member of public caused disturbance in public form
	15580			24/6/2025	Underway	17	Security guard inattentive during council meeting
Transport	15264			2/4/2025	Underway	24	Damaged school patrol sign
3 Waters	15753			25/8/2025	Underway	48	Trailer came off the tow ball
	15805	H12	Hazardous Substance	9/9/2025	Underway	51	Screenings area started to read high H ₂ S levels
	15821	M9		9/9/2025	Underway	49	Vegetation obscuring carpark exit
	15847		Working at Height	20/8/2025	Underway	37	Substandard platform and ladder, risk of fall
	15853	M8		16/9/2025	Underway	42	Splashed by effluent water
	15901	H10	Hazardous Substance	29/9/2025	Underway	30	High H ₂ S reading in screenings
	15930	H10	Working on/near Roads	7/10/2025	Underway	22	Manhole lid closed on finger

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9. 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
8	32	40

10. Ongoing event outcomes for employees and contractors 

Property:

Cut Hand on Battery Chainsaw While Assisting Co-worker (#14677- 7/11/2024): Notifiable

Corrective actions below have been identified and are being worked through. Property engaged a H&S expert to assist on the overall improvements required:

- Define scope of work for attendants.
- Identify appropriate tools for tasks.
- Create SOPs for the tasks. **February 2026**
- Identify training/competencies required. **April 2026**

3 Waters:

No certified anchor points on the four clarifiers, falls from height (#15695 – 6/8/2025):

A risk identified that there was a possibility a worker could fall into the clarifiers they could get impaled by the booms as they spin. Temporary controls in place are installed locked scaffolding gates at the entry points of the clarifiers, and the permit holder keeps the key and must approve a permit before allowing entry into this workspace. Design concepts for working platforms around the clarifiers, prioritising safety in design, are currently under development by the Operations Technical Support Team. **June 2026**

Hydrogen sulphide reading from drain by ACH bund (#15589 – 4/7/2025):

Drains have been cleaned and the pipe has been capped (isolated). The contractor has been scheduled to undertake the replacement/repair of damaged pipework in **November 2025**.

GI WWTP Work Turnaround Space for Trucks Onsite (#15404 – 15/5/2025): Overdue

Turnaround space for trucks is tight and no controls in place to prevent incidents occurring:

- Wheel stop and bump stop for this project as a short-term measure **June 2025**
- Engage contractor to remove the gum tree **June 2025**



Deep Creek Trip and Fall Hazard Review (#12961 – 12/07/2023) Overdue

The hazard review identified maintenance needs for several platforms and handrails to eliminate trip +hazards and improve fall protection. A six-month tracking meter installed at the trail entrance showed minimal public use, reducing the likelihood of incidents. Recommendations include:

- Install clear signage at all entry points to warn of potential hazards. **September 2025**.

Winch Lift Capacity (#12725 – 29/5/2023):

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. **October 2025**

Key:  = Lead Indicator
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Mosgiel WWTP - Overdue Maintenance of Slip Rings (#9782- 7/12/2020):

Clarifier burnt out due to lack of maintenance of the slip rings. New slip rings arrived late December 24 but are not compatible. Investigating other slip ring options. **March 2026.**

HEALTH AND SAFETY COLLABORATIVE PROJECTS 

11. Lock Out Tag Out Procedure (LOTO)



The (LOTO) project is now underway, with HSE Global scheduled to complete site visits and a detailed review in mid-January. Following this assessment, a new LOTO procedure will be developed with input and support from staff to ensure it is practical, effective, and aligned with our operational needs. Management will undertake training to ensure leaders clearly understand their roles in supporting, reinforcing, and championing LOTO. **January 2026.**

12. Leadership Observations 

Date	Position	Comment
16/9/2025	Group Manager Transport	Discussion with Downer worker looking after TM on Bath Street around an incident that almost occurred and his intervention to diffuse the situation. Had great discussion about his role as mental health first aider.
23/9/2025	CEO	Raised concern with property around the icons on the glass door leading to the library plaza area which is the same colour as the Naylor's hoarding directly behind the door.

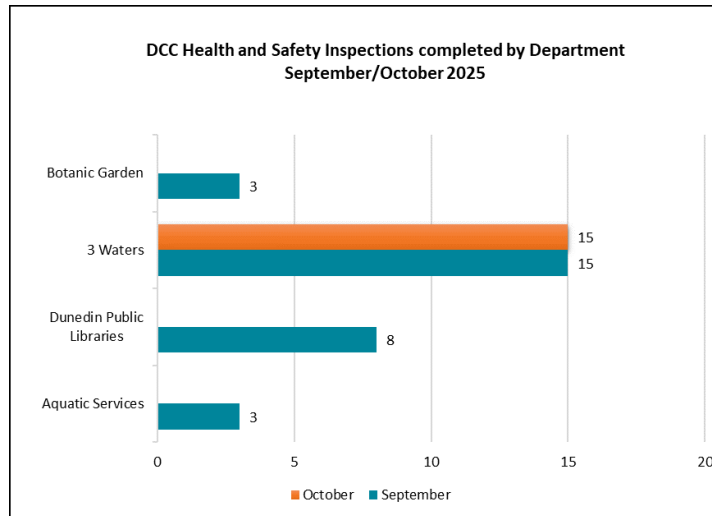
13. Positive Observations 

Date	Position	Comment
30/9/2025	H&S Manager	Safety Walk with the Property Manager to look at the temp gates in basement that include razor wire. The razor wire was removed immediately after the visit and in future a risk assessment will be undertaken. Nice quick response taken.
22/9/2025	H&S Partner	ERoads Training for 3 Waters Team Leaders and Supervisors – the session was very positive, and good discussions had. There is a positive cultural change amongst the team.
19/9/2025	Network Operations Manager	Network Ops team all pitching in and learning from each other for confined space entry training.

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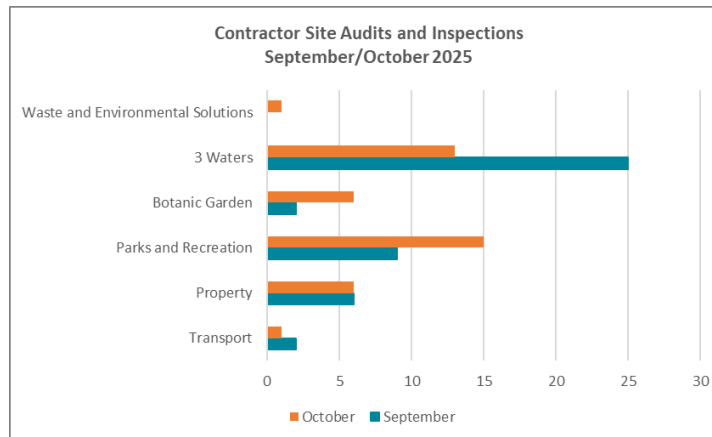
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

14. DCC Health & Safety Inspections completed for September/October 2025 



Compliance ID (Metric)	Dept	Date	Potential Risk	Activity	Findings	Status
10216	Aquatic Services	16/9/25	H12	Whakaehu H&S inspection	Silicone joins are failing, trip hazard. Design issue and complex to resolve, monitoring	Completed
10229	Aquatic Services	22/9/2025	H12	Moana Pool H&S Inspection	Sliding door broken, gate lock jamming, narrow space for hoist, temperature issue.	Completed

15. Contractor Site Audits Completed for September/October 2025 



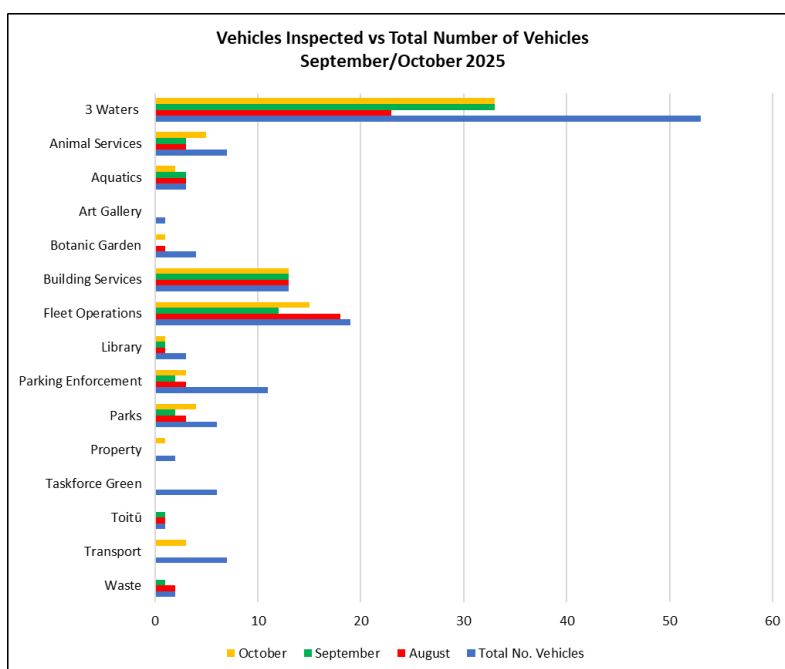
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

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Compliance ID (Metric)	Dept	Date	Contractor	Potential Risk	Activity	Findings	Status
10217	3 Waters	16/9/2025	McConnell Dowell	H12	Waikouaiti WTP Upgrade	Area tight onsite – housekeeping issues. Questions over stockpile management.	Underway
10237	3 Waters	26/9/2025	Fulton Hogan	H12	Fulton Hogan	<ul style="list-style-type: none"> • Install filters on all mudtanks. • Signage to be added. • Close approach permits expiring. 	Completed
8667	3 Waters	21/10/2025	Cargill Contracting	H12	Waikouaiti WTP Upgrade	<ul style="list-style-type: none"> • Cutting concrete without permit • No contaminated material consent. 	Complete

TRENDS AND OBSERVATIONS

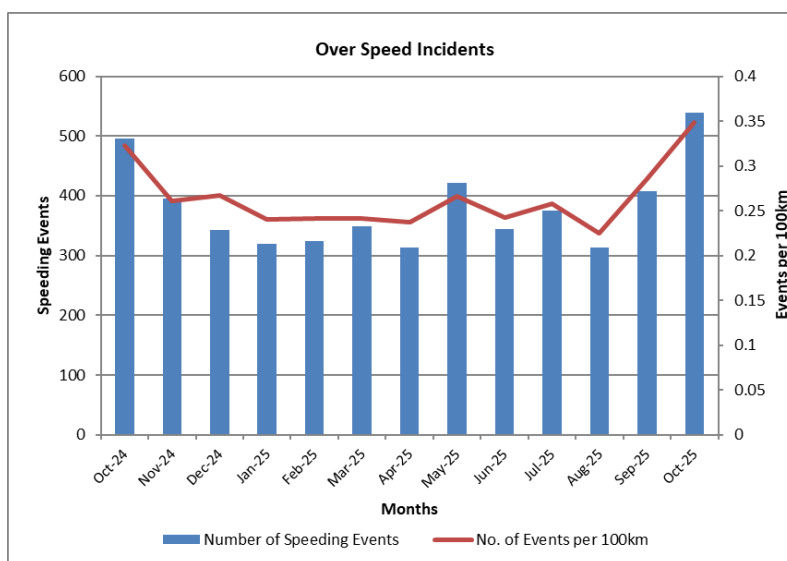
16. Vehicles Inspected in September/October 2025



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17. Over Speed Incidents 

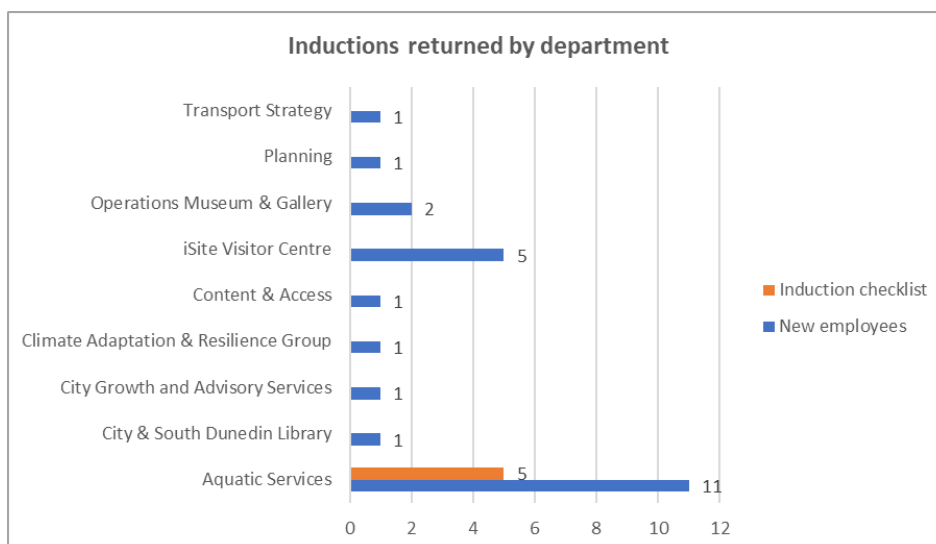




For the month of September 2025, there was an **increase** of **30.35%** when compared to August 2025.

For the month of October 2025, there was an **increase** of **32.11%** when compared to September 2025 and an **increase** of **36%** compared to October 2024.

EMPLOYEE INFORMATION AND PROCESSES

18.	New Employee Inductions – September	New Employee Inductions – October	Workstation Assessments FYTD
	28 new starts 6 inductions received	24 new starts 5 inductions received	13



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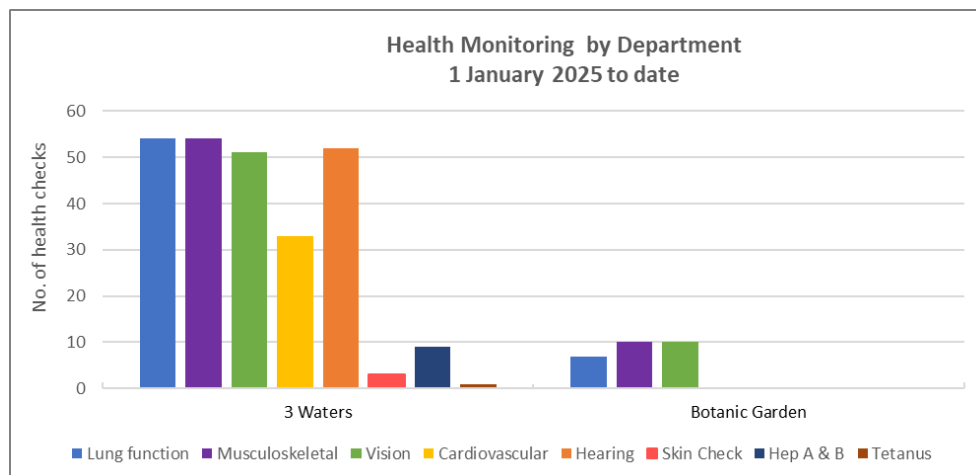
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

19. Training Courses completed FYTD 

Course Name	# of workers
Advanced Driving Training	37
Aquatics AED & Oxygen Training	181
Confined Space & Gas Detection	6
Damstra Safety Vault Internal training	2
Defensive Driving	1
ELT – New Staff Induction	15
Fire & Emergency Warden Training	13
First Aid Training	97
First Responder	1
Forklift Operator	5
Fraud Awareness and Prevention	68
Hazard and Risk Management	4
Hazard and Risk Management Introduction – in-house	4
Hazardous Substances	2
Health & Safety Rep	7
Height Safety	23
Leadership Capability Workshop	155
Mental Health First Aid Course	1
Permit Receiver	2
Pool Lifeguard Training	24
Pre-Hospital Emergency Care	10
Safeguarding Children	43
Site Traffic Management	12

20. Health Monitoring (NEW) 

We have been working with 3 Waters to gather health monitoring historical data to add to Vault. The information in particular for Hep A & B immunity has been difficult to gather. We are working with Finance and 3 W's Team Leaders to fill the void in this information. It is a requirement for the DCC to have this information to ensure the health and safety of staff working in this high risk area.



Key:  = Lead Indicator
 = Lag Indicator

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21. Wellbeing 

Financial wellbeing webinars run by Lighthouse on Retirement and First Home were well received. Many staff advised that they enjoyed the webinar and the content. The latest recordings are available in the HSW Toolbox under Wellbeing.

22. Health and Safety Framework and Reviews 

Trespass Process:

The draft trespass process has been circulated for consultation and a lot of good feedback was received. The feedback has been reviewed and incorporated into the process where relevant. The reviewed process is on the agenda for final approval by the Board. **December 2025.**

Fit For Work Policy/Safety Sensitive Positions:



Safety Sensitive Positions: Next steps are to test the process for identifying safety sensitive roles with some selected departments who will likely have a number of safety sensitive roles. **November 2025.**

Alcohol and Other Drugs Policy: We have developed a comprehensive Draft Alcohol and Other Drug Policy and are now seeking expert guidance to review its content and implementation processes. **January 2026**

23. Annual Department Health and Safety Improvement Plans 

The following departments have created their 2025/26 Improvement Plan or partially created their Plan.

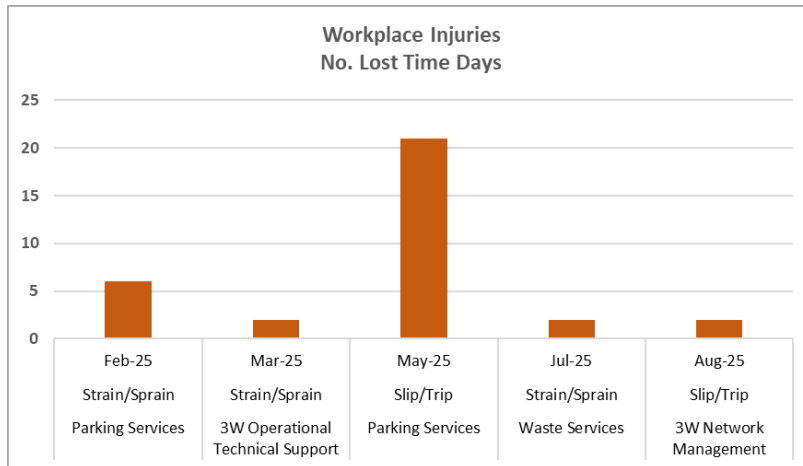
Department	2025/26 Improvement Plans prepared
HSW Board	✓
3 Waters	✓
Animal Services	✓
Aquatic Services	✓
DPAG TOSM Lan Yuan	✓
BIS	✓
Botanic Garden	✓
Building Services	✓
City Development	✓
Community Partnership	✓
Comms and Marketing	✓
Corporate Policy	✓
Creative Partnerships	✓
Customer Services	✓
Library	✓
Enterprise Dunedin/Events	✓
Environmental Health & Alcohol Licensing	✓
Finance	✗ being developed
Governance	✓
Health and Safety	✓
Housing Policy	✓
Legal	✓
Olveston	✓
Parking Services	✓

Key:  = Lead Indicator
 = Lag Indicator

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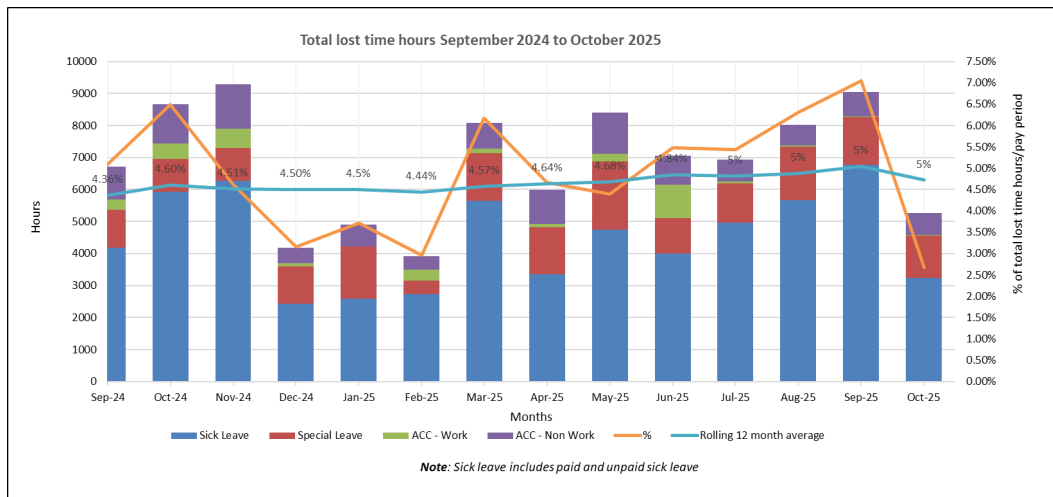
Department	2025/26 Improvement Plans prepared
Parks and Recreation	✓
People and Capability	✗
PPSO/Procurement	✓
Property & Fleet Ops	✓
Resource Consents	✓
South Dunedin Future/Zero Carbon	✓
Transport	✓
Waste and Environmental Solutions	✓



24. Lost Time Workplace Injuries 



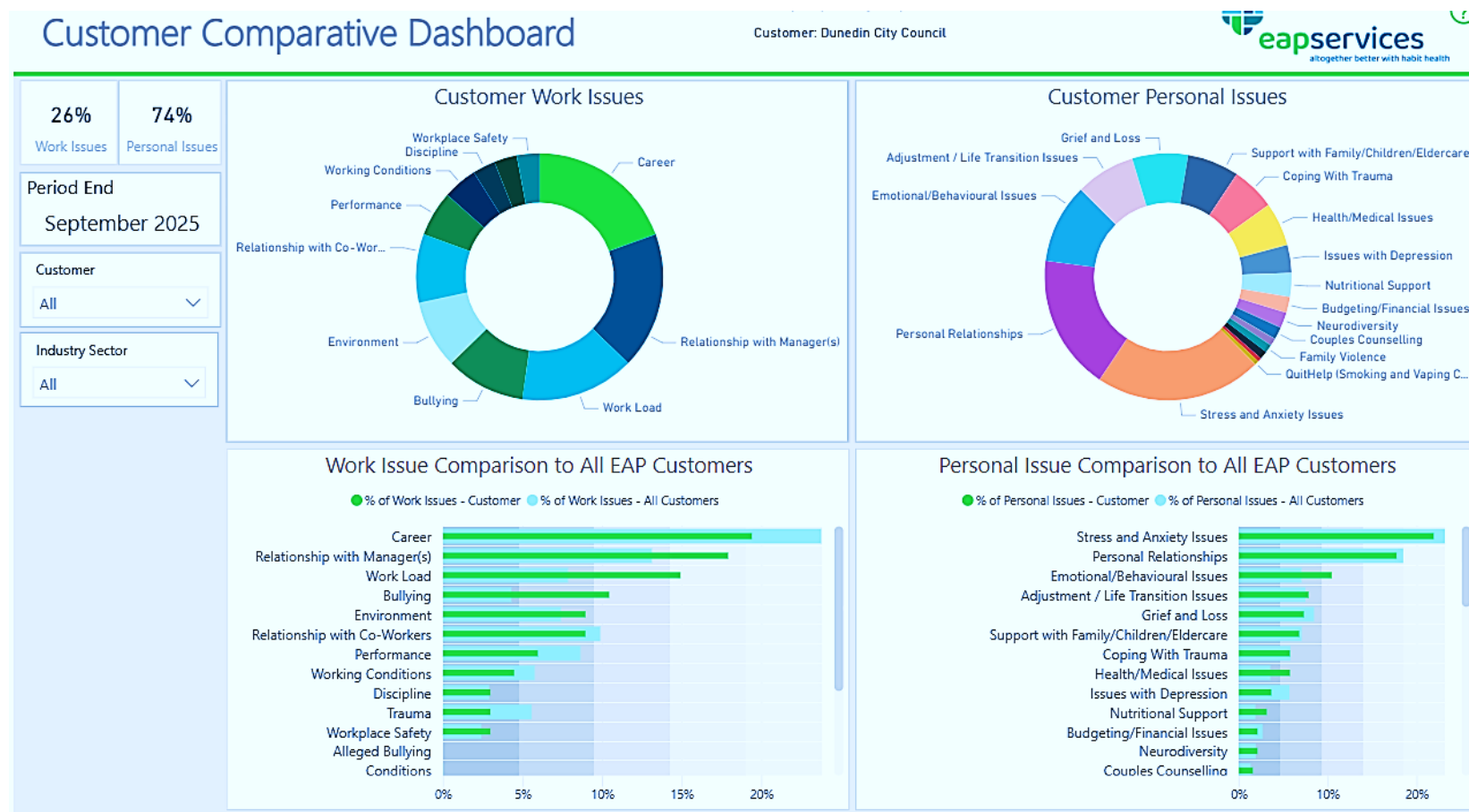
There were no Lost Time work injuries for September and October 2025.

25. Lost Time – September 2024 to October 2025 

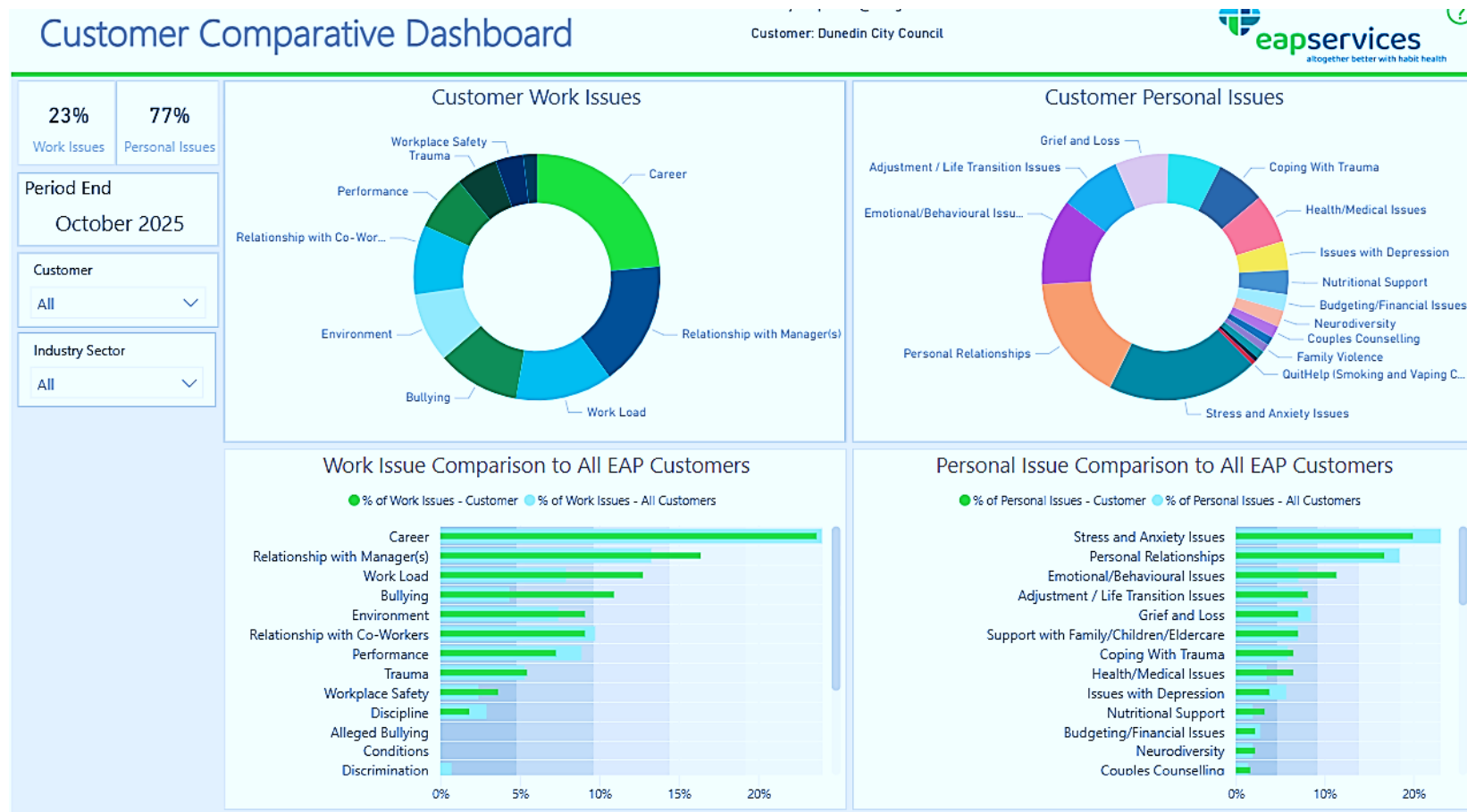


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EAP Services – Reporting September 2025

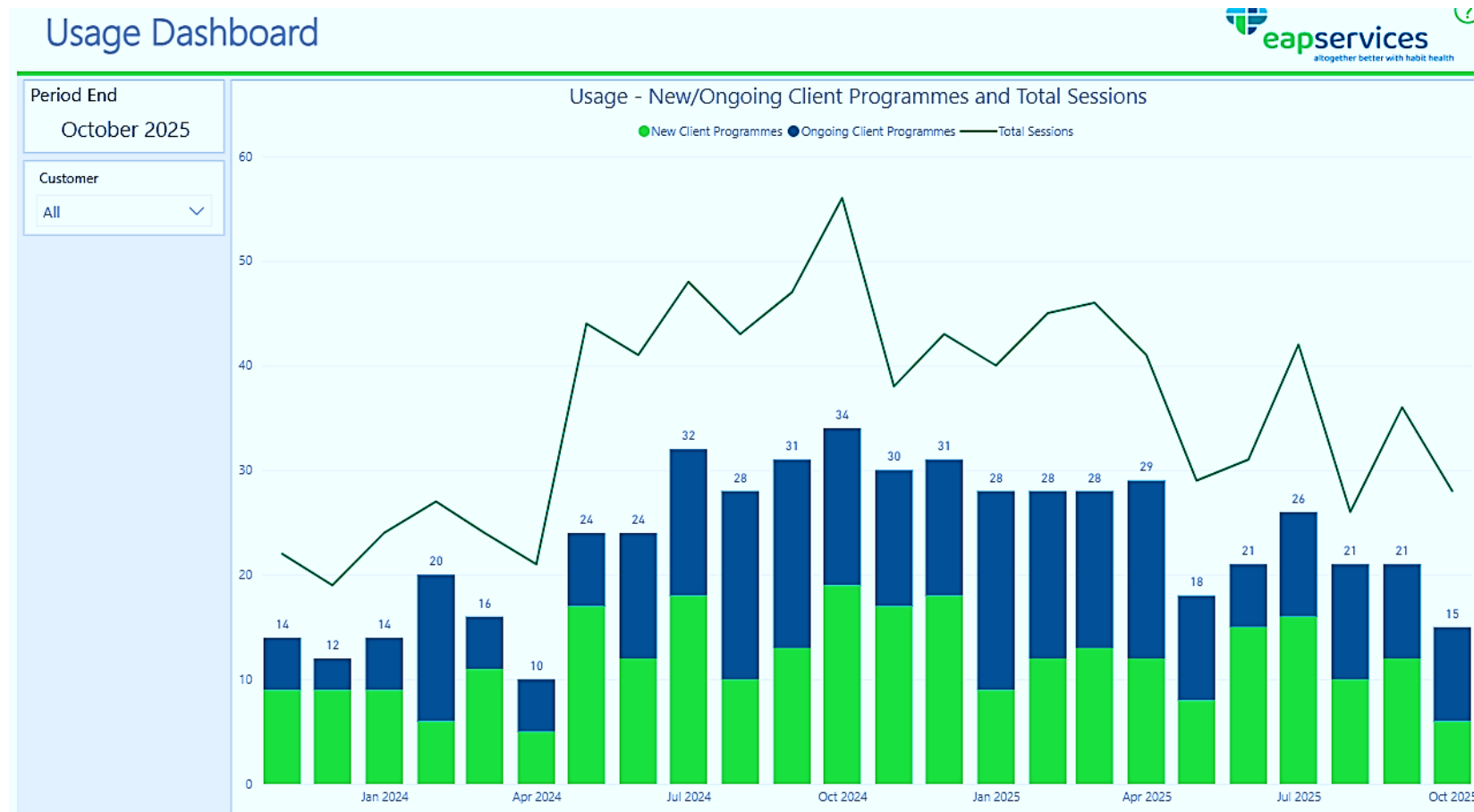


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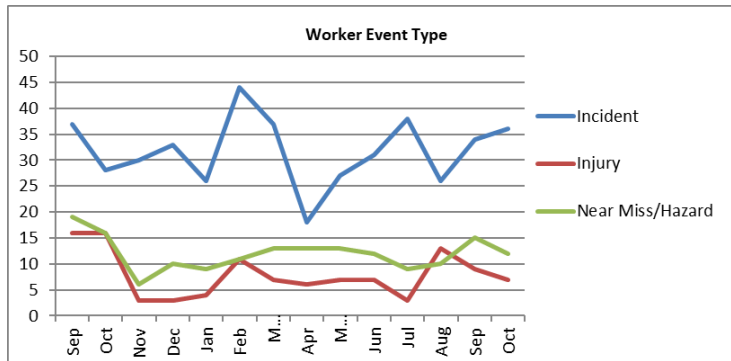
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26. Worker Event Reporting by type



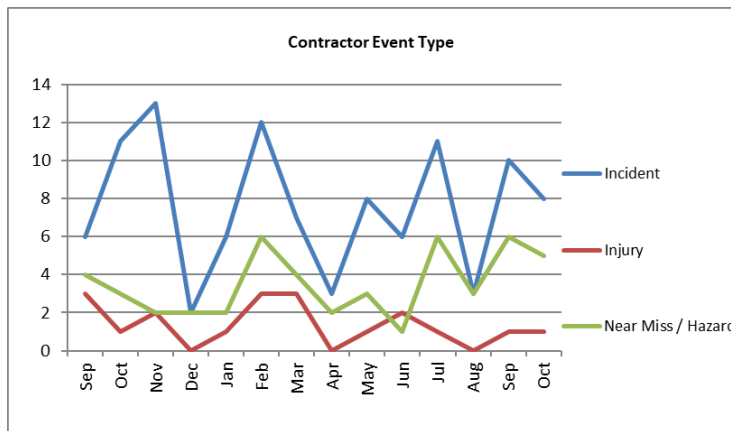
Total Worker
Workplace Events
September 2025

58

Total Worker
Workplace Events
October 2025

55

27. Contractor Event Reporting by type



Contractors pre-approved
to date

582

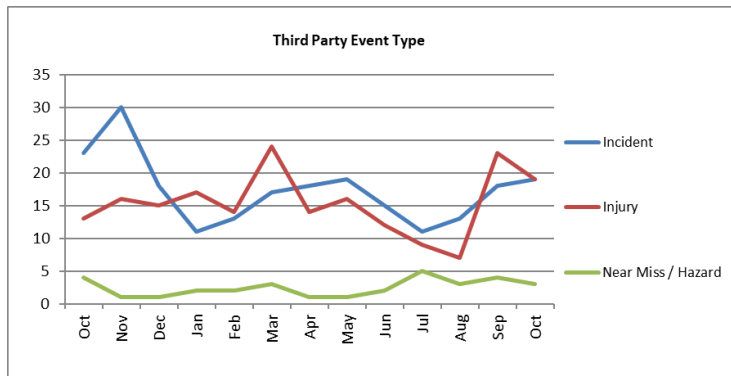
Total Contractor Events
September 2025

17

Total Contractor Events
October 2025

14

28. Third Party Event Reporting by type



Total Third Party Events
September 2025

45

Total Third Party Events
October 2025

41

29. Volunteer Event Reporting by type

There were no volunteer events in September or October 2025.

Key: = Lead Indicator
 = Lag Indicator

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WAIPORI FUND - QUARTER ENDING 30 SEPTEMBER 2025

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 30 September 2025. The report was presented to the Council meeting held on Tuesday, 11 November 2025.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the report from Dunedin City Treasury Limited on the Waipori Fund for the quarter ended 30 September 2025.

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 September 2025 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 Council meetings.

Signatories

Authoriser:	Carolyn Allan - Chief Financial Officer
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Attachments

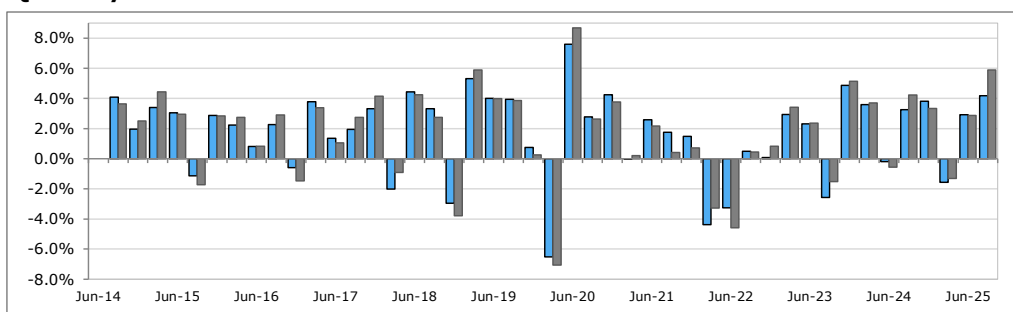
Title	Page
A Waipori Fund - Quarter ending 30 September 2025	46

Dunedin City Treasury Ltd

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

TO: Chief Executive, Dunedin City Council
FROM: Dunedin City Treasury Limited
DATE: 15 October 2025
SUBJECT: **WAIPORI FUND - September 2025 Quarter**

Quarterly Returns vs Benchmark



September 2025 Quarter

The Fund made a gain of 4.2% over the quarter, relative to the Benchmark return of 5.9%. The equity portfolio returned 5.9% compared to the benchmark return of 9.8% - reflecting the different composition of the Fund compared to Benchmark. This difference in return was primarily driven by the composition of the Australian and International Equity holdings relative to the index. For the full year, the portfolio delivered a 13.9% (gross) return versus the benchmark return of 16.9%.

Fund Returns

Period ended 30 September 2025	Waipori		Benchmark	
	Quarter %	FY %	Quarter %	FY %
NZ Equities (NZ50 Gross)	3.6	3.6	5.5	5.5
Australian Equities (Australian All Acc)	5.3	5.3	11.3	11.3
Int'l Equities (MSCI World Gross)	7.2	7.2	13.2	13.2
Property Equities (NZ Real Estate)	12.8	12.8	14.7	14.7
Short Term Interest (NZ 90 day bb)	1.4	1.4	0.9	0.9
Fixed Interest (NZ Corp Bond index)	3.2	3.2	2.9	2.9
TOTAL	4.2	4.2	5.9	5.9

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

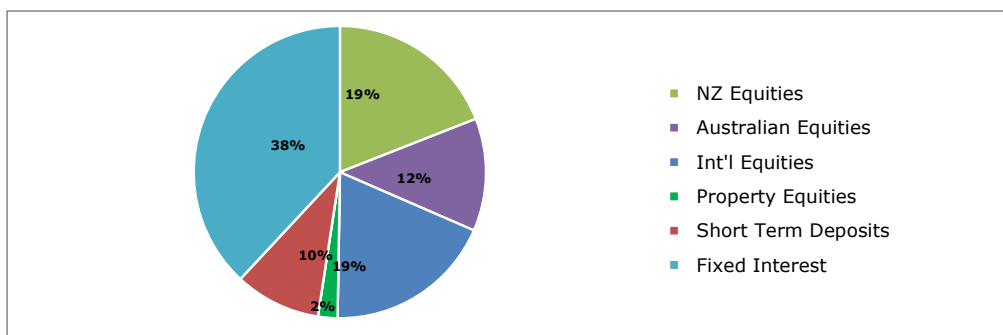
Waipori is diversified across asset classes with 52.4% invested in growth assets (equities and property) and 47.6% invested in income assets (fixed interest investments and short term deposits /cash).

The market value of the investment portfolio (i.e. the total value of all financial assets held) as at 30 September 2025 was \$115.9 million.

Summary of Investments

As at 30 September 2025	Market Value	Percentage of Portfolio	Benchmark/ Exposure Range*
NZ Equities	22,097,182.00	19.1	16.0
Australian Equities	14,445,061.80	12.5	11.0
Int'l Equities	21,686,346.13	18.7	15.0
Equities	58,228,590	50.2	20.0 - 60.0
Property Equities	2,514,274.00	2.2	3.0
Property	2,514,274	2.2	0.0 - 10.0
Short Term Deposits (incl. bank account balance)	11,021,702.44	9.5	10.0
Fixed Interest	44,118,021.59	38.1	45.0
Fixed Interest	55,139,724	47.6	40.0 - 70.0
TOTAL	115,882,588.00	100.0	100.0

Asset Allocation



Market Outlook

In early October 2025, the RBNZ cut the Official Cash Rate (OCR) by 0.50% compared to the 0.25% largely priced in prior to their announcement. The RBNZ made a unanimous decision to cut by 0.50%, being the eighth reduction in the cycle, taking the OCR to 2.50% (the lowest since mid-2022). Markets now forecast another 0.25% cut at the late November Monetary Policy Statement (MPS). Further easing next year will depend on the economic reaction, with key indicators being the September quarter CPI and labour force data (5 November), as well as consumer confidence and housing data.

Despite ongoing tariff sagas, political turbulence, and a looming US government shutdown, markets rose, fuelled by the Fed's return to rate cuts and enthusiasm for AI. Other global central banks, including the RBNZ, RBA, and Bank of England, also eased policy. Improving US-China negotiations added to positive sentiment, pushing several global markets to new highs. Over the past six months, offshore equities and emerging markets saw substantial returns, and the local market also posted solid gains. The New Zealand dollar weakened in September following weaker-than-expected GDP, signalling likely further OCR easing. This currency softness provided a favourable tailwind for local investors' offshore returns.

The Fund continues to take a long-term investment approach, diversifying across regions and sectors with 52.4% in growth assets (equities) and 47.6% 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.

Tim Loan
CHAIR

Gerhard Riepl
TREASURY ANALYST

Richard Davey
TREASURER

WAIPORI FUND PERFORMANCE VERSUS INVESTMENT OBJECTIVES

30 September 2025

1. INCOME

Objective	2026 Est. Cash Income	2026 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.	\$3,980,197	3.6%	4.4%	26 1/4

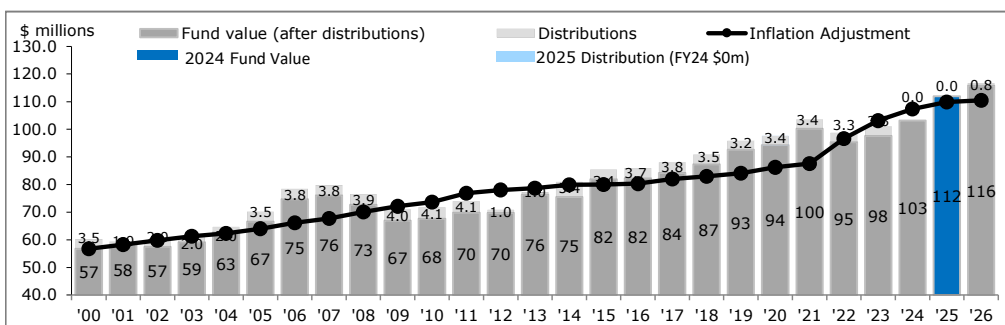
2. CAPITAL GROWTH - Values rounded to nearest \$100,000

Objective	Total Fund Value 30 Sep 2025	Revised Capital Base	Achieved
TOTAL FUND VALUE LESS ACCUMULATED DISTRIBUTION: Subject to the income distribution needs of the Council and the provisions for capital protection, a key objective will be to grow the Fund's capital. Each calendar quarter, the Fund's capital base is to be adjusted by the movement in the CPI as follows: Revised capital base = previous capital base x (1 + quarterly CPI movement)	\$115,800,000	\$110,500,000	✓

Fund value less accrued distribution (\$825,000)

(No dist. in 2025; total dist. since 1999~\$77M, CPI adj. ~\$109M)

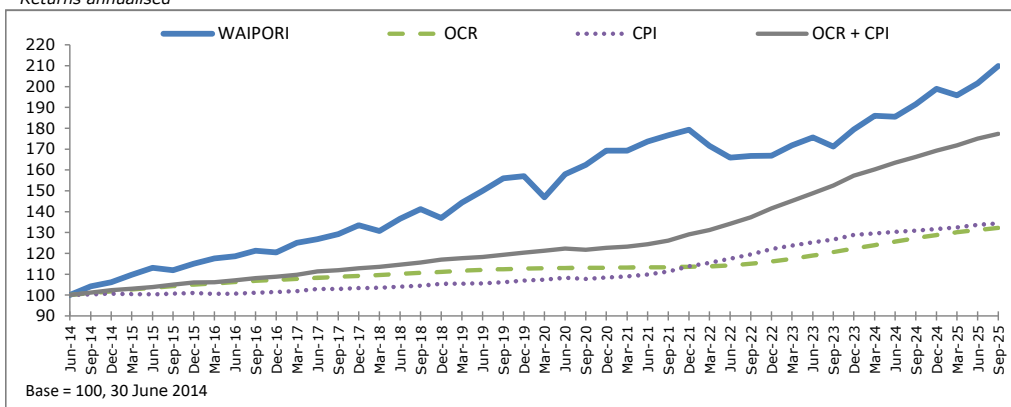
The difference between Total Fund Value and Total Summary of Investments (page 2) is other receivables such as dividends, interest and sales proceeds due but not yet received and the accrued distribution for the year (if any).



3. TOTAL RETURN (Period June 2014 - September 25)

Objective	Waipori Return*	OCR*	CPI*	OCR + CPI	Achieved	Period Years
The Council envisages a minimum return over the medium to long-term, net of all fees and charges attributable to the Fund, equivalent to the weighted average Official Cash Rate (OCR) plus the movement in the "all groups" Consumer Price Index (CPI).	6.8%	2.5%	2.7%	5.2%	✓	11.25

*Returns annualised



WAIPORI FUND
Statement of Financial Performance for month ended 30 September 2025

Quarter 30-Sep-24	Actual YTD 30-Sep-24		Actual	Quarter Target	Variance	Actual	Year to Date Target	Variance	Target Full Year
445,495	445,495	Income	488,276	323,770	164,506	488,276	323,770	164,506	1,734,707
509,226	509,226	Dividends	547,034	451,062	95,972	547,034	451,062	95,972	2,245,490
(88,305)	(88,305)	Interest	123,212	-	123,212	123,212	-	123,212	-
		Surplus on sale of Equities							
1,963,820	1,963,820	Unrealised Gains/(Losses)	1,003,893	n.a.	n.a.	1,003,893	n.a.	n.a.	n.a.
(540,888)	(540,888)	Equities	1,638,073	n.a.	n.a.	1,638,073	n.a.	n.a.	n.a.
1,422,932	1,422,932	Exchange Movements	2,641,966	333,199	2,308,767	2,641,966	333,199	2,308,767	1,332,797
1,133,177	1,133,177	Revaluation of Equities	950,972	-	950,972	950,972	-	950,972	-
(174)	(174)	Revaluation of Bonds	1,642	-	1,642	1,642	-	1,642	-
3,422,351	3,422,351	Revaluation of \$AUD Bank A/C	4,753,102	1,108,031	3,645,071	4,753,102	1,108,031	3,645,071	5,312,994
		Total Income							
49,665	49,665	less Expenses	53,001	53,000	1	53,001	53,000	1	212,000
18,686	18,686	Management Fees	22,269	17,524	4,745	22,269	17,524	4,745	70,097
33	33	Equity Management Advice	33	45	(12)	33	45	(12)	180
		Bank Fees							
68,384	68,384	Total Expenses	75,303	70,569	4,734	75,303	70,569	4,734	282,277
3,353,967	3,353,967	Net Surplus/(Deficit)	4,677,799	1,037,462	3,640,337	4,677,799	1,037,462	3,640,337	5,030,717

WAIPORI FUND
**Statement of Movement in Principal of Fund
For Period to 30 September 2025**

30-Jun-25		30-Sep-25
59,050,000	Principal Opening	59,050,000
-	Additional Capital	-
59,050,000	Closing Balance	59,050,000
	Inflation Adjustment Reserve	
48,894,667	Opening Balance	51,470,824
2,576,157	Transfer from Retained Earnings	549,580
51,470,824	Closing Balance	52,020,404
	Retained Earnings	
(4,808,254)	Opening Balance	1,467,834
8,852,245	Net Surplus/(Deficit)	4,677,799
(2,576,157)	Transfer to Inflation Adjustment Reserve	(549,580)
-	Distribution to Council	-
1,467,834	Closing Balance	5,596,053
111,988,658	Total Fund at End of the Period	116,666,457

**Statement of Financial Position
As at 30 September 2025**

30-Jun-25		30-Sep-25
63,583	Current Assets	
433,466	Bank Account	1,589,375
12,600,860	Debtors/Prepayments	854,399
13,097,909	Short Term Investments	9,432,327
	Total Current Assets	11,876,101
	Investments	
57,935,388	Equities	60,742,864
41,021,931	Term Financial Instruments	44,118,022
98,957,319	Total Investments	104,860,886
112,055,228	Total Assets	116,736,987
	less	
66,570	Current Liabilities	
66,570	Accruals	70,530
	Total Current Liabilities	70,530
111,988,658	Total Value of Fund	116,666,457

CLIMATE-RELATED RISK MANAGEMENT

Department: Zero Carbon, Climate and City Growth and Quality and Improvement

EXECUTIVE SUMMARY

- 1 This report provides information on the DCC's current climate-related risk management framework, and compares this with evolving best practice. It discusses potential to strengthen the DCC's approach.
- 2 The DCC's climate change response comprises mitigation and adaptation work programmes (Zero Carbon and Climate Adaptation and Resilience). The DCC currently monitors and manages three strategic climate-related risks.
- 3 Best practice suggests that integration of climate change considerations across governance, strategy, risk management, metrics/targets, and assurance is required for an organisation to manage climate-related risk and opportunity coherently and successfully.
- 4 The DCC is giving effect to recent sector-specific guidance from the Office of the Auditor General (OAG) on climate-related risk management and associated organisational frameworks. However, an approach more closely aligned with the New Zealand Climate Standards would afford ELT and Council deeper insights on key areas of risk and opportunity, to support stronger climate-related decision-making.
- 5 The preferred option is for staff to investigate ways the DCC could align more strongly with the NZ Climate Standards approach to climate-related risk management. Staff would report their findings back to the Audit, Risk and Assurance (ARAS) Subcommittee, no later than July 2026.

RECOMMENDATIONS

That the Subcommittee:

- a) **Notes** the climate-related risk management report
- b) **Approves** staff investigation of ways the DCC could align more strongly with the NZ Climate Standards approach to climate-related risk management

BACKGROUND

Responding to climate change has two aspects: mitigation and adaptation

- 6 **Climate Change** is defined as a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere, and which is in addition to natural climate variability observed over comparable time periods.¹
- 7 **Climate change mitigation** is a human intervention to reduce emissions or enhance the sinks of greenhouse gases.²
- 8 **Climate change adaptation** is the process of adjustment to actual or expected climate and its effects, in order to moderate harm or exploit beneficial opportunities.³ The terms ‘resilience’ and ‘adaptation’ are often used interchangeably in climate change discourse. While they are complementary terms, there are subtle but important differences. Resilience describes the capacity to anticipate and cope with shocks or adverse events, and to recover from the associated impacts in a timely and efficient manner. In this sense, adaptation is part of and contributes to resilience.
- 9 Most economic sectors and industries are affected both by climate-related risks and by the transition to a lower-carbon economy. There are also significant opportunities for organisations focused on climate change mitigation and adaptation.
- 10 While no equivalent figures are available for Dunedin, a report by Deloitte estimates that inadequate climate action could cost the New Zealand economy \$4.4 billion by 2050, with losses becoming exponentially worse after that. On the other hand, decisive climate action could deliver \$64 billion to New Zealand’s economy by 2050.⁴
- 11 The Office of the Auditor General has recently updated its advice to councils with respect to climate change. In doing so, it commented that:

“...in many ways, councils are at the front line of a wider response to climate change. Councils are largely responsible for civil defence, regional and district land use, planning and major community infrastructure. They are also the owners of significant assets, some of which are at risk because of climate change. They also have a role in reducing greenhouse gas emissions.

Councils have obligations to keep their communities and assets safe from the impacts of a changing climate. They also have a responsibility to consult and keep their communities informed about the scenarios they are planning for and the steps they are taking to protect people and property.”⁵

The DCC’s climate change responses comprises two key work programmes

- 12 Across both work programmes, the approach is designed to be practical, focused on outcomes, and aligned with the city’s broader goals for economic and community development. A low emissions, climate-resilient Ōtepoti Dunedin ultimately means better local services and

¹ Source: Article 1, United Nations Framework Convention on Climate Change (UNFCCC)

² Source: IPCC, 2021: Annex VII: Glossary. In *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*

³ Source: IPCC, 2021: Annex VII: Glossary. In *Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change*

⁴ Source: <https://www.deloitte.com/nz/en/about/story/purpose-values/new-zealands-turning-point.html>

⁵ Office of the Auditor General 2024

infrastructure, more efficient systems, improved public health and wellbeing, as well as contributing to global climate goals.

Climate change mitigation

- 13 The **Zero Carbon work programme** supports emissions reduction at both the organisation scale (DCC emissions) and the wider city scale (Dunedin emissions). It is led by the Zero Carbon team but integrates with, and is co-dependent on, the work of teams across the DCC. There is also an emphasis for the work programme on collaboration with external partners.

Climate change adaptation

- 14 A **citywide climate adaptation and resilience framework** is in development to guide Council and communities as they make decisions about how to respond to natural hazards and the anticipated impacts of climate change. This work commenced only recently and is led by the newly formed Climate Adaptation and Resilience team. The team and work programme have evolved out of the **South Dunedin Future programme** – a joint initiative between the DCC and the Otago Regional Council (in close association with other stakeholders) focused on producing a long-term adaptation plan for the area by the end of 2026.

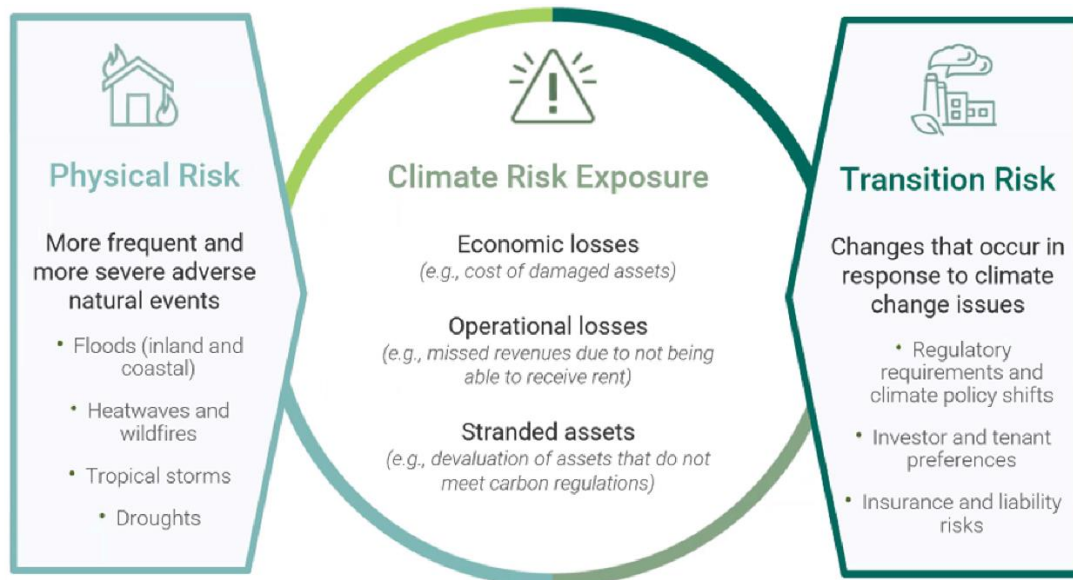
DISCUSSION

Best practice climate-related risk management

- 15 Recent years have seen rapid evolution of the guidance and tools available to steer organisations' climate-related risk management. Related to this, there is an increasing focus on climate-related reporting and disclosures, and a growing expectation from central government, private sector, and communities that local government will align with the spirit and intent of these approaches.

International guidance - Taskforce on Climate-related Financial Disclosures

- 16 In 2023, the Task Force on Climate-related Financial Disclosures (TCFD, initiated by the G20) set out recommendations for clear, comparable and consistent climate-related disclosures. The aim was to:
- a) promote routine consideration of climate change in business and investment decisions
 - b) enable entities to better demonstrate responsibility and foresight on climate
 - c) drive smarter, more efficient allocation of capital, and
 - d) smooth the transition to a low-carbon economy.
- 17 The TCFD identified that an organisation's climate risk exposure is a function of both **physical risks** caused by the impacts of climate change, and **transition risks** associated with changes that occur in response to climate change issues:

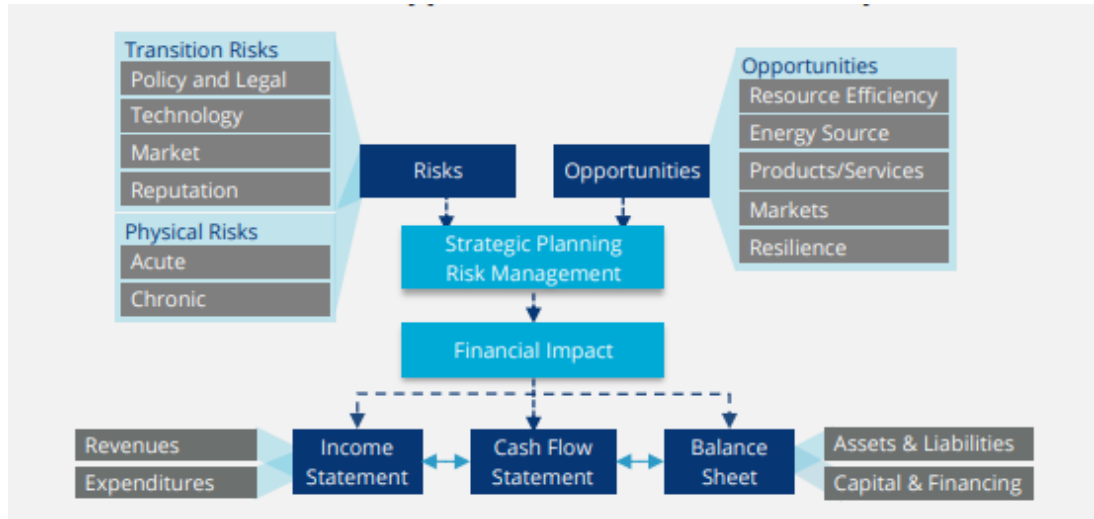


*Graphic courtesy of GRESB

- 18 The are four core elements of TCFD's recommended climate-related financial disclosures, including risk management:

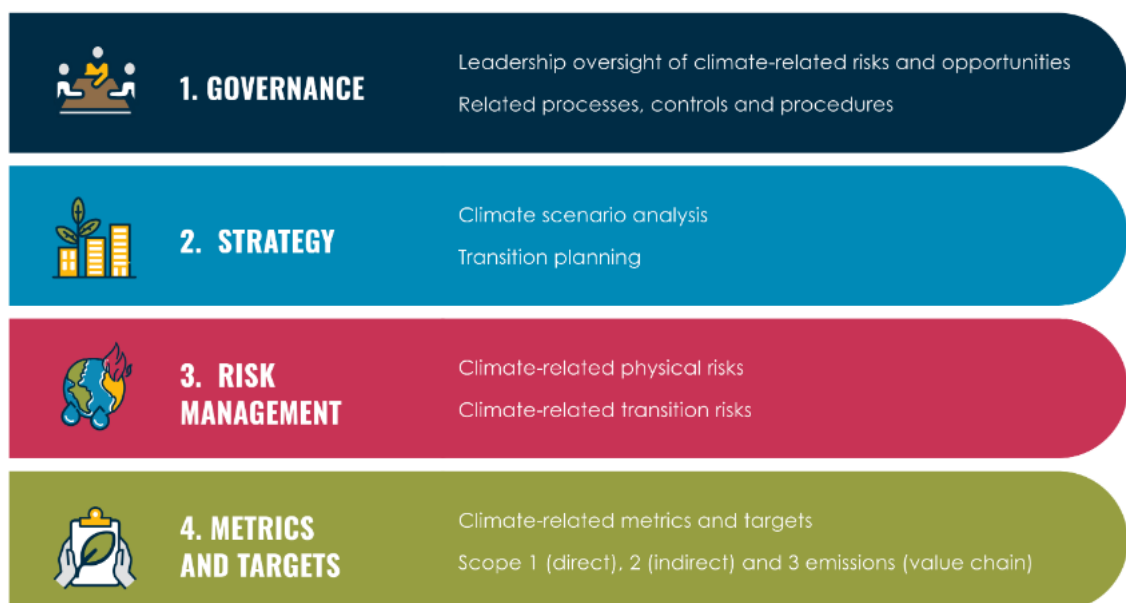


- 19 The TCFD recommended greater emphasis on the impact of climate-related risks and opportunities on an organisation's future financial position (as reflected in its income statement, cash flow statement, and balance sheet). This is summarised by the figure below:



National guidance - Aotearoa New Zealand Climate Standards

- 20 The New Zealand government introduced a mandatory climate-related disclosures regime in 2023, applying to financial institutions, as well as managers of large investment schemes and licensed/large listed issuers that meet certain thresholds. In 2025, thresholds for mandatory participation were revised upwards.
- 21 Under the regime, climate reporting entities must report in line with the Aotearoa New Zealand Climate Standards (NZ Climate Standards) issued by the External Reporting Board (XRB). The NZ Climate Standards were developed largely in line with TCFD recommendations (there are sections on **governance, strategy, risk management, metrics and targets**), with an added emphasis on **assurance** of emissions disclosed by an organisation under the standard. Key elements of disclosure can be summarised as follows:



Source: GRESB

- 22 The standards can also be adopted voluntarily by organisations, to improve planning and resilience. Examples of Dunedin organisations that have voluntarily aligned with the standards include Silver Fern Farms and the University of Otago.
- 23 Within the local government sector, strict adherence to the NZ Climate Standards appears to be limited to entities that were caught by the 2023 legislation e.g. Auckland Council (which report at a Group level), and Christchurch City Holdings Ltd.
- 24 However, local government is increasingly looking to TCFD and the NZ Climate Standards to inform management approaches. This includes in management of council controlled organisations (e.g. Nelson City Council/Tasman District Council have set an expectation that their Infrastructure Holdings company provide climate-related disclosure on an ongoing basis).

Sector-specific guidance - climate-related OAG recommendations

- 25 In late 2024 the Office of the Auditor General (OAG) released a report auditing the performance of four councils' climate work. The report included five recommendations for councils, emphasising the need for clarity and transparency with the public in climate-related objective setting and progress monitoring/reporting. The recommendations echo best practice established by the TCFD framework, and the NZ Climate Standard, by emphasising **governance, strategy, metrics and targets**:
 - a) Take opportunities to collaborate with and assist each other to understand the current and likely impacts of a changing climate on their infrastructure and communities.
 - b) Make clear in climate strategies:
 - i) what their climate-related objectives are,
 - ii) how they intend to achieve those objectives,
 - iii) how they will use their strategies to set priorities, and
 - iv) how they will measure and report on progress in implementing their strategies.
 - c) Strengthen the use of performance measures that reflect climate-related strategic objectives and priorities.
 - d) Clearly set out how climate-related activities will be governed and ensure that staff understand what information the relevant governance body needs to govern effectively.
 - e) Report publicly on progress with their climate change strategies and work programmes, to support accountability and so communities are well-informed, engaged, and supportive.
- 26 Previous OAG advice has also emphasised a role of Audit and Risk committees in climate-related **risk management**.

The DCC's current approach to climate-related risk management and disclosure

- 27 The DCC's approach to climate-related risk management has evolved over time, as the organisation's general risk management framework and climate change work programmes have matured.

- 28 From a purely risk management perspective, ELT has included three climate-related risks in its suite of strategic risks, considered as part of regular monitoring:
- a) **Climate Change (Mitigation – DCC):** A failure to meet the DCC’s organisational emissions reduction targets
 - b) **Climate Change (Mitigation – City-wide):** A failure to meet the DCC’s city-wide emissions reduction targets.
 - c) **Adaptation to Climate Change:** A failure to respond effectively to the impacts of climate change
- 29 The risks, along with current ratings, mitigating controls and improvement plans are set out in Attachment A.
- 30 However, as discussed above, recent guidance at all scales places climate-related risk management firmly in the context of wider organisational frameworks. Best practice suggests that integration of climate change considerations across governance, strategy, risk management, metrics/targets, and assurance is required for an organisation to manage climate-related risk and opportunity coherently and successfully.
- 31 The DCC has to date closely followed and sought to align with evolving climate-related OAG guidance. Council was most recently updated on alignment in November 2024, when it noted the Zero Carbon work programme approach to align with the OAG’s most recent recommendations (**CNL/2024/221**). At that time, the city-wide climate change adaptation and resilience work programme had not yet been developed or approved.
- 32 Attachment B provides an updated view of how the OAG’s recommendations are being given effect to. The approach is built out across the Zero Carbon work programme, which has had a clear mandate to address climate change mitigation at both city and DCC scales since its genesis in 2020. Work is underway to build a similar framework for climate change adaptation and resilience at both city and DCC scales, which is currently in design as part of an initial two-year pilot through to June 2027. Further advice will be provided to ARAS and Council once design works have progressed, likely in mid-2026.
- 33 When compared with the NZ Climate Standards, the DCC is fully aligned with some elements of the standards, including emissions-related metrics and annual assurance of Scope 1, 2 and 3 emissions.

Further evolution of DCC’s climate-related risk management

- 34 While the DCC’s current approach aligns with OAG recommendations, the structured approach set out in the NZ Climate Standards is a step up from current DCC climate-related risk management practice. The approach prescribed by the NZ Climate Standards involves scenario development and analysis, risk/opportunity identification and impact assessment. It supports organisations to develop a more granular understanding of both physical and transition risks and mitigations, as well as climate-related opportunities.
- 35 Within the local government sector, Auckland Council is most advanced with respect to development of a formal NZ Climate Standards-aligned approach. It has developed its framework at a group level, and currently manages 16 material climate-related risks. Auckland Council anticipates its climate-related scenarios will be reviewed on a three-yearly basis, with

an annual review of the group's climate-related risks and ratings. Work is also underway on a climate-related risk management framework that can be used by operational teams.

- 36 While a climate-related risk management and disclosures regime fully compliant with the NZ Climate Standards would be a significant undertaking and beyond the current capacity of the DCC's Zero Carbon and Climate Adaptation and Resilience teams to resource, greater alignment with the standards would afford ELT and Council deeper insights on key areas of risk and opportunity, to support stronger climate-related decision-making.

OPTIONS

- 37 Two options have been identified.

Option One – Investigate ways to align DCC climate-related risk management more closely with the NZ Climate Standards (Recommended Option)

- 38 Under this option, the Zero Carbon and Climate Adaptation and Resilience teams investigate ways the DCC could align more strongly with the NZ Climate Standards approach to climate-related risk management. Staff would report their findings back to the Audit, Risk and Assurance Subcommittee, no later than July 2026.

Advantages

- If stronger alignment is ultimately realised, the approach is likely to afford Council/ELT deeper insights on key areas of climate-related risk and opportunity, supporting stronger climate-related decision-making.
- If stronger alignment is ultimately realised, the approach would bring the DCC's approach more in line with best practice.
- Stronger alignment would contribute to a range of direct and indirect benefits for council and our communities, including in terms of avoided costs that would otherwise be anticipated the impacts of climate change, and opportunities associated with a planned and coordinated transition to a low carbon economy.

Disadvantages

- If strongly alignment is ultimately realised, work associated with implementation (including initial scenario development and analysis, risk/opportunity identification and impact assessment) is likely to involve increased draw on staff capacity. It is unknown at this point whether this could be absorbed within existing team capacity.

Option Two – Continue with existing approach to management of climate-related risk (Status Quo)

- 39 Under this option, ELT's current approach to climate-related risk management will continue (currently monitoring three strategic risks).
- 40 The Zero Carbon and Climate Adaptation and Resilience teams will continue to draw on OAG advice to inform their evolving work programmes, and associated advice to ELT/Council.

Advantages

- An extension of business-as-usual that can be managed within existing resourcing.

Disadvantages

- DCC climate-related risk management and associated decision-making will continue to be less well aligned with best practice than what might be realised under Option One.
- There is a higher chance that climate-related risks and opportunities may remain unaddressed/unrealised.
- DCC and Dunedin city are likely to face costs associated with the impacts of climate change that might otherwise be avoidable and forego opportunities associated with a planned and coordinated transition to a low carbon economy.

NEXT STEPS

- 41 Should the Committee endorse investigation of ways the DCC climate-related risk management regime more strongly aligned with the NZ Climate Standards, the Zero Carbon and Climate Adaptation and Resilience teams will work together to progress this, reporting back to Audit, Risk and Assurance Subcommittee no later than July 2026.

Signatories

Author:	Jinty MacTavish - Manager - Zero Carbon Jonathan Rowe - Programme Manager, South Dunedin Future Tania Cribb - Risk Manager
Authoriser:	Scott MacLean - General Manager, City Services

Attachments

	Title	Page
A	Summary of strategic climate-related risks currently monitored by DCC	61
B	DCC climate risk actions mapped against OAG recommendations	67

SUMMARY OF CONSIDERATIONS

Fit with purpose of Local Government

Strong climate-related risk management promotes the social, economic and environmental well-being of communities in the present and for the future.

SUMMARY OF CONSIDERATIONS
Fit with strategic framework

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

Strong climate-related risk management supports achievement of goals across most of the DCC's strategies, as well as the Zero Carbon Plan, Emissions Management and Reduction Plan, and Zero Carbon Policy.

Māori Impact Statement

A critical Treaty of Waitangi analysis was prepared previously as part of the Zero Carbon work programme. This indicated that, in general, taking action to reduce emissions is aligned with Treaty of Waitangi obligations because a wide range of taonga are at risk from climate change. However, individual projects will need to consider Te Taki Haruru and incorporate mana whenua and mātāwaka inputs when delivered.

Sustainability

Climate change mitigation and adaptation efforts are considered key to sustainability. 'Climate Action' is one of the United Nation's Sustainable Development Goals, reflecting the centrality of action on climate change to the achievement of sustainable development. Without significant cuts to emissions, climate change impacts will further accelerate, with commensurate negative impacts on the social, environmental, cultural and economic wellbeing of New Zealand communities. Conversely, adaptation is essential to support community wellbeing to prepare for impacts of climate change that are already locked in and actions to reduce emissions generally have significant co-benefits in terms of community wellbeing.

Zero carbon

A strengthened climate-risk management regime is likely to support emissions reduction at both DCC and city scale, by increasing Council and ELT oversight of transition risks and opportunities.

LTP/Annual Plan / Financial Strategy /Infrastructure Strategy

A strengthened climate-risk management regime would support LTP / Annual Plan decision making.

Financial considerations

Staff can progress initial exploration of a strengthened climate-risk management regime within existing budgets. It is unknown at this point whether work associated with implementing a strengthened climate risk management regime could be absorbed within existing team capacity.

SUMMARY OF CONSIDERATIONS

Significance

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

Engagement – external

There has been no external engagement.

Engagement - internal

Assurance Manager

Risks: Legal / Health and Safety etc.

This report sets out an option to deepen climate-related risk management. Advantages and disadvantages are set out in the report.

Conflict of Interest

No conflict of interest has been identified.

Community Boards

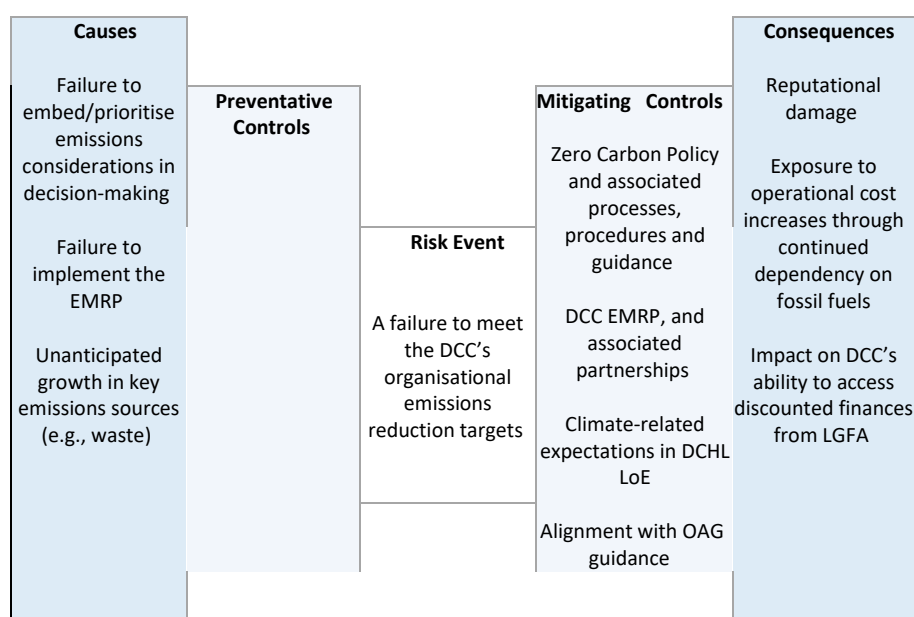
No direct implications for Community Boards have been identified.

Attachment A: Summary of strategic climate-related risks currently monitored by the Executive Leadership Team

- 1 The DCC currently monitors and manages three strategic climate-related risks across climate change mitigation and adaptation/resilience. Each is set out below.
- 2 The DCC's strategic risks relating to climate change mitigation have been split into two areas, DCC and city-wide, as the DCC has a higher level of control over DCC emissions and therefore target achievement.

Climate Change – Mitigation (DCC)

- 3 The following outlines the risk and management of Climate Change – Mitigation (DCC). This risk relates to the DCC's organisational emissions and target.



Risk Details		
Risk	A failure to meet the DCC's organisational emissions reduction targets	
Details	Owner(s)	Date of Review
	GM City Services Manager Zero Carbon	November 2025
Current Rating	Inherent Risk	Residual Risk
	High	Medium

- 4 The above risk was considered in the context of what controls DCC currently has, whether these are sufficient, and whether further controls are required.

Mitigating controls

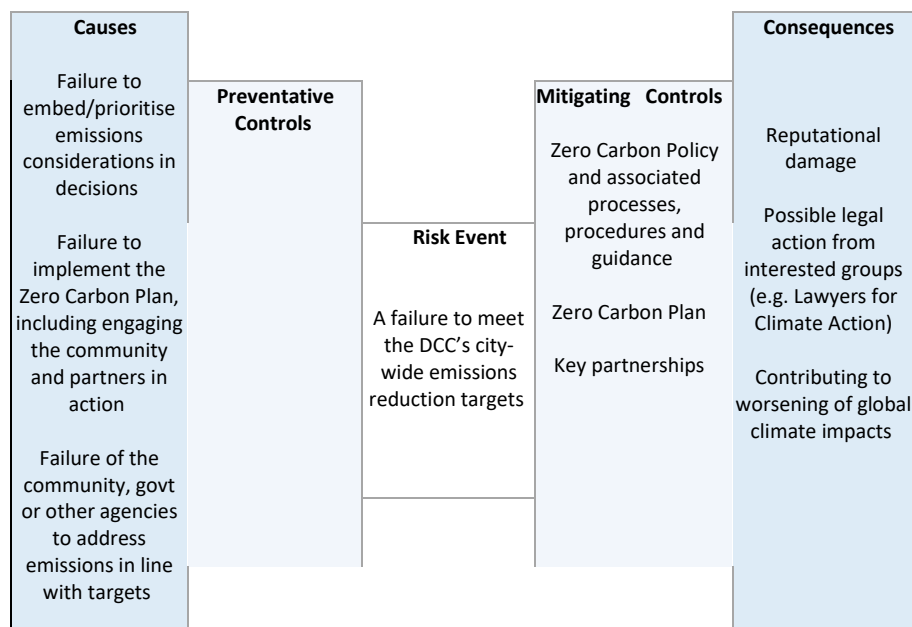
- 5 **DCC's Zero Carbon Policy:** provides that all DCC activities, including renewals, should seek to minimise emissions and contribute to achieving both city-wide and DCC emissions reduction targets. This provides a clear mandate for all DCC activities and employees to deliver in line with this aim, and in doing so minimises emissions from business-as-usual activity/ maximises opportunities to contribute to emissions reduction goals.
- 6 **DCC's Emissions Management and Reduction Plan (EMRP):** sets out the actions required to achieve the DCC's organisational target. The actions in these plans proactively target the primary sources of emissions, but will also deliver a wide range of significant co-benefits for the city and the organisation. The EMRP informs advice to ELT and Council on investment priorities and is updated following budget cycles.
- 7 **Climate-related expectations in DCHL LoE:** Recent updates to best practice guidance suggest that the DCC should be consolidating emissions reporting at a whole-of-group level (including CCOs), and setting consolidated emissions reduction targets for the group. Further investigations on this are required before full advice on implications can be provided to ELT and Council, however the existing emphasis on climate-related considerations in the DCHL Letter of Expectations process is an important interim mitigation.
- 8 **Alignment with OAG guidance:** The Zero Carbon work programme has aligned its approach with OAG guidance, emphasising the need for clarity and transparency with the public in climate-related objective setting and progress monitoring/reporting.

Improvement plan

- 9 **Embedding Zero Carbon Policy:** Work to integrate the Zero Carbon Policy into the DCC's business-as-usual has made considerable progress and is ongoing. A range of priority DCC processes and procedures now give effect to the Zero Carbon Policy (procurement emissions standards, project management processes and templates, Council report templates, staff induction). A current emphasis on staff training will continue through to the end of 2025/26.
- 10 **Continued work to align with LGFA/best practice criteria and guidance:** DCC emissions management practice is continuously evolving in response to updated criteria and guidance, including Local Government Funding Agency expectations (which reflect best practice).
- 11 **Implementation of the EMRP:** Staff support budget decisions with advice on priority emissions reducing projects. An annual Zero Carbon Implementation Plan (including EMRP actions) sets out specific targeted actions to reduce emissions that can be advanced within adopted budgets. This is noted by Council, and implemented by staff. There is regular progress reporting and monitoring relating to both actions and emissions.

Climate Change – Mitigation (City-wide)

12 The following outlines the risk and management of Climate Change – Mitigation (City-wide)



Risk Details		
Risk	A failure to meet the DCC's city-wide emissions reduction targets	
Details	Owner(s)	Date of Review
	GM City Services Manager Zero Carbon	November 2025
Current Rating	Inherent Risk	Residual Risk
	High	High

13 The above risk was considered in the context of what controls DCC currently has, whether these are sufficient, and whether further controls are required. This risk rates higher as achieving city targets is co-dependent on the actions of many stakeholders, and heavily influenced by central government policy.

Mitigating controls

14 **Zero Carbon Policy:** provides that all DCC activities, including renewals, should seek to minimise emissions and contribute to achieving both city-wide and DCC emissions reduction targets. This provides a clear mandate for all DCC activities and employees to deliver in line with this aim, and in doing so minimises emissions from business-as-usual activity / maximises opportunities to contribute to emissions reduction goals.

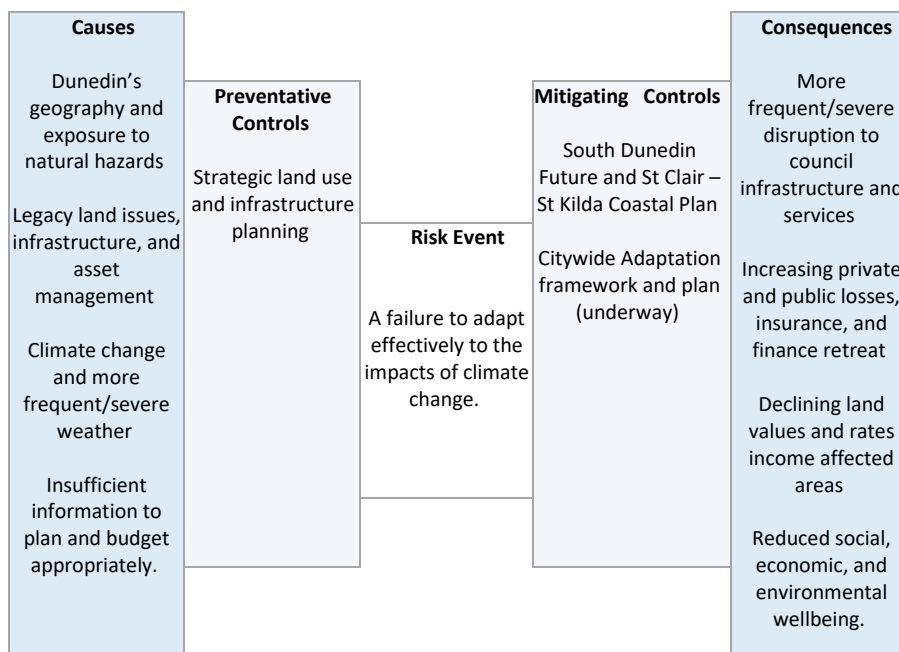
- 15 **Zero Carbon Plan:** is an emissions reduction plan for Dunedin. It sets out key shifts that must be occur for Dunedin to reach the city's emissions reduction goals, and action areas for the DCC to support help bring about the changes. The Zero Carbon Plan informs advice to ELT and Council on investment priorities.
- 16 **Key partnerships:** have been established (e.g. Otago Climate Officers Group, Zero Carbon Alliance; also with Govt agencies like EECA). The Zero Carbon Alliance partnership is key to achievement of emissions goals – an estimated 10% of Dunedin's emissions are included in the six current partners' emissions disclosures, with opportunity to influence other city emissions through strategic levers.

Improvement plan

- 17 **Embedding Zero Carbon Policy:** Work to integrate the Zero Carbon Policy into the DCC's business-as-usual has made considerable progress and is ongoing. A range of priority DCC processes and procedures now give effect to the Zero Carbon Policy (procurement emissions standards, project management processes and templates, Council report templates, staff induction). A current emphasis on staff training will continue through to the end of 2025/26.
- 18 **Implementation of the Zero Carbon Plan:** Staff support budget decisions with advice on priority emissions reducing projects. An annual Zero Carbon Implementation Plan sets out specific targeted actions to reduce emissions that can be advanced within adopted budgets. This is noted by Council, and implemented by staff. There is regular progress reporting and monitoring relating to both actions and emissions.
- 19 **Community outreach, activation and engagement:** The current Zero Carbon Implementation Plan includes a focus on community outreach, activation and engagement activities, including targeted community, business and sector support to unlock and amplify emissions reduction efforts in the community.

Climate Change – Adaptation and Resilience

20 The following outlines the risk and management of Climate Change – Adaptation and Resilience



Risk Details		
Risk	A failure to adapt effectively to the impacts of climate change	
Details	Owner(s)	Date of Review
	GM City Services Manager Climate Adaptation and Resilience	November 2025
Current Rating	Inherent Risk	Residual Risk
	High	Low

21 The above risk was considered in the context of what controls DCC currently has, whether these are sufficient, and whether further controls are required. These controls are detailed below.

Preventative Controls

22 **Strategic land use and infrastructure planning:** This can be achieved through the Future Development Strategy, Spatial and District Plans, DCC Infrastructure Strategy and day to day land use planning (e.g., consents) and infrastructure decisions (e.g., renewals)

Mitigating Controls

- 23 **Dedicated programmes and projects:** Such as the 3 Waters Integrated Systems Planning Project, South Dunedin Future, and the St Clair-St Kilda Coastal Plan.
- 24 **Mainstreaming climate adaptation and resilience:** Developing policies, tools, training, and guidance to support consideration of climate impacts and potential mitigation responses into day-to-day operations of DCC.
- 25 **Citywide climate resilience framework and plan:** Approved by Council in January 2025, this work commenced in July 2025, with an initial focus on a two-year pilot to design and establish the framework and associated adaptation policy and plan. The framework has five workstreams: (i) natural hazards; (ii) risk assessment; (iii) adaptation planning; (iv) adaptation actions and mainstreaming; and (v) adaptation plan and policy.

Improvement Plan

- 26 **BAU:** The DCC (and ORC) undertake a wide range of adaptation-related activities as core council business. Climate change is central to infrastructure and land use planning, where council gives active consideration to natural hazards and the associated risks, now and in the future. The intention is to enhance this BAU function through mainstreaming activities.
- 27 **Collaboration:** The councils regularly collaborate on climate adaptation-related issues, including strategic land use planning processes such as the Future Development Strategy, infrastructure-related issues such as pluvial flood schemes, and discrete programmes and projects like South Dunedin Future or the St Clair-St Kilda Coastal Plan.
- 28 **Dedicated adaptation work:** More focussed effort on collecting natural hazard information, engaging with affected communities, and using that knowledge to undertake informed risk assessments. Undertaking risk-based adaptation planning to identify and optioneer the best risk mitigation (adaptation) actions.
- 29 **Citywide approach:** Once designed and established, the Citywide Climate Resilience Framework is expected to result in a range of benefits, including: (i) improved hazard and risk information; (ii) increased council capacity to undertake adaptation planning as BAU or dedicated projects and programmes; (iii) better integration of climate risk into council strategy and planning, and (iv) a range of avoided costs and new opportunities associated with mitigation of the anticipated impacts of climate change.

Attachment B: DCC approach to climate response mapped against OAG climate-related recommendations for Councils (2024)

	OAG recommendation for Councils	Climate change mitigation (Zero Carbon work programme) approach	Climate change adaptation and resilience approach
1	<i>Take opportunities to collaborate with and assist each other to understand the current and likely impacts of a changing climate on their infrastructure and communities.</i>	<p>Collaboration is a strong focus of the Zero Carbon work programme.</p> <p>Collaborative relationships that underpin BAU include joint projects/ sharing of best practice with Zero Carbon Alliance partners (Otago Regional Council, University of Otago, Otago Polytechnic, Health New Zealand Te Whatu Ora, Dunedin International Airport Ltd), as well as regional and national local government climate officers groups.</p> <p>Staff also collaborate with other organisations as part of project delivery. Current examples include technical support for DCHL's Carbon Roadmap, and work with businesses/ NGOs/ membership bodies and Otago Community Trust as part of Zero Carbon business support programme delivery.</p>	<p>DCC has a range of collaborations and partnerships intended to support more effective adaptation and resilience. These include:</p> <ul style="list-style-type: none"> • Formal partnership with ORC to govern, fund, and manage the South Dunedin Future programme. • Informal collaborations and contractual relationships with technical and research institutions who lead in climate-related science, including University of Otago, Earth Science NZ (formerly GNS and NIWA), Ministry for the Environment, and others. • Partnerships with mana whenua and selected place-based and community groups. • Membership of the Aotearoa Climate Adaptation Network (now Aotearoa Society of Adaptation Professionals), a sector body linking local government, central government, and private sector organisations and individual work in adaptation.
2	<i>Make clear in climate strategies: - what their climate-related objectives are, - how they intend to achieve those objectives, - how they will use their strategies to set priorities, and - how they will measure and report on progress in implementing their strategies.</i>	<p>Dunedin's Zero Carbon Plan and the DCC Emissions Management and Reduction Plan (EMRP) set clear targets/ objectives for emissions management and reduction at the city and DCC scales respectively. The Zero Carbon Plan sets out action areas for the DCC. As set out in the Zero Carbon Plan / EMRP:</p>	<p>In January 2025, Council approved development of a citywide climate resilience framework, to be rolled out in an initial two-year pilot commencing July 2025.</p> <p>A key component of this work is development of an adaptation plan and policy for DCC and Dunedin City. This work is underway and further advice, including draft</p>

		<ul style="list-style-type: none"> - an annual Zero Carbon Implementation Plan (including EMRP actions) is noted by Council and sets specific actions for the year - a Zero Carbon Policy and related process guidance builds emissions considerations into decision-making - the DCC's annual GHG inventory management report, and annual Zero Carbon Plan update report enable tracking of progress. <p>Historically Council has also received 6 monthly progress updates on DCC emissions. The Zero Carbon Plan Advisory Panel has previously recommended that these updates be built into quarterly reporting. Decisions on how this will be given effect to under the new Council structure have not yet been made.</p>	<p>policy and planning documents will be provided to Councillors for consideration in mid-2026.</p>
3	<i>Strengthen the use of performance measures that reflect climate-related strategic objectives and priorities.</i>	<p>The 9 year plan identifies Levels of Service (LoS) that enable tracking against strategic emissions-related objectives and priorities. The 9 year plan also identifies specific LoS relevant to each of a) DCC scale and b) city scale emissions reduction efforts. The latter commits Council to publishing a Zero Carbon Plan update report annually. Commentary around how Dunedin is tracking against key city emissions metrics will be included in this update report.</p> <p>At an operational level the DCC's project management framework tracks and reports against project-level emissions-related objectives.</p> <p>See also commentary above on various elements of public reporting.</p>	<p>In January 2025, Council approved development of a citywide climate resilience framework, to be rolled out in an initial two-year pilot commencing July 2025.</p> <p>A key component of this work is development of an adaptation plan and policy for DCC and Dunedin City. This work is underway and further advice, including draft policy and planning documents will be provided to Councillors for consideration in mid-2026.</p> <p>This work will consider a range of potential performance measures, including levels of service, signals, triggers and thresholds for adaptation responses, financial and operational drivers, and various strategic objectives and priorities.</p>

4	<p><i>Clearly set out how climate-related activities will be governed and ensure that staff understand what information the relevant governance body needs to govern effectively.</i></p>	<p>Under the new Council structure, governance of the Zero Carbon work programme sits with Council. Last triennium, a Zero Carbon Plan Advisory Panel met quarterly to review and advise on implementation of the Zero Carbon Plan and progress towards targets. It is understood that within the new structure this function will be absorbed into the activity of the councillor portfolio lead.</p> <p>In line with the Zero Carbon Policy 2022, a Zero Carbon impact statement section has been added to Council report templates, to provide councillors with information about the emissions impact of decisions. For the 9 Year Plan, a bespoke approach to provision of Zero Carbon advice was also noted by Council and delivered by staff.</p>	<p>In January 2025, Council approved development of a citywide climate resilience framework, to be rolled out in an initial two-year pilot commencing July 2025.</p> <p>At this stage this is a DCC-led initiative, so all climate related activities will be governed through standard DCC structures and processes. That said, future design may include potential collaborations with ORC on elements of the framework, which may give rise to consideration of forms of joint governance.</p>
5	<p><i>Report publicly on progress with their climate change strategies and work programmes, to support accountability and so communities are well-informed, engaged, and supportive.</i></p>	<p>The DCC reports annually on progress against the Zero Carbon Plan and EMRP through the annual DCC GHG inventory management report, and an annual Zero Carbon Plan update report. Highlights are also built into the Annual Report.</p> <p>Historically Council has also received 6 monthly progress updates on DCC emissions. The Zero Carbon Plan Advisory Panel has previously recommended that these updates be built into quarterly reporting. Decisions on how this will be given effect to under the new Council structure have not yet been made.</p>	<p>A key component of adaptation planning best practice is open and transparent communication and extensive engagement with affected stakeholders.</p> <p>In a South Dunedin Future context, there is regular public reporting on the progress of this programme, and extensive external communications and community engagement activity.</p> <p>In January 2025, Council approved development of a citywide climate resilience framework, to be rolled out in an initial two-year pilot commencing July 2025.</p> <p>While design is in the early stages, it is anticipated that public reporting, communication, and community engagement will be key components of the framework.</p>

FINANCIAL REPORT - PERIOD ENDED 30 SEPTEMBER 2025

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides the financial results for the period ended 30 September 2025 and the financial position as at that date. The report was presented to the Council meeting held on Tuesday, 11 November 2025.
- 2
- 3 As this is an administrative report only, there are no options or Summary of Considerations.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Financial Performance for the period ended 30 September 2025 and the Financial Position as at that date.

BACKGROUND

- 4 This report attaches a financial update and financial statements for the period ended 30 September 2025.

DISCUSSION

- 5 The net deficit (including Waipori) for the period ended 30 September 2025 was \$8.773 million, a \$9.829 million favourable variance to budget. A detailed commentary is provided in Attachment A (Financial Update). In summary, the following variances were recorded:
 - a) Revenue was \$107.275 million for the period or \$453k unfavourable to budget.
 - b) Expenditure was \$120.726 million for the period, or \$6.862 million favourable to budget.
 - c) The Waipori Fund has reported a net operating surplus for the period of \$4.678 million, \$3.420 million favourable to budget.
- 6 Capital expenditure was \$34.712 million for the period ended 30 September 2025 or 76.0% of the year-to-date budget.
- 7 The total loan balance at 30 September 2025 was \$668.472 million which was \$28.701 million less than budget.

OPTIONS

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

NEXT STEPS

9 Month end financial reports continue be presented to future Council meetings.

Signatories

Author:	Lawrie Warwood - Financial Analyst
Authoriser:	Hayden McAuliffe - Financial Services Manager Carolyn Allan - Chief Financial Officer

Attachments

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FINANCIAL UPDATE

For the period ended 30 September 2025

This report provides a detailed commentary on the Council's financial result for the period ended 30 September 2025 and the financial position at that date.

SUMMARY FINANCIAL INFORMATION

\$ Million	Actual YTD	Budget YTD	Variance YTD		Last Year YTD
Revenue	107.275	107.728	(0.453)	U	98.949
Expenditure	120.726	127.588	6.862	F	121.076
Net Surplus/(Deficit) excluding Waipori	(13.451)	(19.860)	6.409	F	(22.127)
Waipori Fund Net	4.678	1.258	3.420	F	3.354
Net Surplus/(Deficit) including Waipori	(8.773)	(18.602)	9.829	F	(18.773)
Capital Expenditure	34.712	45.698	10.986		37.350
Debt					
Current Year Loan	17.500	35.000	17.500	F	24.310
Prior Year Loan	650.972	662.173	11.201	F	590.663
Accrued Interest	6.445	7.228	0.783	F	5.103
Total Debt	674.917	704.401	29.484	F	620.076

STATEMENT OF FINANCIAL PERFORMANCE

The statement of financial performance is provided in Attachment B

The net deficit (including Waipori) for the period ended 30 September 2025 was \$8.773 million, a \$9.829 million favourable variance to budget.

REVENUE

The total revenue for the period was \$107.275 million or \$453k less than budget.

The major variances were as follows:

External Revenue

Actual \$21.364 million, Budget \$22.182 million, Unfavourable variance to budget \$818k

Waste Minimisation revenue was unfavourable to budget \$238k, with Green Island landfill revenue unfavourable to budget by \$324k due to less waste being received at the landfill than budgeted. Waste volumes are currently trending approximately 10% lower than forecast (noting that some variable costs were favourable). Waste strategy revenue was favourable to budget \$76k, reflecting a higher level of waste levy revenue from the Ministry than expected.

DPAG, Toitu and Lan Yuan revenue was unfavourable \$142k due mainly to the timing of Lan Yuan and retail revenue. This variance is expected to correct itself as activities move into the peak season.

Transport revenue was unfavourable to budget \$131k. NZTA recoveries were \$89k less than budgeted mainly because of subsidised state highway maintenance expenditure being under budget for the period, which are costs that are 100% on-charged to NZTA. Corridor accessway revenue was unfavourable to budget \$44k due to fewer applications than budgeted being received.

Property Services revenue was unfavourable \$113k, due to vacancies in some investment properties, timing of housing rental revenue budgets and recoveries from the South Dunedin Library and Community Complex (budgeted but not yet tenanted).

3 Waters revenue was unfavourable to budget \$88k, with water sales for the three months to September under budget by \$128k due to a higher-than-expected annual rebate to dual residential/commercial water consumers.

Building Consent revenue was unfavourable to budget \$68k due to fewer consent applications and inspections than expected.

Parking Operations revenue was unfavourable to budget \$3k, however this was due to a one-off recovery relating to the new Pacific Radiology carpark building. Parking revenue otherwise was unfavourable, partly due to on-street meter revenue, the timing of parking revenue from the new Pacific Radiology carpark, which is due to open at the end of November, and the transition from old to new carpark leases.

Offsetting these unfavourable variances:

Community recreation revenue was favourable to budget \$135k, with Aquatic Services general admission and membership revenue for both Te Puna o Whakaehu and Moana facilities favourable \$188k. This was due to increased sales and new fees and charges. Waterslide revenue was unfavourable \$44k, due to closure for maintenance. Crematorium revenue was also favourable \$51k due to more cremations.

Animal control revenue was favourable to budget \$91k, with dog licence fees ahead of budget.

Grants Revenue

Actual \$6.227 million, Budget \$6.774 million, Unfavourable variance to budget \$547k

Transport grants revenue was unfavourable to budget \$880k reflecting less NZTA operating subsidy due to under expenditure in maintenance for the period. NZTA capital subsidy was also unfavourable, reflecting less subsidised capital expenditure to date.

Offsetting the Transport unfavourable variance to budget, 3 Waters revenue was favourable to budget \$280k due to \$331k of unbudgeted revenue for Local Water Done Well Transition costs.

Events revenue was favourable to budget \$107k due to an unbudgeted MBIE Promotional Fund grant providing funding for a range of planned events.

Contributions Revenue

Actual \$2.212 million, Budget \$964k, Favourable variance to budget \$1.248 million.

Contributions revenue was favourable to budget \$1.248 million reflecting a higher level of development contributions received than budgeted. Development contributions revenue for 3 Waters was favourable to budget \$775k, and Transport revenue was favourable to budget \$343k.

Internal Revenue

Actual \$10.992 million, Budget \$11.453 million, Unfavourable variance to budget \$461k

Waste Minimisation landfill revenue was unfavourable to budget \$336k. Kerbside collection disposal fees were unfavourable \$168k, due to the volume of waste from the red bin collections being lower than forecast. This variance is offset by a favourable variance against budget for internal landfill disposal costs. Internal landfill revenue from wastewater treatment plant sludge disposal was unfavourable to budget \$167k due to less sludge being disposed of at the landfill than anticipated.

3 Waters internal revenue was unfavourable to budget \$112k, reflecting a lower level of Better Off Funding revenue than budgeted.

EXPENDITURE

The total expenditure for the period was \$120.726 million or \$6.862 million less than budget.

The major variances were as follows:

Personnel Costs

Actual \$21.351 million, Budget \$22.529 million, Favourable variance to budget \$1.178 million.

Personnel costs were favourable to budget \$242k for the month. This mainly reflects the number of vacancies during the three months, including new positions included in the 2025/26 budget, that have yet to be filled.

Operations and Maintenance Costs

Actual \$22.605 million, Budget \$25.264 million, Favourable variance to budget \$2.959 million.

Transport expenditure was favourable to budget \$1.163 million. Unsealed and sealed pavement maintenance costs were favourable, and this was largely due to less work done than expected. Vegetation control was also favourable. The spring weather has had an impact on these costs due to the unpredictable nature of the growing season.

3 Waters maintenance expenditure was favourable to budget \$789k largely driven by lower than budgeted reactive plant and network maintenance requirements. This is due to management of planned maintenance, as staff seek preventative maintenance opportunities. Delays to filtration and inflow projects also contribute to the favourable result.

Waste Minimisation expenditure was favourable to budget \$662k. ETS costs and variable landfill contract costs were favourable to budget \$259k, reflecting the lower volumes of material entering the landfill and a lower carbon price than budgeted. Landfill monitoring expenditure was favourable to budget \$189k, mainly due to a rationalisation of baseline environmental monitoring requirements for the Smooth Hill landfill. The Kerbside Collections contract cost was favourable \$224k, and following further analysis is because costs have been understated for the month by approximately \$150k. This will be corrected in October.

Community recreation expenditure was favourable \$171k due to Aquatics plant maintenance (Moana and Te Puna o Whakaehu) and Parks and Reserves reactive maintenance timing.

BIS expenditure was favourable to budget \$145k partly due to the settling in period for the new ITMS contract, with variable costs not being incurred to date. There has been no expenditure on non-capital projects, and contracted services costs were favourable \$31k due to changes with the document storage system.

DPAG, Toitu and Lan Yuan expenditure was favourable \$114k due mainly due to the timing of exhibition expenditure.

These favourable variances were partially offset by:

Governance expenditure was unfavourable to budget \$366k, partly due to the timing of election costs.

Occupancy Costs

Actual \$14.068 million, Budget \$14.576 million, Favourable variance to budget \$508k

3 Waters expenditure was favourable to budget \$313k due mainly to insurance costs being favourable \$427k and \$28k favourable fuel costs to budget due to optimisation of plant. Offsetting this, electricity costs were unfavourable \$162k and water charges \$83k.

Property expenditure was favourable to budget \$130k. Insurance was favourable \$288k. However, offsetting the favourable variance electricity charges were \$152k over budget, largely due to \$136k of unbudgeted electricity charges relating to the Ice Stadium. There is a new arrangement in place where Property incurs the electricity charges instead of the tenant and then recovers this cost from the tenant. This is reported as unbudgeted revenue and expenditure.

Insurance costs across all activities were favourable to budget \$735k, reflecting a lower than budget premium for materials damage insurance plus a recovery of prior years Earthquake Levy.

Consumable and General Costs

Actual \$7.115 million, Budget \$7.610 million, Favourable variance to budget \$495k

3 Waters expenditure was favourable to budget \$269k due mainly to consultants costs being \$309k below budget partly due to engineering consultant services being less than expected, and partly due to an underspend in Better Off Funding projects. Offsetting this favourable variance is the quarterly government water levy paid in advance. This variance will be phased monthly in the coming months.

South Dunedin Future, Zero Carbon and City Development expenditure was favourable to budget by \$128k due to the timing of consultants costs.

Compliance Solutions expenditure was favourable to budget \$102k with Parking Services court lodgement fees, postage and refunds all being below budget to date.

Waste Minimisation expenditure was favourable to budget \$51k mainly due to waste levy costs being \$86k less than expected because of the reduced material arriving at the Green Island. This favourable variance partly offsets the unfavourable external landfill revenue variance.

Partly offsetting these favourable variances:

Resource Consents expenditure was unfavourable to budget \$118k, with consultant's fees being over budget \$128k due to outsourced planning consultants required to assist in dealing with the high number of resource consent applications.

Grants and Subsidies Costs

Actual \$7.453 million, Budget \$8.061 million, Favourable variance to budget \$608k

Grants expenditure was favourable to budget \$608k, partly due to the timing of rates relief grants of \$461k, grants for major and premier events \$108k, as well as the timing of various other grants across a number of activities.

Internal Costs

Actual \$10.992 million, Budget \$11.453 million, Favourable variance to budget \$461k

Waste Minimisation expenditure was favourable to budget \$168k with kerbside collection disposal fees less than budgeted for the period. This also partly offsets the unfavourable internal landfill revenue reported above.

3 Waters expenditure was favourable to budget \$158k resulting from improved treatment and incineration of the sludge at waste treatment plants and the transfer of some sludge to an external provider. This partly offsets the unfavourable internal landfill revenue reported above.

Investment Account expenditure was favourable \$122k with internal Better Off Funding grants being less than budgeted.

Depreciation Costs

Actual \$30.813 million, Budget \$30.813 million, Nil variance to budget

Depreciation costs overall were at budget level, pending the roll-over of the fixed assets for the new financial year on completion of the 2024/25 Annual Report.

Interest Costs

Actual \$6.629 million, Budget \$7.282 million, Favourable variance to budget \$653k

This favourable variance to budget reflected a slightly lower interest rate than the 4% rate budgeted and a lower opening debt balance than forecast. Interest rates are reviewed quarterly by Dunedin City Treasury Limited. The actual quarterly interest rates are:

Actual Quarterly Interest Rates		
Q1	Jul-Sep	3.95%
Q2	Oct-Dec	3.75%

WAIPORI FUND NET OPERATING RESULT

Actual \$4.678 million surplus, Budget \$1.258 million surplus, Favourable variance to budget \$3.420 million.

The Waipori Fund has reported a net operating surplus for the period of \$4.678 million, \$3.420 million more than budget. The value of the fund increased \$1.803 million for the month of September.

Equities saw an increase in value of \$1.104 million during September, with international equities rising in value by \$506k. Fixed term investments values had unrealised gains for the month of \$175k.

Dividend and interest revenue was \$492k for the month, \$160k greater than budget.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position is provided as Attachment C.

- Other current financial assets of \$6.742 million relate to the Waipori Fund.
- The loans balance at 30 September 2025 is \$674.917 million. This balance is made up as follows:

	Actual \$million	Budget \$million	Variance \$million	
Loan Balance	668.472	697.173	28.701	F
Accrued Interest on Loans	6.445	7.228	0.783	F
Total Loans	674.917	704.401	29.484	F

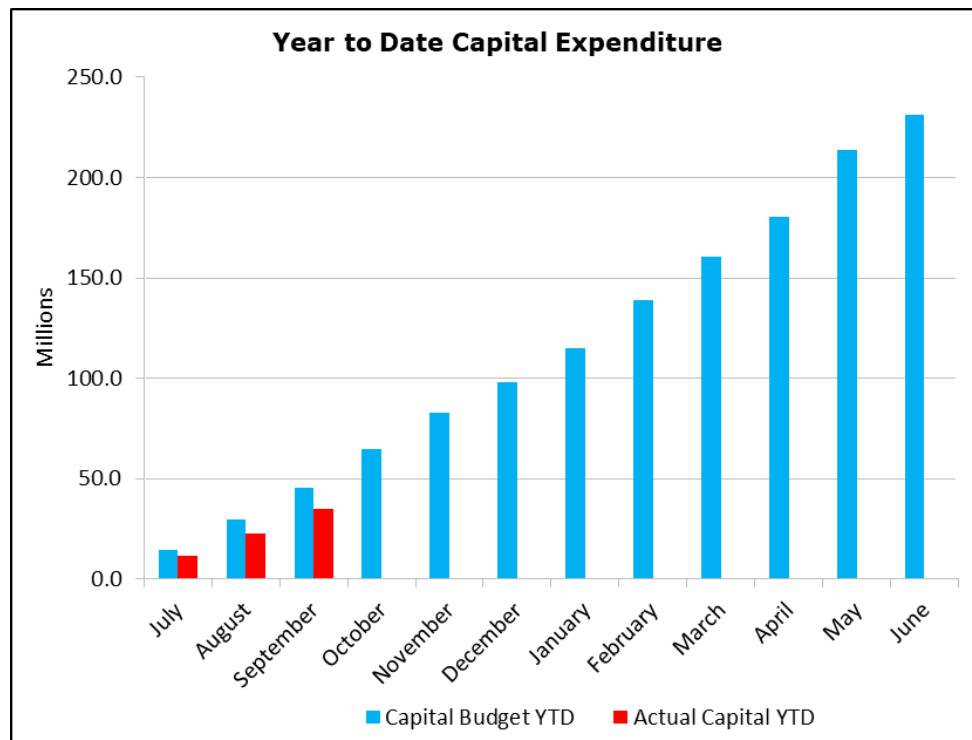
The loans balance at 30 September was \$668.472 million which was \$28.701 million less than budget. This is due mainly to the June loans balance being \$11.200 million less than forecast and the draw-down required for the capital programme. Additional to the September loans balance there was accrued interest of \$6.445 million.

CAPITAL EXPENDITURE

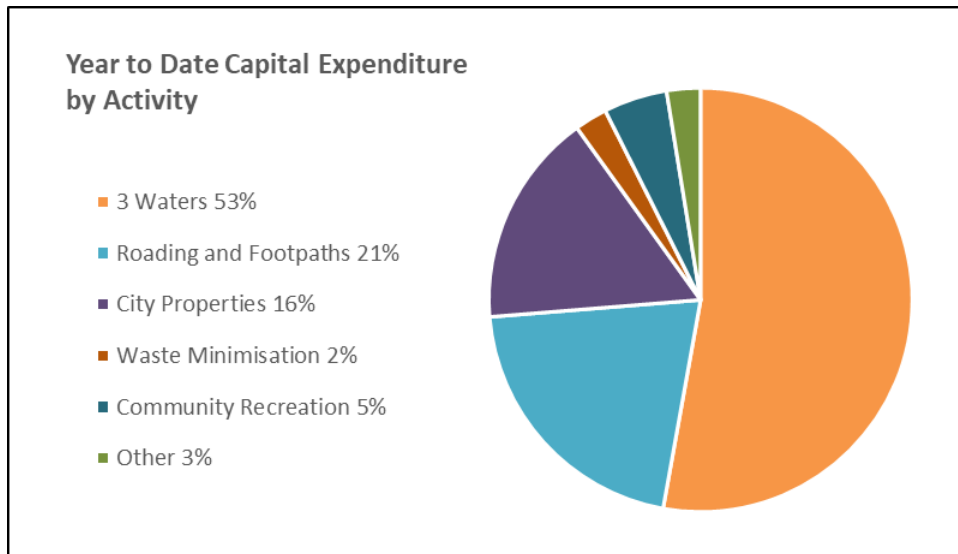
A summary of the capital expenditure programme by Activity is provided as Attachment E. Attachment F provides the detailed capital expenditure programme.

Total capital expenditure for the period was \$34.712 million or 15.0% of the \$231 million full year budget.

Capital expenditure for 2025/26 is forecast to be underspent at 30 June 2026 mainly due to timing of some projects. It is forecast to be \$214 million against a budget of \$231 million. The main driver of this is the delivery of the Waste Minimisation material recovery facility plant which is forecast to be underspent by \$15.7 million. Forecasts are reviewed monthly and are based on best known information at the time. Further information on this is provided below.



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



City Properties capital expenditure was \$1.196 million favourable to budget.

Spend on the High-Performance Sports building was under budget by \$220k, with the expenditure having been completed in the previous financial year. Asset renewals are unfavourable due to timing of the Civic Centre switchboard renewal \$247k. The Civic Centre upgrade project was unfavourable \$181k to September due to timing of expenditure. The project is forecasted to be completed within budget.

The South Dunedin Library and Community Complex project was favourable \$336k due to the timing of the project but is forecast to be completed within the project budget. George St CCTV expenditure was unfavourable \$68k. This project was expected to be completed in the previous financial year but was delayed.

The Edgar Centre refurbishment project was favourable \$227k due to timing of the project expenditure.

Expenditure on the Town Hall/Municipal Chambers project was favourable \$314k due to the timing of the project expenditure.

The Fitzroy St housing renewal was favourable \$272k, with physical works having just begun in August. Expenditure on this project is forecast to be \$450k underspent reflecting savings arising during procurement.

The Dunedin City Library refurbishment renewal project is still in the planning and design phase. The construction phase of this project will therefore be pushed out to the next financial year, resulting in \$2.600 million forecast underspend in the current financial year.

Community Recreation capital expenditure was \$374k favourable to budget.

Parks new recreational facilities capital was unfavourable \$136k due to the timing of the completion of new storage bays at Tahuna Park.

Moana Pool redevelopment renewals was favourable \$418k due to timing of programme works, including condition assessment and development of options for air handling units.

Creative and Cultural Vibrancy capital expenditure was \$289k favourable to budget.

Library collection purchases were favourable \$102k, including purchases for the new library in South Dunedin.

Toitu new capital was favourable \$163k, due to the timing of the new theatrette gallery space project.

This was partly offset by \$25k unbudgeted minor renewals at Olveston.

Governance and Support Services capital expenditure was \$364k favourable to budget.

Fleet Operations renewals expenditure was favourable \$171k as there has been no expenditure yet on the vehicle replacement programme.

BIS expenditure was favourable \$193k with no expenditure date on the Customer Self Service Portal project, however this was partly offset by unbudgeted expenditure on the new ITMS Software/Tools implementation project.

Resilient City capital expenditure was \$39k favourable to budget.

There has been no expenditure to date on street trees and furniture, minor streetscape upgrades, or on Civil Defence plant upgrades.

Roading and Footpaths capital expenditure was \$2.313 million favourable to budget.

Footpath and major drainage control (footpath and kerbs) was favourable \$2.335 million due to the completion of the contract for this work last year. As the kerb and footpaths contract will restart at the end of the 2025/26 financial year, staff have worked to redirect renewals (which have a higher Funding Assistance Rate than footpaths) into road rehabilitation work.

Expenditure is forecast to be underspent for the year by \$834k. This forecast has been revised since August largely due to adding Albany Street back into the Plan and determining the spend profile of the project.

Shaping Future Dunedin projects were favourable \$528k due to the phasing of costs. Expenditure is expected to be on budget by year-end. Under expenditure of \$593k in the coastal plan reflects the success of the geobags. The \$228k unfavourable variance in the Tunnels Trail project is due to phasing, and the full budget will be spent by the end of the calendar year.

3 Waters capital expenditure was \$3.532 million favourable to budget.

3 Waters is continually monitoring and re-prioritising the capital programme, and some projects have been accelerated whilst others have been deferred as solutions are further assessed. A number of project components have been re-assessed from new capital to renewals budget lines. The programme of work is forecast to be on budget at year-end.

Combined expenditure on Mosgiel Stormwater Upgrades and Mosgiel Stormwater Pumpstation (New Capital and Renewals) was \$936k favourable. This is under construction but has been re-phased due to a review and adoption of an alternative solution which presents better value and outcomes.

Port Chalmers Water Supply construction is underway; however, expenditure was favourable by \$1.924m due to a design review resulting in re-routing the pipeline and re-phasing of the project to deliver a more effective solution, following the October 2024 rain event.

Other water renewals were unfavourable largely due to membrane delivery for the Southern water treatment plant landing later than anticipated in July due to a delay in overseas manufacturing and shipping.

The scope of the Musselburgh to Tahuna Link has been reduced at this stage resulting in forecast expenditure of \$2.525 million against a budget of \$8.000 million. This is due to ongoing investigation work indicating the extent of renewals required may be reduced from those originally anticipated. Staff are assessing the most efficient solution currently.

The extent of stormwater renewals required (in areas currently being renewed) is currently forecast to be less than anticipated in the budget by approximately \$6.000 million. The extent of work required will become clearer as the project progresses. This is offset by other wastewater renewals which are forecast at approximately \$7.000 million over budget due to the acceleration of wastewater renewals such as Kaikorai Valley Hills and pipe re-lining projects.

Vibrant Economy capital expenditure was \$20k unfavourable to budget.

Economic Development new capital was unfavourable \$20k, relating to the purchase of new Dunedin and Ōtepoti branded light up letters.

Waste Minimisation capital expenditure was \$2.899 million favourable to budget.

Waste Futures expenditure was favourable \$2.624 million.

Resource recovery park expenditure was favourable \$2.300 million. Otago Regional Council consent for civil works was received on 29 September 2025, and construction began in October. This delay is expected to result in an underspend this financial year of approximately \$1.7 million, which will need to be factored into next financial year.

Material recovery facility (MRF) expenditure was unfavourable \$122k. The building will be delayed by a further four months due to a requirement to 'pre-load' the ground and prevent differential settlement. Completion will now be in the second half of next year; therefore, this delay is expected to result in an underspend this financial year of approximately \$10.000 million, which will need to be factored into next financial year. This also applies to the final payment for the MRF equipment supply. This had been budgeted to occur in May 2026.

Organics Processing Facility (OPF) was favourable \$230k. The first major progress payment on the equipment supply for the organics facility is expected in January 2026. The pre-loading requirement affecting the MRF is also affecting the OPF, therefore this delay is forecast to result in an underspend this financial year of approximately \$4.000 million, which will need to be factored into next financial year.

Green Island landfill capital expenditure was favourable \$234k, mainly due to Green Island landfill aftercare and gas collection projects being underspent \$236k due to resourcing.

SUPPLEMENTARY INFORMATION

October 2024 Rain Event - \$3.353 million Unfavourable

As at 30 September total operational costs relating to the October rain event totalled \$2.747 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 \$3.683 million as at 30 September.

NZTA subsidy revenue received to date totals \$3.027 million, along with a welfare subsidy claim totalling \$50k received from NEMA. The remaining \$3.353 million is funded by the council.

October 2024 Rain Event Financial Summary	
As at 30 September 2025	
	\$
<u>Expenditure</u>	
Operating costs	2,680,346
Estimated personnel costs	66,162
Capital Expenditure	3,683,275
Total Expenditure	6,429,783
<u>Funded by:</u>	
NZTA Subsidy revenue received	3,026,530
NEMA Welfare costs reimbursement	50,485
DCC	3,352,768
Total Revenue	6,429,783
<u>Subsidy Summary</u>	
NZTA approved subsidy	4,687,000
Subsidy received to date	3,026,530
Subsidy yet to be received	1,660,470

Group Debt Chart

Attachment I includes a chart showing actual group and DCC debt for the years ending June 2004-2025. It provides forecast information for the years ending June 2026-2034 based on the current Statements of Intent (SOI), and the approved 9-year plan.

DUNEDIN CITY COUNCIL
Statement of Financial Performance
For the Three Months Ending 30 September 2025
 Amount : \$'000

Month Actual	Month Budget	Month Variance		Year to Date Actual	Year to Date Budget	Year to Date Variance	LY YTD Actual	LY Full Year Actual	Full Year Budget
REVENUE									
22,072	22,050	22 F	Rates Revenue	66,214	66,149	65 F	59,966	239,802	264,596
283	227	56 F	Rates Penalties	266	206	60 F	236	1,872	1,300
6,664	6,696	32 U	External Revenue	21,364	22,182	818 U	20,151	94,282	102,069
2,209	2,408	199 U	Grants	6,227	6,774	547 U	6,819	26,403	35,897
242	321	79 U	Contributions	2,212	964	1,248 F	1,317	11,052	6,856
3,668	3,812	144 U	Internal Revenue	10,992	11,453	461 U	10,460	42,211	45,586
35,138	35,514	376 U	TOTAL REVENUE	107,275	107,728	453 U	98,949	415,622	456,304
EXPENDITURE									
7,133	7,375	242 F	Personnel Costs	21,351	22,529	1,178 F	21,992	85,247	88,076
7,511	8,456	945 F	Operations & Maintenance	22,305	25,264	2,959 F	22,265	85,687	95,573
1,492	2,389	897 F	Occupancy Costs	14,068	14,576	508 F	13,917	36,089	37,762
2,517	2,579	62 F	Consumables & General	7,115	7,610	495 F	6,318	27,462	28,998
499	926	427 F	Grants & Subsidies	7,453	8,061	608 F	8,054	10,981	12,512
3,668	3,812	144 F	Internal Charges	10,992	11,453	461 F	10,460	42,211	45,586
10,271	10,271	-	Depreciation	30,813	30,813	-	30,566	110,046	123,713
2,113	2,424	311 F	Interest	6,629	7,282	653 F	7,504	27,485	29,114
35,204	38,232	3,028 F	TOTAL EXPENDITURE	120,726	127,588	6,862 F	121,076	425,208	461,334
(66)	(2,718)	2,652 F	NET SURPLUS (DEFICIT)	(13,451)	(19,860)	6,409 F	(22,127)	(9,586)	(5,030)
Add									
1,803	419	1,384 F	Waipori Fund Net Operating	4,678	1,258	3,420 F	3,354	8,853	5,030
1,737	(2,299)	4,036 F	NET SURPLUS (DEFICIT)	(8,773)	(18,602)	9,829 F	(18,773)	(733)	-

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

DUNEDIN CITY COUNCIL
Statement of Financial Position
As at 30 September 2025
 Amount : \$'000

30-Jun-25 LY Full Year Actual		30-Sep-25 This Month Actual	30-Sep-25 This Month Budget	30-Jun-26 Full Year Budget	30-Sep-24 LY Month Actual
	Current Assets				
15,837	Cash and cash equivalents	16,379	14,835	13,358	6,832
8,011	Other current financial assets	6,742	13,426	14,426	10,482
21,484	Trade and other receivables	23,497	30,894	33,245	22,160
489	Current Tax Asset	489	351	250	506
1,039	Inventories	1,052	675	675	636
2,221	Prepayments	1,916	2,109	2,109	1,487
49,081	Total Current Assets	50,075	62,290	64,063	42,103
	Non Current Assets				
211,438	Other non-current financial assets	217,342	205,560	206,560	202,523
138,889	Shares in subsidiary companies	138,889	138,889	141,794	136,339
4,571	Intangible assets	4,340	4,076	5,382	4,587
113,710	Investment property	113,710	112,299	119,563	110,440
4,906,980	Property, plant and equipment	4,911,104	4,794,261	4,999,121	4,528,715
5,375,588	Total Non Current Assets	5,385,385	5,255,085	5,472,420	4,982,604
5,424,669	TOTAL ASSETS	5,435,460	5,317,375	5,536,483	5,024,707
	Current Liabilities				
39,760	Trade and other payables	41,981	38,946	40,639	32,782
5,968	Short Term Borrowings	6,445	7,228	6,230	7,137
7,863	Revenue received in advance	5,216	5,308	5,663	5,103
9,001	Employee entitlements	11,014	9,668	11,025	10,869
62,592	Total Current Liabilities	64,656	61,150	63,557	55,891
	Non Current Liabilities				
650,972	Term Loans	668,472	697,173	783,173	614,973
1,482	Employee entitlements	1,482	1,246	1,216	1,320
20,573	Provisions	20,573	22,206	22,206	22,206
320	Other Non-Current Liabilities	320	320	320	320
673,347	Total Non Current Liabilities	690,847	720,945	806,915	638,819
735,939	TOTAL LIABILITIES	755,503	782,095	870,472	694,710
	Equity				
1,648,778	Accumulated funds	1,639,922	1,620,567	1,639,017	1,632,735
3,027,570	Revaluation reserves	3,027,570	2,904,062	3,016,192	2,686,879
12,382	Restricted reserves	12,465	10,654	10,804	10,383
4,688,730	TOTAL EQUITY	4,679,957	4,535,280	4,666,011	4,329,997
5,424,669		5,435,460	5,317,375	5,536,483	5,024,707

Statement of Change in Equity
As at 30 September 2025
 Amount : \$'000

30-Jun-25 LY Full Year Actual		30-Sep-25 This Month Actual	30-Sep-25 This Month Budget	30-Jun-26 Full Year Budget	30-Sep-24 LY Month Actual
4,348,770	Opening Balance	4,688,730	4,553,882	4,553,882	4,348,770
(733)	Operating Surplus (Deficit)	(8,773)	(18,602)	-	(18,773)
340,693	Movements in Reserves			112,129	-
4,688,730		4,679,957	4,535,280	4,666,011	4,329,997

DUNEDIN CITY COUNCIL
Statement of Cashflows
For the Three Months Ending 30 September 2025
 Amount : \$'000

	Year to Date Actual	Year to Date Budget	Full Year Budget	LY YTD Actual
Cash Flow from Operating Activities				
<i>Cash was provided from operating activities</i>				
Rates Received	71,618	68,643	264,381	62,753
Other Revenue	31,990	28,886	121,288	27,839
Interest Received	465	603	8,313	529
Dividend Received	183	434	10,815	175
Income Tax Refund	-	-	351	4
<i>Cash was applied to</i>				
Suppliers and Employees	(75,903)	(77,304)	(263,344)	(74,168)
Interest Paid	(6,068)	(6,768)	(29,447)	(4,835)
Net Cash Inflow (Outflow) from Operations	22,285	14,494	112,357	12,297
Cash Flow from Investing Activities				
<i>Cash was provided from investing activities:</i>				
Sale of Assets	5	-	120	11
Reduction in Loans & Advances	-	-	-	-
Reduction in Investments Other	2,826	4,500	18,000	5,920
<i>Cash was applied to:</i>				
Increases in Loans & Advances	-	-	-	-
Increase in Investments DCHL	-	-	-	-
Increase in Investments Other	(3,745)	(4,500)	(21,905)	(5,415)
Capital Expenditure	(38,330)	(46,014)	(227,569)	(39,036)
Net Cash Inflow (Outflow) from Investing Activity	(39,244)	(46,014)	(231,354)	(38,520)
Cash Flow from Financing Activities				
<i>Cash was provided from financing activities:</i>				
Loans Raised	29,500	35,000	121,000	38,000
Increase in Short Term Borrowings	-	-	-	-
<i>Cash was applied to:</i>				
Loans Repaid	(12,000)	-	-	-
Decrease in Short Term Borrowings	-	-	-	(13,500)
Net Cash Inflow (Outflow) from Financing Activity	17,500	35,000	121,000	24,500
Total Increase/(Decrease) in Cash	541	3,480	2,003	(1,723)
Opening Cash and Deposits	15,837	11,355	11,355	8,555
Closing Cash and Deposits	16,378	14,835	13,358	6,832

DUNEDIN CITY COUNCIL
Capital Expenditure Summary by Activity
For the Three Months Ending 30 September 2025
 Amount : \$'000

Group	Year to Date Actual	Year to Date Budget	Year to Date Variance	Year to Date Variance %		LY YTD Actual	Full Year Budget	YTD Actual vs FY Budget
City Properties	5,674	6,870	1,196	82.6%	F	7,604	22,388	25.3%
Community Recreation	1,687	2,061	374	81.9%	F	1,898	14,948	11.3%
Creative and Cultural Vibrancy	511	800	289	63.9%	F	409	2,220	23.0%
Governance and Support Service	365	729	364	50.1%	F	122	4,306	8.5%
Regulatory Services	-	-	-	0.0%		4	5	0.0%
Resilient City	-	39	39	0.0%	F	-	385	0.0%
Roading and Footpaths	7,249	9,562	2,313	75.8%	F	7,709	54,760	13.2%
3 Waters	18,342	21,874	3,532	83.9%	F	17,670	87,123	21.1%
Vibrant Economy	20	-	20	0.0%	U	-	-	0.0%
Waste Minimisation	864	3,763	2,899	23.0%	F	1,934	45,082	1.9%
	34,712	45,698	10,986	76.0%	F	37,350	231,217	15.0%

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

Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025

New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
City Properties	Property-Housing	Renewals Capital	Asset Renewals	174,665	123,000	51,665	500,000
			Housing Renewal	2,829	275,000	(272,171)	2,010,000
		Total Renewals Capital		177,494	398,000	(220,506)	2,510,000
	Total Property-Housing			177,494	398,000	(220,506)	2,510,000
	Property-Operational	New Capital	Public Toilets Growth	218,119	40,000	178,119	375,000
			South Dunedin Library and Community Complex	1,824,223	2,160,000	(335,777)	2,370,000
		Total New Capital		2,042,343	2,200,000	(157,657)	2,745,000
		Renewals Capital	Asset Renewals	916,573	335,000	581,573	1,285,000
			Asset Renewals - Public Toilet Renewals	57,064	70,000	(12,936)	475,000
			Civic Centre	1,768,870	1,950,000	(181,130)	4,000,000
			Dunedin Library Refurbishment	4,625	300,000	(295,375)	2,750,000
			Dunedin Public Art Gallery	167,275	215,000	(47,725)	215,000
			Furniture	545	12,300	(11,755)	50,000
			Olveston House Renewal	16,355	30,000	(13,645)	290,000
			Toitū Otago Settlers Museum	-	20,000	(20,000)	125,000
			Town Hall and Municipal Chambers	99,343	413,000	(313,657)	2,688,000
			Total Renewals Capital	3,030,649	3,345,300	(314,651)	11,878,000
	Total Property-Operational			5,072,992	5,545,300	(472,308)	14,623,000
	Property-Community	New Capital	CCTV George St	68,107	-	68,107	-
			Total New Capital	68,107	-	68,107	-
		Renewals Capital	Asset Renewals	182,974	21,000	161,974	100,000
			Community Hall Renewals	12,962	30,000	(17,038)	150,000
			Dunedin Railway Station	-	10,000	(10,000)	450,000
			Edgar Centre Refurbishment	1,650	228,500	(226,850)	860,000
			High Performance Sports	-	220,000	(220,000)	220,000
			Roof Renewal Programme	-	50,000	(50,000)	250,000
			Sargood Centre	-	35,000	(35,000)	850,000
			Tarpits	(206)	-	(206)	-
			Total Renewals Capital	197,380	594,500	(397,120)	2,880,000
	Total Property-Community			265,487	594,500	(329,013)	2,880,000
	Property-Investment	Renewals Capital	Asset Renewals	1,635	306,000	(304,365)	1,770,000
			Lift Replacements	154,396	-	154,396	-
		Total Renewals Capital		156,031	306,000	(149,969)	1,770,000
	Total Property-Investment			156,031	306,000	(149,969)	1,770,000
	Property-Holding	Renewals Capital	Asset Renewals	1,036	20,000	(18,964)	575,000
		Total Renewals Capital		1,036	20,000	(18,964)	575,000
	Total Property-Holding			1,036	20,000	(18,964)	575,000
	Parking Operations	Renewals Capital	Car Park Buildings Equipment	1,066	-	1,066	-
			Parking Meter Renewals	-	6,000	(6,000)	30,000
		Total Renewals Capital		1,066	6,000	(4,934)	30,000
	Total Parking Operations			1,066	6,000	(4,934)	30,000
City Properties Total				5,674,106	6,869,800	(1,195,694)	22,388,000

**Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025**

New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Community Recreation	Aquatic Services	New Capital	Moana Pool Improvements	(5,839)	-	(5,839)	20,000	
			Mosgiel Pool	7,146	-	7,146	-	
		Total New Capital	1,306	-	1,306	20,000		
		Renewals Capital	Moana Pool Renewals	1,022,456	1,440,000	(417,544)	8,634,000	
			Port Chalmers Pool Renewals	-	20,000	(20,000)	20,000	
			St Clair Pool Renewals	-	40,000	(40,000)	40,000	
			Total Renewals Capital	1,022,456	1,500,000	(477,544)	8,694,000	
		Total Aquatic Services	1,023,763	1,500,000	(476,237)	8,714,000		
		Botanic Gardens	New Capital	Botanic Garden Improvements	13,898	-	13,898	30,000
				Total New Capital	13,898	-	13,898	30,000
	Renewals Capital		Botanic Garden Renewals	86,936	100,000	(13,064)	552,000	
			Total Renewals Capital	86,936	100,000	(13,064)	552,000	
	Total Botanic Gardens	100,834	100,000	834	582,000			
	Cemeteries & Crematorium	New Capital	Cemetery Strategic Development	63,932	25,000	38,932	795,000	
			City Wide Beam Expansion	-	-	-	230,000	
		Total New Capital	63,932	25,000	38,932	1,025,000		
		Renewals Capital	Structures Renewals	-	-	-	130,000	
			Total Renewals Capital	-	-	-	130,000	
		Total Cemeteries & Crematorium	63,932	25,000	38,932	1,155,000		
	Parks & Recreation	New Capital	Destination Playgrounds	-	-	-	200,000	
			Playground Improvements	9,292	56,000	(46,708)	297,000	
			Recreation Facilities Improvem	225,562	90,000	135,562	420,000	
			Track Network Development	9,377	-	9,377	30,000	
			Total New Capital	244,232	146,000	98,232	947,000	
		Renewals Capital	Greenspace Renewals	14,100	60,000	(45,900)	460,000	
			Playground Renewals	53,084	60,000	(6,916)	1,425,000	
			Recreation Facilities Renewals	186,707	170,000	16,707	1,665,000	
			Total Renewals Capital	253,890	290,000	(36,110)	3,550,000	
		Total Parks & Recreation	498,122	436,000	62,122	4,497,000		
		Community Recreation Total				1,686,651	2,061,000	(374,349)
	Creative and Cultural Vibrancy	Dunedin Public Art Gallery	New Capital	Acquisitions - DPAG Society Funded	-	-	-	30,000
				Acquisitions - Rates Funded	-	-	-	130,000
				Acquisitions Donation Funded	36,000	-	36,000	35,000
				Minor Capital Works/Equipment	6,041	25,000	(18,959)	100,000
Total New Capital			42,041	25,000	17,041	295,000		
Renewals Capital			Heating and Ventilation System	-	-	-	30,000	
			Total Renewals Capital	-	-	-	30,000	
Total Dunedin Public Art Gallery			42,041	25,000	17,041	325,000		
Dunedin Public Libraries		New Capital	Heritage Collection Purchases-Rates Funded	5,186	15,000	(9,814)	60,000	
			Heritage Collection Purchases-Trust Funded	696	4,550	(3,854)	10,000	
			South Dunedin Library Opening Collection	24,814	60,000	(35,186)	60,000	
			Total New Capital	30,696	79,550	(48,854)	130,000	
		Renewals Capital	Acquisitions - Operational Collection	234,899	289,000	(54,101)	996,000	
			Minor Capital Equipment	14,993	12,000	2,993	55,000	
		Total Renewals Capital	249,892	301,000	(51,108)	1,051,000		
		Total Dunedin Public Libraries	280,588	380,550	(99,962)	1,181,000		

**Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025**

New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Creative and Cultural Vibrancy	Olveston House	Renewals Capital	Minor Capital Works	24,870	-	24,870	-
		Total Renewals Capital		24,870	-	24,870	-
		Total Olveston House		24,870	-	24,870	-
	Toitu Otago Settlers Museum	New Capital	Acquisitions - Rates Funded	23,152	-	23,152	50,000
			Minor Capital Works	-	-	-	40,000
			New Gallery Space - Theatrette	138,241	324,000	(185,759)	464,000
		Total New Capital		161,393	324,000	(162,607)	554,000
		Renewals Capital	Minor Equipment Renewals	1,662	50,000	(48,338)	100,000
			Plant Renewal	-	20,000	(20,000)	60,000
		Total Renewals Capital		1,662	70,000	(68,338)	160,000
		Total Toitu Otago Settlers Museum		163,056	394,000	(230,944)	714,000
	Creative and Cultural Vibrancy Total			510,555	799,550	(288,995)	2,220,000
Governance and Support Service	Fleet Operations	New Capital	EV Charging Infrastructure	-	-	-	250,000
		Total New Capital		-	-	-	250,000
		Renewals Capital	Fleet Replacement	-	171,000	(171,000)	590,000
		Total Renewals Capital		-	171,000	(171,000)	590,000
	Total Fleet Operations		-	171,000	(171,000)	840,000	
	Business Information Services	New Capital	eServices & Online Services	80,170	166,667	(86,497)	1,000,000
			New & Refreshed Internal IT Systems	-	50,000	(50,000)	466,000
			Replacement & Upgrade Internal	-	24,999	(24,999)	100,000
		Total New Capital		80,170	241,666	(161,496)	1,566,000
		Renewals Capital	New & Refreshed Internal IT Systems	-	125,000	(125,000)	800,000
			Replacement & Upgrade Internal	284,977	191,666	93,311	1,100,000
		Total Renewals Capital		284,977	316,666	(31,689)	1,900,000
Total Business Information Services		365,147	558,332	(193,185)	3,466,000		
Governance and Support Service Total			365,147	729,332	(364,185)	4,306,000	
Regulatory Services	Compliance Solutions	Renewals Capital	Dog Park & Stock Pound Maintenance	-	-	-	5,000
		Total Renewals Capital		-	-	-	5,000
	Total Compliance Solutions		-	-	-	5,000	
Regulatory Services Total			-	-	-	5,000	
Resiliant City	City Development	New Capital	Street Trees and Furniture	0	25,000	(25,000)	325,000
		Total New Capital		0	25,000	(25,000)	325,000
	Total City Development		0	25,000	(25,000)	325,000	
	Civil Defence	New Capital	Plant Equipment	-	13,750	(13,750)	55,000
		Total New Capital		-	13,750	(13,750)	55,000
	Total Civil Defence		-	13,750	(13,750)	55,000	
	Task Force Green	Renewals Capital	Minor Equipment Renewals	-	-	-	5,000
		Total Renewals Capital		-	-	-	5,000
Total Task Force Green		-	-	-	5,000		
Resiliant City Total			0	38,750	(38,750)	385,000	

Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025

New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Rooding and Footpaths	Shaping Future Dunedin	New Capital	Central City Cycle & Pedestrian Improvements	3,180	100,000	(96,820)	3,000,000	
			Central City Parking Management	15,880	100,000	(84,120)	1,200,000	
			Harbour Arterial Efficiency Improvements	46,770	-	46,770	2,800,000	
			Mosgiel Park and Ride	6,359	400,000	(393,641)	5,000,000	
			Total New Capital	72,189	600,000	(527,811)	12,000,000	
	Total Shaping Future Dunedin			72,189	600,000	(527,811)	12,000,000	
	Transport	New Capital	Coastal Plan	-	593,000	(593,000)	1,184,000	
			Crown Resilience Programme 2024-2027	-	-	-	750,000	
			Dunedin Urban Cycleways	943,454	715,500	227,954	1,431,000	
			LED Street Lights	2,290	-	2,290	-	
			Low Cost, Low Risk Improvement	153,744	250,000	(96,256)	1,000,000	
		New Capital	Peninsula Connection Boardwalk	39,446	-	39,446	1,500,000	
			Total New Capital	1,138,934	1,558,500	(419,566)	5,865,000	
			Renewals Capital	Emergency Works	1,099,509	1,530,000	(430,491)	3,940,000
				Footpath Renewals	23,843	1,414,000	(1,390,157)	5,904,000
				Gravel Road Re metaling	290,287	591,900	(301,613)	1,219,000
		Major drainage control		479,299	1,424,000	(944,701)	6,266,000	
		Pavement Rehabilitation		932,757	-	932,757	3,335,000	
		Pavement Renewals		1,150,539	1,035,000	115,539	11,135,000	
		Structure Component Replacement		62,913	-	62,913	1,908,000	
		Structure Component Replacement Seawalls		-	25,000	(25,000)	196,000	
		Structure Component Replacement Seawalls Railings		-	50,000	(50,000)	400,000	
		Traffic Services Renewal	499,983	364,500	135,483	1,613,000		
		Total Renewals Capital	4,539,130	6,434,400	(1,895,270)	35,916,000		
		Total Transport			5,678,064	7,992,900	(2,314,836)	41,781,000
	Central City Upgrade	New Capital	Central City Upgrade Bath St	1,474,550	939,000	535,550	939,000	
			Central City Upgrade Retail Quarter	23,801	30,000	(6,199)	40,000	
		Total New Capital	1,498,351	969,000	529,351	979,000		
	Total Central City Upgrade			1,498,351	969,000	529,351	979,000	
	Rooding and Footpaths Total				7,248,604	9,561,900	(2,313,296)	54,760,000

Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025

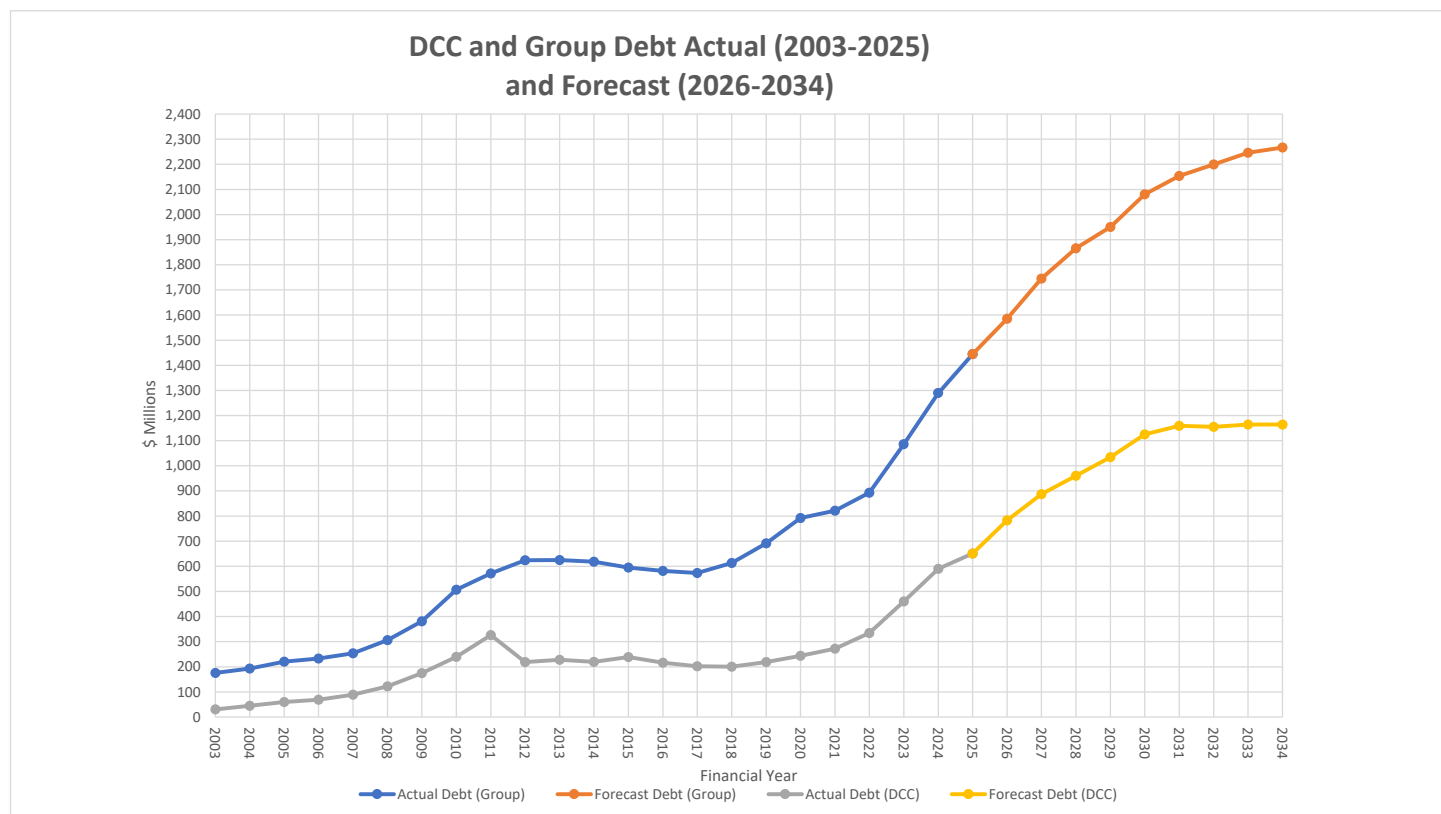
New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget
Three Waters	Stormwater	New Capital	Mosgiel Stormwater Pumpstation and Networks	931,227	1,237,067	(305,840)	1,616,000
			Mosgiel Stormwater Upgrades	-	478,444	(478,444)	625,000
			Network Resilience & Efficiency	-	12,501	(12,501)	50,000
			New Capital Supporting Growth	33,240	109,251	(76,011)	437,000
			New Resource Consents	-	5,499	(5,499)	22,000
			South Dunedin Flood Alleviation	70,386	62,499	7,887	250,000
			South Dunedin Short Term Option	-	-	-	750,000
			Stormwater New Capital Other	20,160	-	20,160	-
		Total New Capital		1,055,012	1,905,261	(850,249)	3,750,000
		Renewals Capital	Central City Renewals	71,210	-	71,210	-
			Mosgiel Stormwater Pumpstation and Networks	3,620	156,249	(152,629)	625,000
			Other Stormwater Renewals	578,948	1,414,251	(835,303)	5,657,000
			Renewals Supporting Growth	20,750	474,999	(454,249)	1,900,000
		Total Renewals Capital		674,527	2,045,499	(1,370,972)	8,182,000
	Total Stormwater			1,729,540	3,950,760	(2,221,220)	11,932,000
	Wastewater	New Capital	Bioresources Facility	-	75,000	(75,000)	300,000
			Metro Wastewater Treatment Plant Resilience	-	1,071,999	(1,071,999)	4,288,000
			Network Resilience & Efficiency	-	37,500	(37,500)	150,000
			New Capital Supporting Growth	17,640	185,250	(167,611)	741,000
			Rural Wastewater Schemes	-	350,001	(350,001)	1,400,000
			Wastewater New Capital Other	631,453	115,750	515,703	463,000
		Total New Capital		649,093	1,835,500	(1,186,407)	7,342,000
		Renewals Capital	Central City Renewals	12,011	-	12,011	-
			Metro Wastewater Treatment Plant Resilience	679,103	988,251	(309,148)	3,953,000
			Musselburgh to Tahuna Link	-	-	-	8,000,000
			Other Wastewater Renewals	3,661,501	2,199,498	1,462,003	8,798,000
			Renewals Supporting Growth	19,683	79,251	(59,568)	317,000
			Rural Wastewater Schemes	28,653	-	28,653	-
			Wastewater Pumpstation Renewal	1,014,499	1,125,000	(110,501)	4,500,000
		Total Renewals Capital		5,415,450	4,392,000	1,023,450	25,568,000
	Total Wastewater			6,064,543	6,227,500	(162,957)	32,910,000
	Water Supply	New Capital	New Capital Supporting Growth	73,954	318,750	(244,796)	1,275,000
			Port Chalmers Water Supply	941,558	-	941,558	-
			Water Efficiency	-	347,499	(347,499)	1,390,000
			Water New Capital Other	1,004,090	1,400,252	(396,162)	5,601,000
			Water Supply Resilience	1,813,070	844,251	968,819	3,377,000
		Total New Capital		3,832,671	2,910,752	921,919	11,643,000
		Renewals Capital	Central City Renewals	1,501	-	1,501	-
			Dam Safety Action Plan	1,434	-	1,434	-
			Other Water Renewals	5,885,647	4,566,246	1,319,401	13,765,000
			Port Chalmers Water Supply	319,850	2,244,000	(1,924,150)	8,976,000
			Renewals Supporting Growth	18,738	136,749	(118,011)	547,000
			Water Supply Resilience	487,954	1,837,500	(1,349,546)	7,350,000
		Total Renewals Capital		6,715,124	8,784,495	(2,069,371)	30,638,000
	Total Water Supply			10,547,796	11,695,247	(1,147,451)	42,281,000
Three Waters Total				18,341,878	21,873,507	(3,531,629)	87,123,000

**Capital Expenditure Detail by Activity
For the Month Ending 30 September 2025**

New Group Activity	Activity Name	Expenditure Type	Project Name	YTD Actual	YTD Budget	YTD Var	FY Budget	
Vibrant Economy	Community Development & Events	New Capital	Plant Equipment	20,959	-	20,959	-	
		Total New Capital		20,959	-	20,959	-	
		Total Community Development & Events		20,959	-	20,959	-	
	Destination Marketing	New Capital	Digital Content - Camera and Video Gear	(573)	-	(573)	-	
		Total New Capital		(573)	-	(573)	-	
		Total Destination Marketing		(573)	-	(573)	-	
	Vibrant Economy Total			20,386	-	20,386	-	
Waste Minimisation	Waste Futures	New Capital	Bulk Waste System	-	-	-	500,000	
			Community Recycling Centres	-	-	-	200,000	
			Construction and Demolition Facility	80,521	-	80,521	400,000	
			Glass Facility	3,538	300,000	(296,462)	2,525,000	
			Material Recovery Facility	471,584	350,000	121,584	21,550,000	
			Organics Facility	(0)	230,000	(230,000)	8,900,000	
			Resource Recov Park Precinct	-	2,300,000	(2,300,000)	7,404,000	
			Total New Capital		555,643	3,180,000	(2,624,357)	41,479,000
			Total Waste Futures		555,643	3,180,000	(2,624,357)	41,479,000
	Waste & Environmental Solution	New Capital	Community Recycling Hubs	16,517	-	16,517	25,000	
			Green Island Landfill Aftercare	63,008	225,000	(161,992)	1,577,000	
			Green Island Landfill Gas Collection System	76,169	150,000	(73,831)	650,000	
			Green Island Landfill Leachate System	28,040	-	28,040	-	
			Green Island Landfill Southern Valley Leachate Drain	77,458	75,000	2,458	800,000	
			Sawyers Bay Closed Landfill	607	-	607	-	
			Total New Capital		261,799	450,000	(188,201)	3,052,000
			Renewals Capital	Green Island Landfill and Transfer Station	11,443	40,000	(28,558)	155,000
				Green Island Leachate System Pump/Pumpstation	-	-	-	15,000
				Kerbside Bin Replacements	3,630	51,250	(47,620)	205,000
				Middlemarch Closed Landfill	-	-	-	11,000
				Public Place Recycling and Rubbish Bins	31,182	41,250	(10,068)	165,000
				Total Renewals Capital		46,254	132,500	(86,246)
			Total Waste & Environmental Solution		308,054	582,500	(274,446)	3,603,000
Waste Minimisation Total			863,697	3,762,500	(2,898,803)	45,082,000		
Grand Total			34,711,024	45,696,339	(10,985,315)	231,217,000		

DUNEDIN CITY COUNCIL
Summary of Operating Variances
For the Three Months Ending 30 September 2025
 Amount : \$'000

Group	Year to Date Surplus(Deficit)			Year to Date Variance Favourable (Unfavourable)							
	Actual	Budget	Variance	Rates Revenue	Operating Revenue	Internal Revenue	Staff	Ops & Other Exps	Internal Costs	Interest	Depr'n
City Properties	(1,917)	(1,961)	44	-	(46)	(7)	(103)	86	1	113	-
Community Recreation	(206)	(778)	572	-	201	-	88	242	1	40	-
Creative and Cultural Vibrancy	(3,985)	(4,244)	259	-	(211)	(7)	194	270	(2)	15	-
Governance and Support Service	(3,785)	(3,798)	13	(19)	(36)	3	202	(227)	122	(32)	-
Regulatory Services	883	740	143	-	(134)	(11)	333	(57)	12	-	-
Resilient City	253	(518)	771	-	(41)	1	153	658	-	-	-
Roading and Footpaths	(863)	(1,876)	1,013	(1)	(668)	-	246	1,275	-	161	-
Treaty Partnership	97	81	16	-	-	5	(2)	13	-	-	-
3 Waters	(3,914)	(6,694)	2,780	72	968	(111)	36	1,370	158	287	-
Vibrant Economy	(292)	(669)	377	-	148	1	46	181	1	-	-
Waste Minimisation	278	(143)	421	13	(238)	(335)	(15)	759	168	69	-
Total Council (excluding Waipori)	(13,451)	(19,860)	6,409	65	(57)	(461)	1,178	4,570	461	653	-
Waipori Fund	4,678	1,258	3,420	-	3,422	-	-	(2)	-	-	-
Total Council	(8,773)	(18,602)	9,829	65	3,365	(461)	1,178	4,568	461	653	-



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 2026, Dunedin City Holdings Ltd projections and the DCC 9 year plan 2025-34.

FINANCIAL STRATEGY COMPLIANCE - NOVEMBER 2025

Department: Finance

EXECUTIVE SUMMARY

- 1 The attached report provides a summary of rate and debt limits, including group debt limits. The purpose of the report is to monitor compliance against these limits.
- 2 As this is an administrative report only, the Summary of Considerations is not required.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Financial Strategy Compliance – November 2025.

BACKGROUND

- 3 The report provided in Attachment A shows compliance with Financial Strategy limits and group debt limits. It summarises rates and debt limits as well as forecast rates and debt levels for the period of the 9 year plan. Actual financial information for the year ended 30 June 2025 is also now provided.
- 4 The report uses financial forecasts from the 9 year plan, the Dunedin City Treasury Limited Statement of Intent for the year ending 30 June 2026 and Dunedin City Holdings Limited projections as at 30 June 2025.

NEXT STEPS

- 5 Financial Strategy Compliance Reports will be provided quarterly to the Audit, Risk and Assurance Committee.

Signatories

Author:	Tony Nelmes - Project Accountant
Authoriser:	Carolyn Allan - Chief Financial Officer

Attachments

	Title	Page
A	Financial Strategy Compliance	96

Financial Strategy Compliance

This report provides a summary of financial limits for rate increases and debt and monitors how current forecasts measure against the limits.

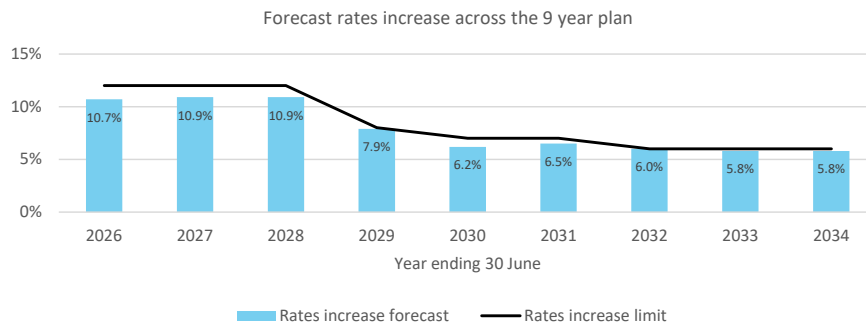
The report shows that forecast rate increases and forecast debt levels are within limits.

Rates

The Council's Financial Strategy includes limits on annual rate increases. These are set out in the 9 year plan 2025-2034 as follows:

- Years 1 – 3: no more than 12% per annum
- Year 4: no more than 8% per annum
- Years 5 – 6: no more than 7% per annum
- Years 7 – 9: no more than 6% per annum

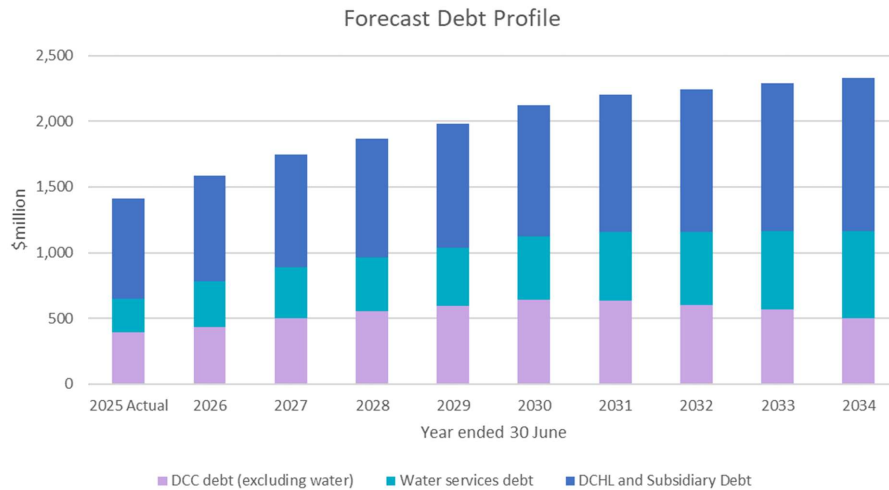
The following chart shows the forecast rate increases against the annual rate increase limits for the 9 year plan:



Debt

Total DCC Group debt was \$1.4 billion as at 30 June 2025, and is forecast to be \$2.3 billion by 30 June 2034.

The following graph demonstrates the forecast DCC Group debt profile to 30 June 2034.



Overview of Borrowing Arrangements

The Council's Treasury Risk Management Policy also applies to Dunedin City Holdings Limited (DCHL) and all subsidiaries owned by the Council. It is the basis for the risk management parameters within the Council's Liability Management. The entities that the Policy document applies to are collectively called the Dunedin City Council Group ("DCC Group"). The Policy is the sole Treasury Risk Management Policy within the Group.

Dunedin City Treasury Limited (DCTL) provides funding and financial services to all entities in the DCC group. The principal role of DCTL is to fund the group (including Council) and to identify and manage financial risks.

DCTL provides regular reports to the Audit and Risk Subcommittee on compliance with the Treasury Risk Management Policy.

LGFA Funding and Debt Limits

DCTL may borrow from the Local Government Funding Agency (“LGFA”) and, in doing so, the Council and the DCC Group must comply with all relevant financial covenants/ratios of the LGFA as follows:

LGFA Financial Metric	Covenant Limit
Net Debt / Total Revenue ¹	<280%
Net Interest / Total Revenue	<20%
Net Interest / Rates Revenue	<30%
Liquidity	>110%
Credit rating	≥A

Actual and forecast reporting against the LGFA covenants for Council and the DCC Group are shown in the table below:

Financial Covenant	Covenant Limit	2023 Actual	2024 Actual	2025 Actual	2026 Forecast	2027 Forecast	2028 Forecast
Core Council							
Net Debt / Total Revenue	<280% ¹	110.4%	141.0%	145.7%	162.2%	178.4%	180.4%
Net Interest / Total Revenue	<20%	0.3%	1.0%	1.8%	2.4%	3.9%	3.9%
Net Interest / Rates Revenue	<30%	0.4%	1.6%	2.6%	3.6%	5.5%	5.4%
Liquidity Ratio	>110%	169.8%	158.8%	155.7%	146.2%	140.8%	137.8%
DCC Group							
Net Debt / Total Revenue	<280% ¹	160.3%	185.4%	191.3%	178.8%	183.3%	183.4%
Net Interest / Total Revenue	<20%	5.6%	7.8%	8.1%	7.2%	7.5%	8.1%
Net Interest / Rates Revenue	<30%	17.4%	23.4%	21.9%	21.5%	21.7%	22.5%
Liquidity Ratio	>110%	130.7%	128.4%	126.6%	124.5%	122.9%	121.5%

Uncalled Capital

The assets of Aurora Energy Limited, DCTL and DCHL – including its uncalled share capital – are included in the DCC Group’s existing Debenture Agreement (which underpins all DCC Group debt). The Debenture Agreement outlines the specific details of the security which investors in DCTL securities have.

DCHL has \$1.9 billion of uncalled capital with the Council. This is represented by shares, which have been issued by DCHL to the Council, that are currently unpaid. DCTL is permitted to issue debt securities up to the amount of uncalled capital of \$1.9 billion. Following adoption of the Council’s 9 year plan 2025-34 and agreement of the 2025/26 Statements of Intent of DCHL and its subsidiary and associate companies, the Council increased the level of DCHL uncalled share capital from \$1.6 billion

¹ LGFA Alternative Net Debt to Total Revenue ratios: <295% in 2023, <290% in 2024, <285% in 2025. Net Debt to Revenue covenant limit will return to <280% going forward from the 2026 financial year.

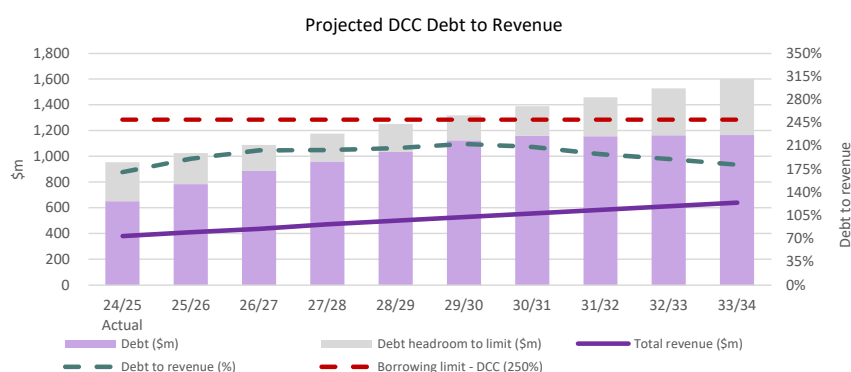
to \$1.9 billion. This is because the current DCC Group borrowing arrangements require the level of DCHL uncalled share capital to be greater than DCC Group debt.

The increase in debt is primarily driven by the planned capital expenditure programmes for Aurora Energy Limited, and the Council including water services as set out in the approved 9 year plan 2025-2034. The level of uncalled capital will be increased in future years as required. It will be reviewed again in July 2027, following adoption of the next 10 year plan, Water Services Strategy and 2027/28 Statements of Intent of DCHL and its subsidiary and associate companies. It has been a long-standing practice of DCC to increase the level of uncalled capital to cover the statement of intent period only.

Council Debt Limit

In addition to the LGFA and uncalled capital limits, the Council has a Financial Strategy debt limit. This is set out in the 9 year plan 2025-2034. Council's debt limit is a variable amount that is calculated as a percentage of revenue. The gross debt limit is set as 250% of revenue (excluding investment property gains). This debt limit allows flexibility to deliver the planned capital expenditure programme, while also having capacity to fund potential unplanned events.

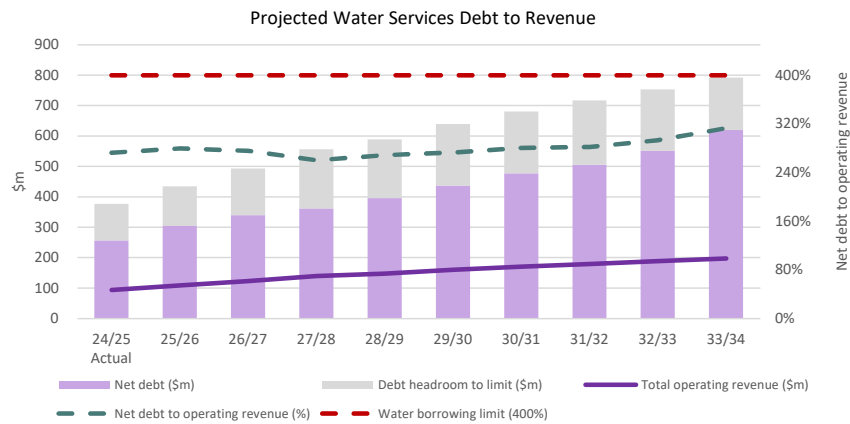
The following chart shows forecast revenue and forecast debt as a % of revenue against the limit.



Water Services Debt Limit

Further to the above limits, there is also a self-imposed gross debt limit for water services debt set at 400% of water services revenue. This limit is included in the Water Services Delivery Plan, which was accepted by the Secretary for Local Government on 10 November 2025. This limit reflects the level of water services debt required to complete the capital programme and provide headroom in case of unforeseen events. If water services debt reaches 400%, Council will need to ensure that it doesn't breach overall limits.

The following chart shows Water Services forecast revenue and forecast debt as a % of revenue against the limit.



Credit Rating

Credit rating agencies take into account matters relating to debt and expenditure against revenue, liquidity and credit risk. As Council borrows more, revenues will need to increase to ensure council remains financially sustainable. DCC and DCTL have a Standard and Poor's credit rating at March 2025 of AA- with a negative outlook. Credit ratings are assessed at least annually.

Supplementary Information

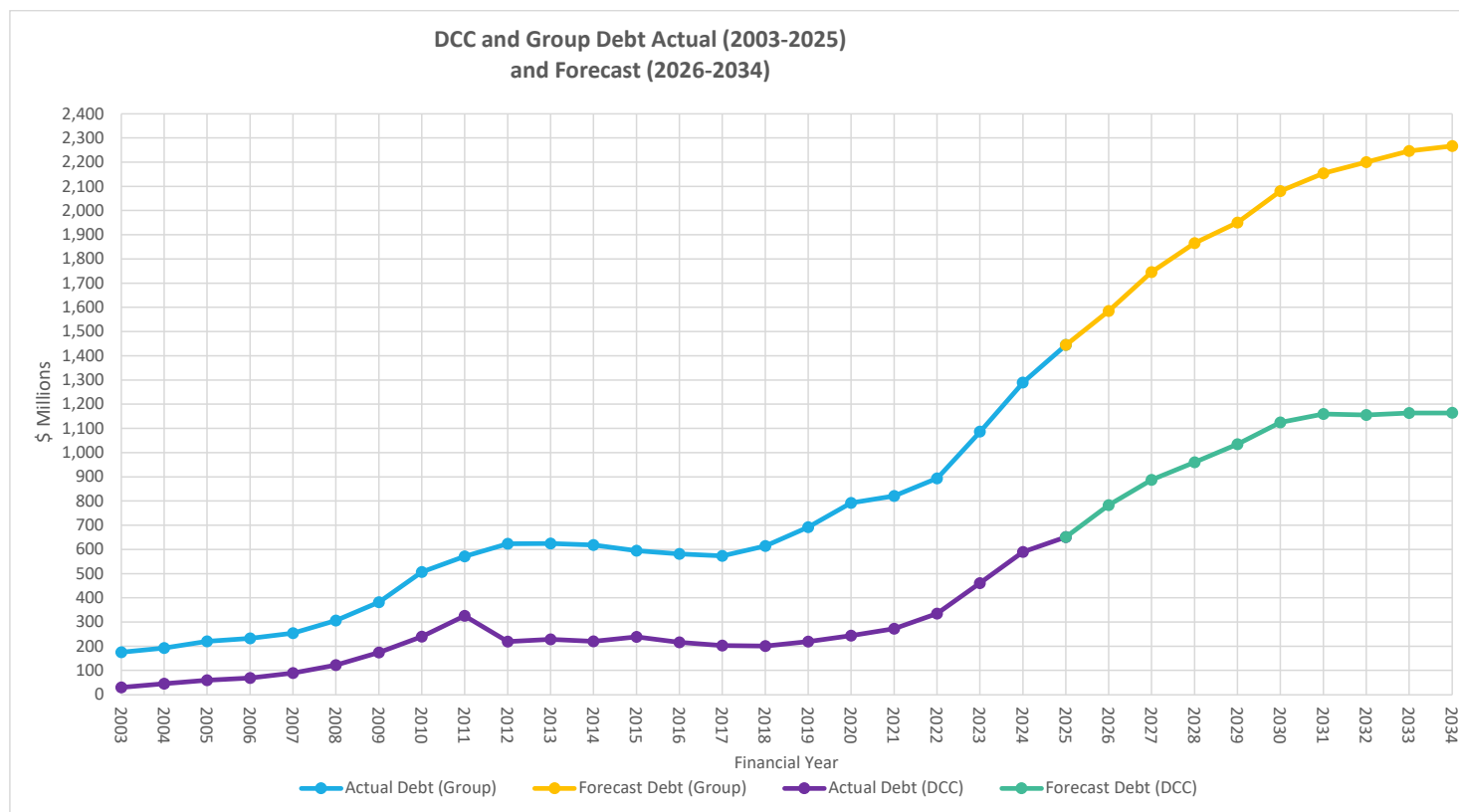
Supplementary information is provided in the Appendices, including a schedule showing financial strategy limits (Appendix A) and a chart illustrating actual and forecast group debt (Appendix B).

Appendix A
Financial Strategy Limits

(\$'000s)	2024/25 Actual	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	2029/30 Budget	2030/31 Budget	2031/32 Budget	2032/33 Budget	2033/34 Budget
Debt (Whole of Council)										
Debt	650,973	783,173	887,239	960,368	1,035,207	1,125,448	1,159,801	1,155,831	1,164,363	1,164,920
Debt Limit (at 250% of revenue)	953,513	1,025,575	1,088,528	1,176,745	1,250,633	1,318,120	1,389,710	1,459,710	1,528,165	1,601,640
Total Revenue	381,405	410,230	435,411	470,698	500,253	527,248	555,884	583,884	611,266	640,656
Debt Limit (at 250% of revenue)	171%	191%	204%	204%	207%	213%	209%	198%	190%	182%
Debt (Water Services Only)										
Debt (Net Debt)	256,789	304,194	340,293	362,287	396,358	438,428	479,110	508,449	554,911	623,658
Debt Limit (at 400% of revenue)	376,732	434,680	492,640	556,380	588,700	639,600	680,416	717,016	752,932	791,872
Total Revenue	94,183	108,670	123,160	139,095	147,175	159,900	170,104	179,254	188,233	197,968
Debt Limit (at 400% of revenue)	273%	280%	276%	260%	269%	274%	282%	284%	295%	315%
Debt (Group)										
Debt	1,413,975	1,585,010	1,745,010	1,865,010	1,976,659	2,106,705	2,179,690	2,225,722	2,272,007	2,293,023
Rates (Whole of Council)										
Rates Revenue	239,803	264,596	293,436	325,423	351,128	372,879	397,105	420,944	445,376	471,194
Rates Limit	216,576	267,704	299,828	335,807	362,672	388,059	415,223	440,136	466,544	494,537
Rates Increase Forecast	17.50%	10.70%	10.90%	10.90%	7.90%	6.20%	6.50%	6.00%	5.80%	5.80%
Rates Increase Limit	6.50%	12.00%	12.00%	12.00%	8.00%	7.00%	7.00%	6.00%	6.00%	6.00%
Rates (Water Services Only)										
Rates Revenue	85,129	97,896	112,606	129,574	137,293	149,682	159,580	168,435	177,166	186,646
Rates Increase Forecast	15.00%	15.00%	15.00%	15.00%	6.00%	9.00%	6.60%	5.50%	5.20%	5.40%
Operating Surplus (Whole of Council)										
Surplus/ (deficit)	-733	0	2,584	14,640	23,313	20,467	14,942	32,501	46,124	60,899
Operating Surplus (Water Services Only)										
Surplus/ (deficit)	-12,940	-16,040	-6,895	2,559	2,559	2,559	2,559	2,559	2,559	2,559

Appendix B

Actual and Forecast Debt – DCC and Group



Glossary

Committed facilities – Loan or credit arrangements enabling Council to draw down funds up to an agreed limit, as needed.

Credit rating - An independent assessment of a Council's creditworthiness, typically provided by an agency like S&P Global Ratings or Fitch, indicating the risk associated with the Council's ability to meet its financial obligations.

Debt Headroom - The difference between the Council's current debt level and its maximum allowable borrowing capacity, based on LGFA or self-imposed limits.

Gross Debt - The total amount of a council's outstanding borrowings or loans, before deducting any cash or financial assets.

LGFA Covenants - Financial rules and limits set by the LGFA that participating councils must comply with as a condition of borrowing.

Liquidity – Refers to ability to fulfil debt obligations using cash, liquid investments and committed bank facilities.

Local Government Funding Agency (LGFA) – An organisation that issues debt in New Zealand dollars to provide local councils and council-controlled organisations with more affordable financing options.

Net Debt – Gross debt less liquid financial assets and investments.

Net Interest – Calculated Interest expense on loans less income earned on investments or cash balances.

Uncalled Capital - A financial commitment representing the value of shares held by Council in DCHL for which payment has not yet been requested. It acts as security, enabling Council to access borrowing facilities.

ELECTED MEMBER GIFTS AND HOSPITALITY - GUIDANCE

Department: Finance

EXECUTIVE SUMMARY

- 1 This report provides an overview to the Audit, Risk and Assurance Committee (ARAC) of the management of gifts and hospitality offered to elected members.

RECOMMENDATIONS

That the Committee:

- a) **Notes** the Elected Member Gifts and Hospitality – Guidance report.

BACKGROUND

- 2 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 elected members role. However, gifts and/or hospitality offered by third parties can create an actual, potential, or perceived conflict of interest.
- 3 By managing conflicts of interest, the DCC ensures that all decision-making processes and business activities cannot be justifiably challenged based on any actual, potential, or perceived bias, or conflict of interest. Guidance has been provided by the Office of the Auditor General on the management of conflicts of interest and includes a scenario regarding gifts and hospitality (attachment A).
- 4 At a minimum the Local Government (Pecuniary Interests Register) Amendment Act 2022 requires elected members to declare gifts and hospitality valued at or over \$500.
- 5 The Dunedin City Council has a limit for elected members of \$50 for declaration as per the code of conduct - <https://www.dunedin.govt.nz/resources/documents/council/mayor-and-councillors/mayor/Code-of-Conduct-Oct-2019.pdf>
- 6 The \$50 limit aligns with the DCC staff policy, and the table below captures the limits for elected members from some of the other local authorities.

Local Authority	Limit for declaration
Ashburton District Council	\$500
Christchurch City Council	\$500

Queenstown Lakes District Council	\$500
Wellington City Council	\$500
Hamilton City Council	\$150
Auckland City Council	\$100
Gisborne District Council	\$100
Dunedin City Council	\$50
Hastings District Council	\$50
Hutt City Council	\$50
Invercargill City Council	\$50
Kāpiti Coast District Council	\$50
Manawatū District Council	\$50
Napier City Council	\$50
Tauranga City Council	\$50

DISCUSSION

- 7 At a recent fraud awareness and prevention training session for elected members, questions were raised on what is acceptable or not regarding gifts and hospitality. It was recognised that there needs to be further guidance and a clear process for elected members on what to do when offered gifts and hospitality as a part of their role for the DCC. The following sections aim to provide that clarity.
- 8 Gifts and hospitality are defined as follows:
 - a) Gifts can be defined as any benefit provided as a good or service an elected members receives in association with work at the DCC, from a third party. Gifts can include, but are not limited to:
 - Bottles of wine
 - Flowers
 - Prizes won in 'business card draws' at DCC-funded conferences
 - Tickets to an event
 - Invitations to attend an event which has a price tag, including corporate boxes or corporate areas at any function.

- b) Hospitality is defined as a type of gift that involves food, drink, entertainment, or a meal. It involves being hosted by a person or organisation at an occasion or function without the freedom to choose when, where and which guests will also attend. Hospitality includes, but is not limited to:
 - Meals (includes breakfast, lunch, dinner) paid for the third party with business associates or networks for any purpose.
 - Corporate hospitality surrounding events.
 - Corporate functions that are catered.
- 9 Any gifts or hospitality offered at or over the value of \$50 needs to be declared, regardless of if it was accepted or not.
- 10 An initial gifts and hospitality register for elected members has been set-up with elected members required to declare to the Councillor Support email Councillor.Support@dcc.govt.nz. An electronic form is under development.
- 11 The elected members gift and hospitality register will be reviewed by ARAC every quarter. Any identified gifts and hospitality valued at or over \$500 will also be included on the relevant members pecuniary interests register.
- 12 Like that of the staff gifts and hospitality register, the elected members register will capture:
 - a) Date the gift/hospitality was offered.
 - b) Who the gift/hospitality was offered to.
 - c) The name of the third party (company or individual).
 - d) Description of gift/hospitality.
 - e) Estimated value.
 - f) Comments on action (accepted, declined, offered to pay etc.)
 - g) Any other relevant background (e.g. known DCC supplier, known grant recipient etc.)
- 13 If elected members are unsure on what is appropriate to accept or not, they should seek guidance from the CEO, or Chair of the Audit, Risk and Assurance Committee.

OPTIONS

- 14 There are no options as this is an update report.

NEXT STEPS

- 15 Continue development of an electronic form for the elected members gifts and hospitality register.
- 16 Circulate this guidance to elected members.

- 17 Report to ARAC the elected members gifts and hospitality register alongside the staff register.

Signatories

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

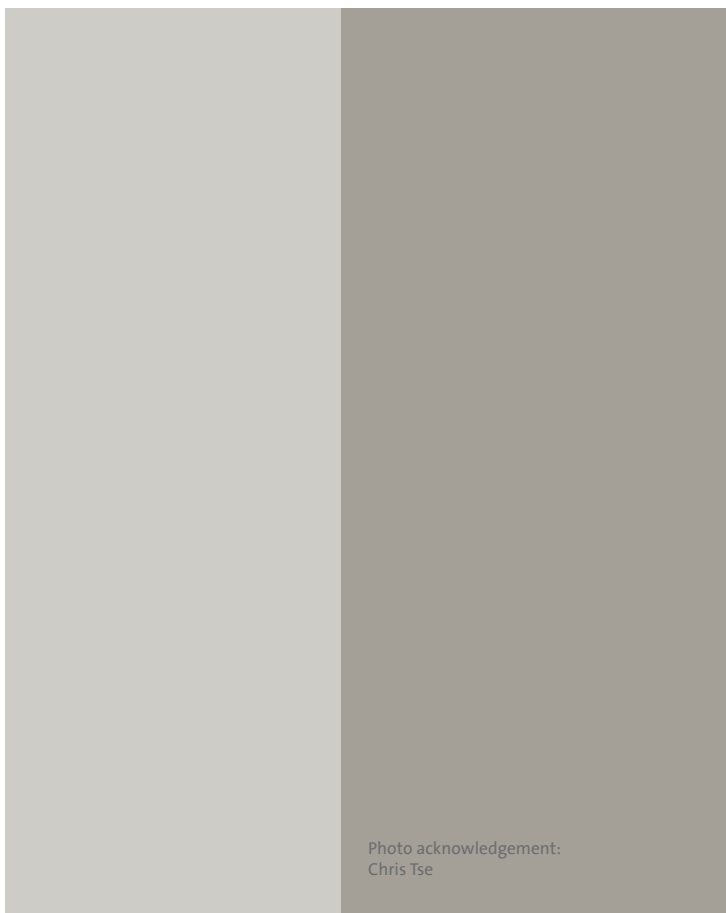
Attachments

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Managing conflicts of interest: A guide for the public sector





Managing conflicts of interest: A guide for the public sector

This is a good practice guide
published under section 21 of the
Public Audit Act 2001.

June 2020

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Auditor-General's overview

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

If you work in the public sector, it does not matter what your role is or how senior you are. In a small country like ours, there is a good chance you will have a conflict of interest at some point in your working life.

A conflict of interest is where the responsibilities you have as an employee or office holder in a public organisation are affected by some other interest you have in your private life. That other interest could be a relationship, a role in another organisation, or a business interest.

Having a conflict of interest does not necessarily mean you have done anything wrong. If the conflict is handled well, it does not have to be a problem. Conflicts can arise in many situations. Some are serious, some less so, and some are unavoidable. But, in any situation where activities are carried out in the public interest or paid for out of public funds, the public needs to be confident that decisions:

- are made impartially and for the right reasons; and
- are not influenced by personal interests or ulterior motives.

That means, if you are working in the public sector, you need to be able to:

- identify the different interests you have;
- recognise if you might have a conflict;
- understand how serious it is and what risks it gives rise to, for both you and the organisation you work for; and
- understand what to do about it.

That is what this guide is about – identifying interests and managing conflicts, so the public can be confident that people making decisions and spending public funds on their behalf are doing so in the public interest, not to benefit their family, friends, business associates, or themselves.

To manage conflicts of interest, there are usually both legal and ethical questions that need to be taken into account. Some public organisations are subject to specific legal requirements governing how conflicts are managed. Most will have policies or processes that people are required to comply with. This guide is not intended to replace any of these sector or organisation-specific legal or policy requirements.

Instead, this guide takes a principles-based approach, intended to complement those requirements. It outlines the basic rules that apply to different types of conflicts, points you in the direction of the rules that are likely to apply to you, and provides some principles and guidance on best practice to help you judge

how best to manage a conflict, when the rules, by themselves, do not provide an obvious answer. It also includes several scenarios to help show how these principles might be applied in practice.

Nāku noa, nā



John Ryan
Controller and Auditor-General

24 June 2020

1

Introduction

- 1.1 Every employee or office holder has several professional and personal interests and roles. Conflicts of interest sometimes cannot be avoided and can arise without anyone being at fault. They need not cause problems as long as they are promptly disclosed and well managed.
- 1.2 In this guide, we describe conflicts of interest in the public sector, and how to identify, disclose, and manage them. We do not lay down rules but instead suggest an approach for dealing with issues when they arise.¹ This guide represents our view of what constitutes good practice in the public sector.
- 1.3 This guide will be useful for everyone who works in the public sector. We also publish a separate good practice guide about the legal requirements under the Local Authorities (Members' Interests) Act 1968.²
- 1.4 There are several aspects to managing conflicts of interest effectively:
 - Public organisations and employees and office holders need to understand what a "conflict of interest" is, and be aware of the different ways in which one can arise (see Parts 2 and 3).
 - Employees and office holders should identify and disclose a conflict of interest as soon as it arises (see Part 4).
 - In every instance, the public organisation (or, sometimes, the employee or office holder concerned) needs to consider what action (if any) is necessary to manage the conflict of interest. This might include publicly disclosing significant conflicts of interest in the interests of public transparency (see Part 4).
 - Public organisations should establish policies and procedures to help them and their employees to identify and deal with conflicts of interest (see Part 5).
 - Public organisations need to understand the main legal and ethical considerations that are likely to apply to managing conflicts of interest and the possible consequences of breaching the applicable rules (see Part 6).

Guiding principles

- 1.5 Public business should be conducted with a spirit of:
 - integrity;
 - impartiality;
 - accountability;
 - trustworthiness;

¹ For organisations in the State services, please also see the State Services Commission's *Model Standards on Conflicts of Interest*. They outline the State Services Commissioner's minimum expectations for staff and organisations in the State services to support effective reporting and management of conflicts of interest.

² The Local Authorities (Members' Interests) Act 1968 applies to members of city councils, district councils, regional councils, community boards, and a range of other public bodies.

- respect; and
- responsiveness.

1.6 In our view, these principles should guide any decisions about conflicts of interest.

Our role with conflicts of interest

1.7 The Auditor-General does not have an explicit statutory role with regard to conflicts of interest.³

1.8 The Auditor-General cannot “rule” on whether someone has a conflict or whether it was lawful for them to participate in a particular matter. Nor can we take enforcement action against someone who might have acted unlawfully or inappropriately because of a conflict of interest. These are matters for the courts.

1.9 However, under the Public Audit Act 2001, the Auditor-General is the auditor of all public organisations and, as such, has an interest in supporting them to carry out their activities lawfully and in a way that inspires public confidence. The proper management of conflicts of interest is a fundamental part of maintaining public confidence in the public sector. Therefore, the Auditor-General has a strong interest in supporting good practice.

1.10 This guide is one of the ways we aim to support good practice in managing conflicts of interest in the public sector. Other ways we might look at conflicts of interest are:

- **As part of our annual audit work:** The Auditor-General appoints auditors to carry out annual audits of public organisations. Under section 15 of the Public Audit Act, auditors can look at an organisation’s systems and processes for managing conflicts of interest as part of the annual audit. Auditors also monitor some types of disclosures about conflicts of interest as part of the annual audit.
- **When carrying out an inquiry:** The Auditor-General has the power to examine concerns about conflicts of interest as part of an inquiry into a public organisation’s use of its resources under section 18 of the Public Audit Act.
- **When carrying out a performance audit:** The Auditor-General can examine a public organisation’s compliance with any statutory or internal policy requirements about conflicts of interest, in the course of carrying out a performance audit under section 16 of the Public Audit Act.

3 Except in the case of the Local Authorities (Members’ Interest) Act 1968, where the Auditor-General has statutory functions under the Act.

The nature of conflicts of interest

2

What is a conflict of interest?

- 2.1 A conflict of interest is any situation where your duties or responsibilities as an employee or office holder in a public organisation conflict, or could be seen to conflict, with some other interest you might have outside of work.
- 2.2 The other interest or duty might be:
- holding another public office;
 - being a current or (recent) former advisor, director, or partner of another business or organisation;
 - being a member of a club, society, or association;
 - having a professional or legal obligation to someone else (such as being a trustee);
 - having a beneficial interest in a trust;
 - owning or occupying a piece of land;
 - owning shares or some other investment or asset;
 - having received a gift, hospitality, or other benefit from someone;⁴
 - owing a debt to someone; or
 - being a relative or close friend of someone who has one of these interests, or who could otherwise be personally affected by a decision of the public organisation.

Having an interest does not necessarily mean you have a conflict of interest

- 2.3 Having a personal interest, on its own, is not what causes a conflict. Everyone has multiple roles and interests at work, at home, in their extended families, or in the community. A potential conflict of interest arises only where your duties or responsibilities as an employee or office holder in a public organisation overlap with one of your other roles or interests.
- 2.4 For example, you are an elected member of a local council and also involved in running a business, on the committee of a local sports club, and a member of a voluntary organisation. Your involvement in the business, role on the committee, and membership of the voluntary organisation are all interests that you have as well as your role as an elected member of the council.

⁴ Here, issues about conflicts of interest overlap with the management of sensitive expenditure. See our good practice guide, *Controlling sensitive expenditure: Guidelines for public entities*.

Part 2

The nature of conflicts of interest

- 2.5 These other interests do not necessarily mean you have any conflicts of interest. An interest becomes a potential conflict of interest only if it overlaps in some way with your role as an elected member. For example, your interest might result in a potential conflict of interest if:
- your business puts in a bid to provide goods or services to the council;
 - the sports club is located on land leased from the council; or
 - the voluntary organisation seeks funding from the council to help fund its activities.

Why might having a conflict of interest be a problem?

- 2.6 Having a conflict of interest does not mean you have done anything wrong, and it is not necessarily a problem if it is managed properly. Conflicts can arise in all sorts of situations, as the list above shows. Some conflicts are serious, some less so. Some are unavoidable, especially in a small country like ours.
- 2.7 However, in any situation where activities are paid for out of public funds or carried out in the public interest, the public needs to be confident that decisions:
- are made for the right reasons; and
 - are not influenced by personal interests or ulterior motives.
- 2.8 The risk with having a conflict of interest – at least, one that is not properly managed – is that you will be seen to be advancing your own interests or the interests of others you feel a sense of loyalty or obligation to, rather than the interests of your role as a public servant.
- 2.9 Even if you have no intention of acting improperly, and are confident that you can think and act impartially, **if it looks like** you might be influenced by personal interests or ulterior motives when making a decision, you risk undermining public confidence in the integrity of that decision. You can also potentially expose the organisation you work for to legal, commercial, political, or reputational risk.

Why managing conflicts is particularly important in the public sector

- 2.10 Conflicts of interest can arise in all walks of life, including the private sector. However, there are higher expectations about conflicts of interest in the public sector because it is public money that is being spent, and public powers that are being exercised.

- 2.11 Where activities are paid for out of public funds, or decisions are made exercising public powers, members of the public rightly expect the people making those decisions to act impartially, without any possibility that they could be influenced by favouritism or improper personal motives, or that public resources could be misused for private benefit.
- 2.12 Also, unlike private organisations, public organisations are subject to specific legal rules that require their decision-making processes to be procedurally fair. Any decision of a public organisation that is tainted by bias, or the appearance of bias, is potentially subject to legal challenge.
- 2.13 This means that conduct that might be allowed in the private sector is not necessarily acceptable in the public sector. For example, under the Companies Act 1993, company directors are required to disclose when they have a personal interest in a transaction, but might then be permitted to discuss and vote on that transaction, despite having an interest in it. Similarly, small businesses in the private sector often employ and contract with family members as a matter of course. Such practices might be unacceptable – or, at the very least, require more careful management – in a public organisation.

Conflicts of interest and corrupt conduct

- 2.14 Corrupt conduct can arise when a conflict of interest is intentionally concealed, understated, mismanaged, or abused.
- 2.15 Experience shows that many, if not most, forms of corrupt conduct involve a conflict of interest. It is also possible to engage in corrupt conduct to do with another person's conflict of interest.
- 2.16 Examples of conduct that could be corrupt include:
- concealing or failing to disclose a conflict of interest;
 - making false or understated declarations about a conflict of interest;
 - favouring another interest over public duty;
 - improperly influencing others to favour a personal interest;
 - misusing resources to favour a personal interest;
 - improperly accessing, using, or disclosing information about a conflict of interest;
 - acting improperly to favour another person's personal interests; and
 - improperly allowing others to conceal a conflict of interest.

3

Different types of conflicts of interest

- 3.1 The seriousness of a conflict, and the type of risks it gives rise to, for you personally and the organisation you work for, will vary depending on the nature of the conflict and the context in which it arises. Conflicts of interest can arise in a wide variety of ways. In all cases, the underlying concern is the same – that is, ensuring that decisions are made impartially, and managing the risk of bias, or the appearance of bias.
- 3.2 To work out how to manage a conflict, it can be helpful to categorise it as a:
 - financial conflict;
 - non-financial conflict;
 - conflict of roles; or
 - predetermination.
- 3.3 The situation you are facing might not fall neatly into one category. There are also situations where you might have more than one type of conflict. But, if you are trying to figure out whether you have a conflict and, if so, what to do about it, analysing your situation by putting it in one of these four categories can be a useful starting point.
- 3.4 In addition to these four categories, you also need to consider potential conflicts created by the possession of official information. The Serious Fraud Office often sees among public sector employees a failure to appreciate that it can be an offence to use information acquired in an official capacity for the personal benefit of that official or another.⁵ As we noted earlier, public sector officials are often held to a higher standard than in the private sector and it is important that officials do not take advantage of information acquired in their official role to make a gain either for themselves or others.
- 3.5 In all situations, your conflict might be actual or perceived – that is, you might have an actual conflict, or there could be no conflict, but to an outside observer it looks like there is.
- 3.6 Members of the public do not often have access to all the relevant facts, and cannot know what is in your mind or what your motivations are. They can judge only by appearances and information in the public domain. That means perceived conflicts are often as risky as actual conflicts, and you need to take just as much care to identify and manage them.

Financial conflicts of interest

- 3.7 A financial conflict of interest is any situation where you stand to gain or lose financially from a decision you are asked to make.

- 3.8 Financial interests might be direct or indirect. There are also situations where you might be deemed to share the same financial interests as another person or organisation. For example, you might be deemed to share any financial interests your spouse or partner has, or those of any business you are involved in.
- 3.9 A financial interest need not involve cash changing hands directly. It could, for example, be an effect on the value of land or shares that you own, or the turnover of a business you are involved in.
- 3.10 Financial conflicts of interest are often treated more strictly than non-financial conflicts of interest. For example:
- Under the common law, any financial conflict of interest (except one that is trivial) automatically disqualifies a public official from participating in a decision.
 - The Local Authorities (Members' Interests) Act prohibits members of local authorities and office holders in other specified public organisations⁶ from discussing or voting on any matter in which they have a financial interest, unless their interest is "in common with the public".
- 3.11 If you have a financial conflict of interest:
- you should treat it seriously, even if it seems trivial to you; and
 - you need to make sure you are familiar with any specific rules that apply to the management of financial conflicts of interest in the organisation you work in.

Non-financial conflicts of interest

- 3.12 A non-financial conflict of interest is any situation where you are not affected financially by a decision but are affected in some other way that might make you biased or appear to be biased.
- 3.13 A non-financial conflict of interest might arise, for example, from a family relationship, friendship, or any other sort of personal relationship.
- 3.14 Non-financial conflicts can also arise if you are a member of, or involved with, an organisation outside of your work.
- 3.15 Under the common law, a non-financial conflict of interest does not automatically exclude you from participating in a decision. It will depend how serious the conflict is. That does not mean non-financial interests are always less serious than financial conflicts. However, because there is not an automatic assumption of bias, there is generally more room for judgement about how serious the conflict is and how it should be managed.

6 For a list of organisations, see our good practice guide, *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest*.

Interests of relatives and friends

- 3.16 Considering the interests of relatives and friends requires careful judgement. If they have an interest that overlaps with the duties of an employee or office holder, then there might be a conflict of interest.
- 3.17 Specific statutory rules might also apply. For example:
- for members of local authorities covered by the Local Authorities (Members' Interests) Act, the financial interests of a spouse, civil union partner, or de facto partner are regulated; and
 - for matters covered by the Crown Entities Act 2004, the interests of a spouse, civil union partner, de facto partner, child, or parent are regulated.
- 3.18 In general, for situations not covered by specific statutory rules, we consider that, at least, the interests of any dependants or relatives who live with the employee or office holder must be treated as effectively the same as if the interest was held by the employee or office holder. In other words, if interests held by these relatives overlap with an employee or office holder's official duties, there will be a conflict of interest.
- 3.19 For other relatives, it will depend on the closeness of the relationship and the degree to which the public organisation's decision or activity could directly or significantly affect them. (Part 4 covers assessing the seriousness of a conflict of interest.)
- 3.20 Close relationships can vary. A relationship could be close because of the directness of the blood or marriage link, or because of the amount of association. There are no clear rules but it will usually be wise not to participate if relatives are significantly affected.
- 3.21 Some cultures, including Māori culture, have a broad concept of family. In our view, a conflict of interest will not often arise where the connection is a common ancestor, such as another iwi or hapū member. Sometimes an iwi connection could create a conflict of interest in and of itself. For example, if the person is working for a public organisation on a Treaty settlement where they are likely to end up as a beneficiary, this might create a conflict of interest. In this situation, the interest is personal.
- 3.22 Questions of judgement and degree also arise when considering friends and other associates. However, in our view, it is unrealistic to expect the employee or office holder to have absolutely no connection with or knowledge of the person concerned. New Zealand is a small and interconnected society. Simply being acquainted with someone, having worked with them, or having had official dealings with them is not something we would consider to cause a problem. However, a longstanding, close, or recent association or dealing might do.

- 3.23 Care should also be taken with interests held by people who have funded the election campaigns of elected members.
- 3.24 Where the public organisation's decision or activity affects an organisation that a relative or friend works for, it could be reasonable to take into account the nature of their position. For example, it might be material whether they are a senior executive or owner, on the one hand, or whether they are a junior staff member who is not personally involved in the matter and who would not be personally affected by the decision, on the other.

Conflict of roles

- 3.25 A conflict of roles can arise in any situation where you are a decision-maker for two different organisations about the same matter.
- 3.26 In some ways, a conflict of roles is just another type of non-financial conflict. We have given it its own category because a conflict of roles is likely to prompt different issues than other types of conflicts. The question you need to consider is not so much whether your interests conflict, but whether the interests of the two organisations you work for do.
- 3.27 A conflict of roles is also more likely to prompt questions about conflicting duties. For example:
 - If both organisations are involved in the same project or transaction, and you owe a duty of confidentiality to both, can you be effectively involved in making decisions for both organisations about that project or transaction?
 - Can you fulfil a fiduciary duty to one organisation (for example, as a company director or trustee) when deciding something if you owe a fiduciary duty, or some other sort of duty of loyalty, to the other organisation?
- 3.28 Sometimes you might be involved in a second organisation quite deliberately. You might have been appointed specifically to represent the first organisation or hold office in another organisation because of your position in the first organisation. For example, if you are an employee of a Crown entity, you might have been appointed as its representative on a community trust that the Crown entity funds.
- 3.29 In those situations, it might be consistent with your role to participate at meetings of the first organisation in some matters that concern the second organisation, especially if that second role gives you specialised knowledge that it would be useful to contribute. This might be legitimate – and mutually beneficial – because for many matters there will be no risk that you could advance any private interest, show partiality, or otherwise act in a way that was not in the first organisation's best interests.

Part 3

Different types of conflicts of interest

- 3.30 However, you must be careful not to assume that this is always so. Conflicts of interest could still arise with some decisions. This is especially likely where you might be under a legal duty (for example, as a director or trustee) to act in the best interests of one organisation. For example, a conflict of interest might arise when one organisation is making a decision about funding the other, its continued existence, or on a formal submission it has made.
- 3.31 The main points to consider with a conflict of roles are that:
- you need to be clear in your own mind what your obligations are to each role or organisation;
 - you need to be confident that both organisations are clear about what your obligations are to each of them and, if necessary, have a protocol that explains this; and
 - you need to always be alert for situations where the interests of the two organisations might conflict, even if they generally do not.

Predetermination

- 3.32 Predetermination is any situation where you are making a decision about something and there is a risk that people will think you made up your mind before you considered all of the evidence. Suggestions of predetermination usually arise because of something you have previously said or done.
- 3.33 Technically, predetermination is not a form of conflict of interest. However, the concept of predetermination is derived from the common law on bias, so we have covered it in this guide. The underlying risk with predetermination is the same as for conflicts of interest – that is, the risk that you will “taint” a decision you are involved in making because you are biased or appear to be biased.
- 3.34 As a public sector employee or officeholder, you are entitled to have your own personal views. Indeed, you might often be expected to use your opinions or ideas in carrying out your work.
- 3.35 However, sometimes having strong views about a matter can create a risk of prejudice or predetermination. You might be treated as biased if your behaviour, beliefs, or what you say indicates that you made up your mind about a matter before it came to be heard or deliberated on – in other words, if you have a “closed mind” or fixed position and are not willing to fairly consider all relevant information and arguments.
- 3.36 The seriousness of the risk will depend on the context, such as what your role is and what sort of decision you are being asked to make.

- 3.37 For quasi-judicial decisions, decision-makers are held to an exacting standard of impartiality and objectivity. Quasi-judicial decisions are those that directly affect the legal rights, interests, and obligations of an individual or small group of individuals. Quasi-judicial decisions can be, for example, a decision to grant a permit, confer a specific benefit, or impose a punishment.
- 3.38 In other situations, it might nevertheless be acceptable for employees or officeholders to bring personal or previously formed views to decision-making – for example, when:
- discussing issues and exchanging ideas with members of the public;
 - developing a preliminary position, especially where a proposal is being consulted on or where the public organisation is expected to perform an advocacy role;
 - already holding – and perhaps having expressed – strong personal views about the matter, for decisions that are made by an elected or representative body and are political in nature or involve high-level policy-making;
 - promoting a particular view during debate in public hearings on a matter; and
 - drawing on your own knowledge or experience, especially for decisions that are entrusted to particular people because of their special expertise in the subject.
- 3.39 General personal factors, such as an employee's or officer holder's ethnicity, religion, national origin, age, political, or philosophical leanings, wealth, or professional background, will not usually constitute predetermination, unless they give rise to a strongly held personal belief that directly relates to the matter being considered.
- 3.40 When dealing with predetermination:
- You are expected to have an open mind, but that does not mean an empty mind.
 - Pay particular attention to the type of decision you are being asked to make. You need to be particularly careful about predetermination in situations where you are making decisions that will affect the legal rights, interests, and obligations of an individual or small group of individuals, as opposed to broad policy decisions that do not have an immediate effect on individuals.
 - Unlike many types of conflicts, the risks associated with predetermination are nearly always under your control. It is generally about managing what you do or say, so you do not later put yourself in a situation where your participation in a decision will put that decision at risk.

4

Dealing with conflicts of interest when they arise

- 4.1 There are two important aspects to dealing with conflicts of interest when they arise:
- identifying and disclosing the conflict of interest (primarily the responsibility of the employee or office holder concerned); and
 - deciding what action, if any, is necessary to best avoid or mitigate any effects of the conflict of interest (primarily the responsibility of the public organisation).

Identifying and disclosing a conflict of interest

- 4.2 Conflicts of interest can arise at any time. You might know from the outset, when you start in a role with a public organisation, that you have an outside interest that could result in a conflict of interest. Or you might take on a new role or appointment outside of work that could lead to a conflict at work. Or something might crop up, or your role at work might change, so that something that was not a conflict before becomes a potential conflict.
- 4.3 In short, everyone in the public sector needs to remain alert to the possibility of conflicts at all times.

Responsibility to identify and disclose conflicts of interest

- 4.4 The primary responsibility for identifying and disclosing conflicts of interest to the relevant people in a timely and effective manner rests with the person concerned.
- 4.5 This is because it is the individual person who will always have the fullest knowledge of their own affairs. They will be in the best position to realise whether and when something at work has a connection with another interest of theirs.
- 4.6 Managers and other senior personnel should remain generally alert for issues affecting other people that might create a problem. All public organisations need to be aware of any separate obligation they might have to disclose certain types of interests and potential conflicts (for example, under financial reporting standards).

Identifying conflicts of interest

- 4.7 In Parts 2 and 3, we discuss in detail the nature of conflicts of interest and the types of other interest that can give rise to a conflict of interest. The main question that must always be addressed is:

Whether an employee's or office holder's duties or responsibilities to a public organisation could be affected, or could be perceived to be affected, by some other interest or duty that the employee or office holder may have.

- 4.8 It is important to focus on the overlap between the two interests: that is, whether the person's other interest has something to do with the particular matter that is being considered or carried out by the public organisation.
- 4.9 It is better to err on the side of openness when deciding whether something should be disclosed. Many situations are not clear-cut. If you are not sure whether something constitutes a conflict of interest, it is safer and more transparent to disclose the interest anyway. The matter is then out in the open. Others with more expertise can judge whether the situation constitutes a conflict of interest, and whether the situation is serious enough to warrant any further action.
- 4.10 Disclosure promotes transparency and is always better than trying to manage the situation yourself.

Disclosing conflicts of interest internally

- 4.11 If a matter where a person has an interest arises at a formal meeting, the person should declare to the meeting that they have an interest in the matter before the matter is discussed. The declaration should be recorded in the minutes of the meeting.
- 4.12 In other situations, the matter should be raised and discussed with a relevant person as soon as the potential for a conflict of interest is identified. For most staff, the relevant person will be their manager (or another designated person in the public organisation). For a chief executive, the relevant person might be the board chairperson, responsible Minister, or another senior person in the public organisation. Board members should make a disclosure to the chairperson or deputy chairperson.
- 4.13 There might be an applicable law or internal policy that requires a disclosure to be lodged in a register. It is always wise to record any disclosure in writing anyway.
- 4.14 If something significant changes about the official role or the other interest, or the nature of the connection between them, the person should make a further disclosure, in case it is necessary to reconsider any decisions about how to deal with the conflict of interest.

Disclosing conflicts of interest externally

- 4.15 A public organisation might be under an obligation to disclose some types of interests and potential conflicts of interest publicly.
- 4.16 For example, an organisation might be required to disclose some matters in its financial statements, to comply with relevant accounting and auditing standards:

Part 4

Dealing with conflicts of interest when they arise

PBE IPSAS 20 *Related Party Disclosures* (Public sector Standards), NZ IAS 24 *Related Party Disclosures* (For-profit Standards), and ISA (NZ) 550 *Related Parties*. Those standards require the disclosure of transactions with related parties. In short, a “related party” is someone who has the ability, directly or indirectly, to control or exercise significant influence over the other party.

- 4.17 Even if there is no legal requirement to publicly disclose an employee or officeholder’s interest or conflict of interest, we recommend that public organisations consider the benefits of doing so. We recognise it is unrealistic for a public organisation to publicly disclose all conflicts of interest it is required to manage, and obviously any public disclosure would need to be balanced against the individual’s right to privacy.
- 4.18 However, the value of public transparency should not be underestimated – particularly for those public organisations that spend substantial sums of public money through procurement or grant allocation processes, or in any situation where public trust and confidence is fundamental to that public organisation’s ability to continue functioning successfully.
- 4.19 Many of the complaints made to us about a conflict of interest could have been avoided if the organisation had been more open about the conflict that had arisen and been willing to explain publicly what it was doing about it.
- 4.20 Options public organisations might want to consider include establishing their own threshold for public disclosure of significant conflicts of interest or disclosing conflicts in the context of significant or high-profile projects or transactions. Also, or alternatively, it might choose to make its policies on dealing with conflicts of interest publicly available.

Deciding on further action

- 4.21 Simply declaring a conflict of interest is not usually enough. Once the conflict of interest has been identified and disclosed, the public organisation might need to take further steps to remove any possibility – or perception – of public funds or an official role being used for private benefit.
- 4.22 In our view, responsibility rests with those “at the top” of the organisation. Leaders and senior managers need to model behaviour to the highest standard. It is not enough to have clear policies and processes. These must be seen to be strictly observed and enforced by those in senior positions.
- 4.23 The public organisation should carefully consider what, if anything, needs to be done to adequately avoid or mitigate the effects of the conflict of interest.

Responsibility to decide next steps

- 4.24 Usually, it is the public organisation's responsibility to determine the appropriate next steps (and to direct the affected employee or office holder accordingly). It is a matter of risk management. The decision-maker will usually be the person's manager (or other relevant person in relation to disclosure), acting on behalf of the public organisation. The public organisation's chairperson, chief executive, legal advisors, human resources staff, and other managers might need to help make decisions or offer advice to decision-makers. For convenience, we refer to the decision being made by "the public organisation".
- 4.25 Sometimes the decision about what the person needs to do will be straightforward, because there might be a clear legal requirement or other written rule covering the situation. An example is where there are statutory rules about participating in meetings that apply to members of a governing body. The onus to be aware of the rule, and to comply with it, lies with the person concerned. The judgement is theirs to make.

Action that should be taken to avoid or mitigate

- 4.26 For each potential conflict, it is important for the public organisation to consider whether something more ought to be done after disclosure. In doing so, the organisation should have regard to the principles (see paragraph 1.5) and the risk of how outside observers might reasonably perceive the situation. It is not safe to assume that a disclosure, and no further action, is always adequate.
- 4.27 First, if any legal requirement applies, then compliance with that is critical and overriding. For example, where the situation involves a legal requirement about a board member participating in a meeting, the law will usually require the member to refrain from participating in discussions and voting on the matter. There is usually no scope to decide on some lesser mitigation option.
- 4.28 Secondly, the public organisation should consider whether any relevant policy of the organisation contains a clear rule covering the situation.
- 4.29 Thirdly, if no relevant legal requirement or policy applies (or after any such rule has been complied with), then the public organisation should also consider whether anything more needs to be done. This is where there might be scope for a range of options. This assessment is a matter of judgement. In especially difficult situations, it might be necessary to seek professional advice and/or consult other published sources of guidance.

Part 4

Dealing with conflicts of interest when they arise

- 4.30 In exercising judgement, the public organisation needs to assess carefully:
- the seriousness of the conflict of interest;
 - the level of risk the conflict gives rise to; and
 - the range of possible mitigation options.

Assess the seriousness of a conflict of interest

- 4.31 Several factors might need to be considered in assessing the seriousness of the conflict of interest. They include:
- the type or size of the person's other interest;
 - the nature or significance of the particular decision or activity being carried out by the public organisation;
 - the extent to which the person's other interest could specifically affect, or be affected by, the public organisation's decision or activity; and
 - the nature or extent of the person's current or intended involvement in the public organisation's decision or activity.
- 4.32 Seriousness is a question of degree. It involves a spectrum of directness and significance – how close and how big. Directness (and its opposite, remoteness) is about how closely or specifically the two interests concern each other. Significance is about the magnitude of the potential effect of one on the other.
- 4.33 The public organisation might judge that the overlap of the two interests is so slight that it does not really constitute a conflict of interest. In other words, there is no realistic connection between the two interests, or any potential connection is so remote or insignificant that it could not reasonably be regarded as a conflict of interest.
- 4.34 However, it must be remembered that this judgement is not primarily about the risk that misconduct will occur. It is about the seriousness of the connection between the two interests.
- 4.35 Similarly, an interest might not be seen as serious if it is a generic interest held in common with the public. That is, the interest is substantially the same kind and size as the interest held by all members – or a large segment – of the public.⁷

Determining appropriate mitigation options

- 4.36 Judgements made about the seriousness of any conflict of interest will inform the suitable mitigation option. It might also be necessary to take into account the practicability of any options for avoiding or mitigating the conflict.

⁷ See our good practice guide, *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest*, for a discussion of the concept of "interest in common with the public" in the context of members of local authorities.

- 4.37 There is a broad range of options for avoiding or mitigating a conflict of interest. The options (listed roughly in order of lowest to highest severity) include:
- taking no action;
 - asking whether all affected parties will agree to the person's involvement;
 - seeking a formal exemption to allow participation (if such a legal power applies);
 - imposing additional oversight or review over the person;
 - withdrawing from discussing or voting on a particular item of business at a meeting, or taking some other steps to limit influence or decision-making powers (for example, they might not take part in decisions but could still provide advice);
 - exclusion from a committee or working group dealing with the issue;
 - re-assigning certain tasks or duties to another person;
 - agreement or direction not to do something;
 - withholding certain confidential information;
 - placing restrictions on access to information (including, if applicable, post-employment restrictions, such as restrictions under a restraint of trade agreement);
 - transferring the person (temporarily or permanently) to another position or project;
 - relinquishing the private interest;
 - refraining from having further dealings with a person or organisation; and
 - resignation or dismissal from one or other position or organisation.
- 4.38 If the public organisation determines that a situation does not really amount to a conflict of interest after all, or is too indirect or insignificant, it might formally record or declare the disclosure and assessment in some form but take no further action. However, it should not be assumed that this will always be enough. The risk to be assessed is not just the risk of actual misconduct by the person involved but the risk that the public organisation's capacity to make decisions lawfully and fairly might be compromised or its reputation damaged. In making this assessment, the public organisation needs to consider how the situation could reasonably appear to an outside observer.
- 4.39 It might sometimes be necessary for a person to stay involved in a matter despite having recognised a conflict of interest if the conflict is inevitable and unavoidable and the matter cannot reasonably be dealt with without the person's involvement. That should be rare (and other mitigation options might need to be considered, too). One example is where all the people involved have a conflict of interest.

Part 4

Dealing with conflicts of interest when they arise

- 4.40 Ensuring that the conflicted person is no longer involved in the public organisation's work on the particular matter, through withdrawal, removal, or reassignment, is the most typical mitigation option. Taking one of those steps will usually be enough to adequately manage a conflict of interest.
- 4.41 Occasionally a conflict of interest might be so significant or pervasive that the person will need to consider giving up one or other interest or role. However, these cases are likely to be uncommon. The other interest needs to be considered in relation to a particular matter coming before the public organisation, so it will not often be necessary to ask, in a general sense, whether a conflict of interest is so great that the person should not remain working for the public organisation at all.
- 4.42 However, giving up an interest or role might not always deal with a conflict of interest if it happens at a very late stage.⁸ In other words, sometimes it might be too late for the person to choose to withdraw from one role or interest in order to be able to carry on with the other one.
- 4.43 If circumstances change, a decision about whether there is a conflict of interest or how to manage it should be reviewed and might need to change.
- 4.44 Many situations are not clear-cut and a range of possible judgements could be reasonable. The decision about what to do in any particular case is an internal matter. It is for the public organisation to determine (except if there is a legal obligation on the affected person to determine). But, in the interests of openness and fairness (and to minimise the risk of the public organisation having to defend itself against an allegation of impropriety), it is always safer to be cautious. Once a conflict of interest is recognised, the most common response should be withdrawal or exclusion from considering the matter.
- 4.45 It is wise to make a written record about any decision.⁹ This might include details of the facts, who undertook the assessment, and how and what action was taken as a result. Sometimes risk management might be helped by also considering whether to make an announcement to certain other people, or even publicly, about the conflict of interest and how it has been dealt with.

⁸ See for example *Collinge v Kyd* [2005] 1 NZLR 847 and *Auckland Casino v Casino Control Authority* [1995] 1 NZLR 142.

⁹ The State Services Commission's *Model Standards on Conflicts of Interest* require State service agencies to keep formal documentation of mitigation plans, see page 4.

Policies and procedures for managing conflicts of interest

5

Policies and procedures

- 5.1 All public organisations should establish policies and procedures as a tool for helping them and their employees and office holders identify and deal with conflicts of interest.
- 5.2 Managing conflicts of interest can never be as simple as creating and enforcing a set of rules. Nevertheless, robust policies and procedures are a useful starting point. They are where people should look first when they are working out whether they have a conflict of interest and what they need do to about it.
- 5.3 Policies and procedures can provide clear rules for simple and predictable situations, and establish a process for dealing with the more difficult ones. They help reaffirm the public organisation's commitment to the principles associated with managing conflicts of interest, and encourage organisational transparency.

Focus on the public organisation's particular circumstances

- 5.4 In preparing its policies and procedures, a public organisation needs to take into account the nature of its own particular structure, functions and activities, and any applicable statutory requirements. It needs to consider what its operations are, what fields it operates in, and what sorts of problems or risks might typically arise. For example, does the public organisation do a lot of:
 - procurement and contracting;
 - allocating grants;
 - public consultation; or
 - quasi-judicial or regulatory decision-making?
- 5.5 A blanket policy or process will not necessarily work well for all these functions.
- 5.6 The public organisation might need to think carefully about who a policy should apply to. Some parts of the policy might be relevant only for board members or certain employees, such as those involved in any of the functions listed above. Some parts might not need to apply to all staff. It might also be prudent to require certain types of contractors or consultants to comply with the policy, even though they are not employees.

- 5.7 Some situations will be foreseeable and the answer straightforward. For those situations, clear rules could be established in a policy. For example, a public organisation might, depending on the nature of its operations, prohibit employees and office holders from:
- being involved in a decision to appoint or employ a relative;
 - conducting business on behalf of the organisation with a relative's company;
 - owning shares in or working for particular types of organisation that have dealings with or are in competition with the public organisation;
 - making submissions in a public consultation process (on matters that directly relate to the organisation's work);
 - deliberating on a public consultation process where the employee or office holder has made a personal submission;
 - accepting gifts in connection with their official role; or
 - influencing or participating in a decision to award grants or contracts where the employee or office holder is connected to a person or organisation that submitted an application or tender.

Periodic declarations of interests

- 5.8 One method many public organisations use is to require employees or office holders to regularly (for example, yearly) complete and submit a declaration listing specified personal interests. This is sometimes called an "interests register".¹⁰
- 5.9 A declaration in an interests register is not, in itself, a declaration of a conflict of interest. In most cases, it is simply a declaration that someone has an interest that could give rise to a conflict.
- 5.10 However, an interests register enables relevant managers to be aware of most relevant ongoing interests, and acts as a reminder to people of the need to be alert for conflicts of interest. The register, if reviewed and updated regularly, helps people to monitor situations that could give rise to a conflict of interest, and to identify conflicts of interest at an early stage.
- 5.11 Placing interests on record is also consistent with the principle of transparency. An interests register can be used to document any agreed mitigations, especially for predictable situations, so that there is a record, if needed later, that both the individual and the organisation have thought about the risks and taken appropriate steps to manage them.

What to cover in policies and procedures

- 5.12 Policies and procedures should:¹¹
- state principles or values that emphasise the organisation's commitment to addressing conflicts of interest and the importance of people in the organisation being alert for such situations;
 - establish rules for the most important and obvious actions that people must or must not take;
 - establish a mechanism (such as an interests register) for recording those types of ongoing interests that can commonly give rise to a conflict of interest and a procedure for putting this into effect and updating it regularly;
 - set out a process for identifying and disclosing instances of conflicts of interest as and when they arise, including a clear explanation of how someone should disclose a conflict of interest and to whom;
 - set out a process for managing conflicts of interest that arise, including who makes decisions and perhaps detailing the principles, criteria, or options that will be considered;
 - provide avenues for training and advice;
 - provide a mechanism for handling complaints or breaches of the policy; and
 - specify the potential consequences of non-compliance.
- 5.13 However, policies and procedures are not enough and cannot anticipate every situation. Also, the seriousness of some situations will be a question of degree and not amenable to a rule. Policies and procedures might need to allow for some flexibility for judgement in individual cases. A policy should not state or suggest that the specific situations it covers are an exhaustive list. Some situations will need to be the subject of discretionary judgements as and when they arise.

11 Some of the publications listed in Appendix 1 contain more detailed guidance on preparing and implementing policies and procedures. See, in particular, the State Services Commission's *Model Standards on Conflicts of Interest*, the Independent Commission Against Corruption's *Managing Conflicts of Interest in the Public Sector in NSW*; and the Organisation for Economic Co-operation and Development's *Managing Conflict of Interest in the Public Service: A Toolkit*.

6

What are the rules?

- 6.1 Rules and expectations about conflicts of interest might be derived from any or all of:
- legislation;
 - common (judge-made) law; and
 - general standards and expectations.
- 6.2 In this Part, we outline some of the main legal and ethical considerations that are likely to apply to managing conflicts of interest and the possible consequences of breaching the applicable rules.

Statutory rules

- 6.3 Some public organisations are subject to statutory rules that apply to managing conflicts of interest.
- 6.4 Statutory rules generally regulate conflicts of interest of members of an organisation's governing body, rather than the organisation's employees. If you are on the governing body of an organisation that is subject to one of these Acts, you need to be familiar with the rules that apply to conflicts under that Act.
- 6.5 Statutory rules commonly do one or more of the following:
- prohibit members from discussing and voting at meetings on matters in which they have an interest;
 - require members to disclose interests before appointment, in a register of interests and/or at relevant meetings;
 - prohibit members from having an interest in certain contracts with their organisation;
 - prohibit members from signing documents relating to matters in which they have an interest; and
 - provide mechanisms for seeking exemptions from the general rules.
- 6.6 Some important statutory rules can be found in the:
- Crown Entities Act 2004;
 - New Zealand Public Health and Disability Act 2000;
 - Companies Act 1993;
 - Local Authorities (Members' Interests) Act 1968; and
 - Education Act 1989.
- 6.7 Appendix 2 sets out summaries of the relevant statutory provisions.

Common law rules

- 6.8 Conflicts of interest are also regulated under the common law, as part of the general requirement that all public decision-making must be procedurally fair, including being free from the taint of bias and predetermination.
- 6.9 The common law's rule against bias has two main goals:
- First, it ensures that the best decision is made based on relevant information and arguments, not ulterior motives or prejudices.
 - Secondly, it ensures that people affected by, or interested in, a decision have trust and confidence in the process – meaning they are more likely to accept a decision once it is made.
- 6.10 The rule against bias operates both to avoid actual bias and to avoid any appearance of bias. The principle is that justice should not only be done but it should also be seen to be done.
- 6.11 The courts usually approach bias by asking the following question:
- Would a fair-minded observer reasonably think that the decision-maker or member of the decision-making body might not bring an impartial mind to the decision, in the sense that they might unfairly treat someone's case with favour or disfavour?*¹²
- 6.12 Also, under the common law, a person who has a fiduciary obligation towards someone else (such as a trustee of a trust or director of a company) is not allowed to put themselves in a position where their official role conflicts with their personal interests.
- 6.13 The principles that have been developed through the common law are relevant to managing conflicts of interest, even where there is a statutory rule in place, because the common law is likely to influence how the statutory rule is interpreted.
- 6.14 Appendix 3 sets out a list of some New Zealand court cases that consider conflicts of interest.

General standards and expectations

- 6.15 As stated in Part 1, public business should be conducted with a spirit of:
- integrity;
 - impartiality;
 - accountability;
 - trustworthiness;
 - respect; and
 - responsiveness.

12 *Saxmere Company Ltd v Wool Board Disestablishment Company Ltd* [2010] 1 NZLR 35; [2010] 1 NZLR 76.

Part 6
What are the rules?

- 6.16 As well as legal requirements, all decisions about conflicts of interest need to be guided by ethical principles. A lack of integrity in relation to conflicts can impact the culture of an entire team. At an extreme end, the normalising and acceptance of conflicts can permeate throughout a team and facilitate criminal corruption.¹³
- 6.17 There is no single source of rules or expectations specifying what constitutes ethical behaviour for all situations or all public organisations. Any rules or expectations applying to a particular situation might come from a variety of sources, including:
- the organisation's founding or constituting document;
 - the organisation's code of conduct or relevant internal policies and procedures, such as those about procurement decisions;
 - other sets of mandatory requirements that apply to the public sector or a particular part of it (such as the *Code of Conduct for the State Services*, the *Cabinet Manual*, the State Services Commission's *Board Appointment and Induction Guidelines*, or the *Government Procurement Rules*);
 - relevant clauses in an employment agreement or contract for services;
 - rules of conduct or codes of practice applying to members of a profession or industry;
 - general guidance or good practice guides (such as this one);
 - customary practice and behaviour in the public sector or a particular part of it;
 - commonplace understandings of the concepts of integrity, impartiality, accountability, trustworthiness, respect, and responsiveness; and
 - analogies drawn from legal rules that apply to similar situations.
- 6.18 Appendix 1 sets out a list of other useful sources of guidance.

Consequences if the rules or expectations are breached

- 6.19 A poorly managed conflict of interest can have consequences for both you and the organisation you work for.
- 6.20 If you are a member of a governing body, breaching a statutory rule might constitute grounds for your removal from office. It might constitute an offence. Sometimes, the law provides that a transaction of the public organisation might be able to be cancelled. Some matters might adversely affect the public organisation's audit report.

¹³ *R v Borlase & Noone* [2016] NZHC 2970. In this case, the court found that there were adequate conflicts of interest policies, but they were not appropriately observed. This led to "the insidious corruption of officials" noted by Fitzgerald J at [131].

- 6.21 If an organisation's decision is tainted by bias, the courts may declare the decision invalid or may prevent a person from exercising a power. The risk, delay, and expense in defending a decision against a legal challenge can be significant.
- 6.22 More often, if a conflict of interest is not handled well, there is a risk that you, your managers, and the organisation you work for might become the subject of public criticism by politicians, the media, or members of the public. A regulatory agency may conduct a formal inquiry into the public organisation. If you are an employee, the organisation might have grounds for taking disciplinary action against you.
- 6.23 A public scandal could be severely damaging to the public organisation's reputation and could lead to people losing their jobs.

7

Conflicts of interest in everyday life

- 7.1 In this Part, we show how conflicts of interest can arise in our everyday lives and provide guidance about the matters that should be considered:
- Scenario 1: Funding for a club
 - Scenario 2: Family connection to a tenderer for a contract
 - Scenario 3: Employment of a relative
 - Scenario 4: Public statements suggesting predetermination
 - Scenario 5: Decision affecting land
 - Scenario 6: Gifts and hospitality
 - Scenario 7: Making a public submission in a private capacity
 - Scenario 8: Mixing public and private roles
 - Scenario 9: Personal dealings with a tenderer for a contract
 - Scenario 10: Duties to two different organisations
 - Scenario 11: Professional connection to a tenderer.

- 7.2 The scenarios are intended to show the range of situations that can occur and the issues that might need to be considered in assessing their seriousness and deciding how to manage them. They are examples, not rules. In reality, sometimes a small difference in context or detail can make a critical difference. People will have to use their own judgement.

Scenario 1: Funding for a club

- 7.3 Sam is a grants officer for a Crown entity that funds environmental projects in the community. In her role, she does the initial assessment of applications and writes reports for the committee that will consider and decide on each funding round. She also monitors the use of the funding.
- 7.4 Sam is also a member of a small local residents' association. The association has applied for funding to clean up a local stream and plant native shrubs.
- 7.5 Normally, this application would be one that Sam would deal with in her work.
- 7.6 There is a conflict of interest here. Someone could reasonably allege that Sam's likely desire for her association to be successful in its bid might mean that she will not be completely impartial in the way she analyses this application (and the other applications that are competing for the same pool of money). The decision to be made is specifically about the residents' association, and probably affects its funding in a significant way.
- 7.7 Sam should tell her manager about her personal connection to this application. Sam's manager should consider the nature of Sam's role in processing these sorts

of applications, whether her position has a significant influence on decision-making, and whether someone else in the organisation could work on the particular application.

- 7.8 It might be prudent for Sam's manager to ensure that all of the applications for this particular set of funding (including the applications from others) are processed by someone else. If the manager takes this view, it might also be preferable that the other person is not someone Sam manages. If the application from Sam's association is successful, Sam might also need to be excluded from administering that grant.
- 7.9 Alternatively, it could be that no steps are warranted because Sam's role is a low-level administrative one and all the substantive analysis is done by others. Another possibility is that the above steps are impracticable, because Sam is the only person in the organisation who can do the work. In that case, some other option (such as carrying out an additional peer review of her work on the matter) might have to be used.
- 7.10 In this scenario, there is a conflict of interest even though Sam is not one of the leaders of the residents' association, did not prepare the application, does not personally have a financial interest in the matter, and believes she could still consider all applications fairly and professionally. The association is small, so Sam is likely to know its leaders well and work closely with them. However, the situation might be different if the association was a large nationwide organisation like Rotary, and the application was from a different branch of that organisation.

Scenario 2: Family connection to a tenderer for a contract

- 7.11 Hoani is a project manager for a district health board (DHB). The DHB contracts out some functions to private providers. As part of his role, Hoani is running a tender process to find a new provider of certain health services.
- 7.12 Hoani's brother-in-law, who he knows well, is the managing director and a significant shareholder of one of the private companies that is tendering for the contract.
- 7.13 There is a conflict of interest here. It is not a financial conflict of interest, because Hoani is not involved in the tendering company and is not financially dependent on his brother-in-law. But the family connection to the company is a reasonably close one, and the decision to be made by the DHB directly relates to the company. Hoani is likely to have feelings of loyalty to his brother-in-law (or at least this would be a likely perception).
- 7.14 Hoani should tell his manager about his personal connection to the tendering company, and the manager should get someone else to manage this tender

process. It might also be prudent to take steps to ensure that Hoani does not have access to information about the other tenders or any confidential information about this tender process.

- 7.15 It matters that Hoani's relative has an important role at the tendering company. The approach might be different if the relative was in a much more junior position and was not personally involved in the company's tender, especially if the company was a large one. The approach might also be different if the person involved was a distant relative whom Hoani had met only a few times in his life. Assessing the closeness of a personal connection to someone (or the appearance of such closeness) requires careful judgement.

Scenario 3: Employment of a relative

- 7.16 Stephanie is the principal of a secondary school in a small town. She takes a leading role in hiring staff.
- 7.17 A vacancy has arisen for the position of finance manager and Stephanie's husband is interested in applying for the position.
- 7.18 Stephanie has a conflict of interest here. The school needs to employ staff on merit, and must avoid perceptions of undue influence or preferential treatment in appointment decisions.
- 7.19 Stephanie needs to tell the chairperson of the school's board of trustees about the situation. The board should ensure that this appointment process is handled entirely by others, and that Stephanie has no involvement in the process. Because of Stephanie's own position, the board needs to take extra care to ensure that the process is truly transparent and competitive, so that all suitably qualified people are able to apply and be fairly considered, and that there can be no reasonable suggestion that Stephanie might have influenced the decision from behind the scenes.
- 7.20 But managing the appointment is not the only type of conflict of interest that needs to be considered carefully by the school. Issues are also likely to arise in the ongoing working relationship, where there are matters that directly affect or involve both Stephanie and her husband.
- 7.21 It is a fact of life that there will be times when two people who are related – or who are in a personal relationship – will work for the same organisation. That is not usually improper in itself. Indeed, it would often be wrong for someone to be disadvantaged simply because of who they are related to, especially in a large organisation where the two people do not work closely together each day.

- 7.22 However, sometimes – and depending on the nature of the position – appointing someone who is a relative could cause difficulties, even where a fair process has been followed. This is because it can create a risk of a lack of independence, rigour, and professionalism in ongoing decision-making. In a public organisation, it would usually be unwise for relatives to hold two of the most senior positions, or to hold positions that are in a direct reporting relationship.
- 7.23 In Stephanie’s husband’s situation, the school’s board should consider whether it would be able to manage the frequent and significant conflicts of interest that would be likely to arise if Stephanie’s husband were to be appointed. The two roles are senior ones and likely to involve a direct reporting relationship (or at least a lot of working closely together on managing the school’s finances).
- 7.24 It can be difficult to decide the fairest course of action in these situations. Here, the board might well decide not to appoint the husband because it would be too difficult and complicated to manage the likely ongoing conflicts of interest.

Scenario 4: Public statements suggesting predetermination

- 7.25 Ruth is an elected member of a district council. She sits on the council’s planning hearings committee, which considers and decides on resource consent applications.
- 7.26 During the last election campaign, Ruth pledged to oppose an ice-skating rink that a developer hoped to build in town. One of her published campaign pledges was “Ruth will sink the rink”. Later, she declared in the local newspaper that the proposal would succeed “over my dead body”. The developer has now applied to the council for resource consent to build the rink, and the application is about to be considered by the planning hearings committee.
- 7.27 Ruth’s previous comments are likely to mean that she is biased. Even if she is not biased, there will certainly be a strong public perception that she is. If she takes part in decisions about the resource consent application, the developer could argue that it has not had a fair and impartial hearing, because one of the decision-makers had a predetermined view. The council’s decision could be open to legal challenge on the grounds of bias.
- 7.28 Ruth should stand down from the planning hearings committee when it considers this application. (If she refused to do so, and the council was concerned about the legal risk to its decision that her involvement would cause, the council might be able to resolve to remove her from the committee.)
- 7.29 Although local body politicians can be expected to take office with pre-existing views and policies on a wide range of matters, their role sometimes requires them

to act judicially. When acting in that capacity, they should take extra care not to express views in a way that suggests their mind is firmly made up about such a matter before having heard all views, or that their position is so fixed that they are unwilling to fairly consider the views of others, or that they are not prepared to be persuaded by further evidence or argument.

- 7.30 The type of function being exercised is relevant to whether the line has been crossed. In Ruth's case, a strict standard needs to be applied because the council is acting in a regulatory capacity, and because a resource consent grants the holder a legal right. The council needs to follow a fair process and make its decision on lawful grounds that comply with the Resource Management Act 1991, because it is making a decision that could be appealed to the Environment Court or be subject to judicial review by the High Court.

Scenario 5: Decision affecting land

- 7.31 Tom is a civil engineer and works for a State-owned enterprise (SOE) that is responsible for a national infrastructure network of gas pipes. The SOE is planning to build a major pipeline to increase supply capacity from a refinery to a large city.
- 7.32 The pipeline has to cross a distance of 300 kilometres, and the SOE has come up with several different options for the route of the pipeline, which the SOE will now consider in more detail. The SOE has to acquire land – compulsorily if necessary – along its chosen route. The project is opposed by many people who live along the possible routes, who fear the pipeline will adversely affect the natural environment and devalue their remaining land. Tom has worked on a number of areas of the project, and has now been appointed to the Route Options Working Group that will assess the route options and make a recommendation to the board.
- 7.33 Tom is also part-owner of a farm that lies directly in the path of one of the route options.
- 7.34 Tom has a conflict of interest here. He has a personal stake in the decision about which route to choose, because his land could be affected. Although the working group does not make the final decision, it has an important role in analysing the route options and making a recommendation.
- 7.35 Tom needs to tell his manager that he has an interest in a property affected by one of the options. Tom's role will have to be considered carefully. It might be that Tom does not mind whether the pipeline ends up crossing his land – he might not share any of the concerns of the project's opponents. He might believe that he could contribute conscientiously to the working group to help it arrive at the

best technical answer. But his manager should bear in mind the risk that, if Tom's personal connection becomes publicly known, others might easily think that it could affect his views or actions.

- 7.36 His manager might have to remove him from the working group and assign him to other tasks. (There might be other aspects of the project that Tom could work on, which have no connection to the question of which route to choose.) It might also be wise to ensure that Tom does not have access to confidential information about the decision before it is made public, in case he is considering selling his land.
- 7.37 Alternatively, Tom's expertise might be indispensable to the project, or he might have a small part in the overall process. Some other options might therefore need to be considered (such as only partly limiting his role, or imposing extra supervision).

Scenario 6: Gifts and hospitality

- 7.38 Rawiri works in the corporate services division of a government department. As part of his role, he manages the department's contractual relationship with its rental car provider. The arrangement with this supplier has been in place for several years, so the department has decided to re-tender the contract. Rawiri has told the current provider that he will soon be inviting expressions of interest for a new contract.
- 7.39 Rawiri has regular relationship management meetings with the current provider. At a recent meeting, the provider offered to fly him to another city to inspect a new fleet of cars that will shortly be available, and said that Rawiri could have complimentary corporate box tickets to a rugby test match that happened to be on that night, and stay on for the weekend in a downtown hotel.
- 7.40 This situation creates risks at any time, but especially given the imminent tender process. Rawiri might not be seen as impartial if he is involved in choosing the new supplier. A competitor could allege that Rawiri is being given an inducement or reward in the implicit expectation that he will look more favourably on the current provider in the coming tender round (or that he will receive further gifts if the current provider is successful).
- 7.41 Rawiri should discuss the offer with his manager, and carefully consider the department's policy on gifts and hospitality.¹⁴ Given the circumstances, it would not be appropriate to accept the offer of the sports tickets and hotel accommodation. With the offer to be flown to another city to inspect the new fleet of cars, careful consideration should be given to whether business reasons

¹⁴ Most organisations will have an internal policy that sets out in detail what is or is not acceptable in this area. See also our publication *Controlling sensitive expenditure: Guidelines for public entities* (available at oag.parliament.nz), and the State Services Commission's 2018 publication *Chief Executive Gifts, Benefits and Expenses* (available at ssc.govt.nz).

can justify the visit. (If it goes ahead, the public organisation might decide to offer to pay the cost of it.) If other forms of gift or hospitality have already been accepted, the appropriateness of Rawiri having a role in the coming tender process might need to be reconsidered, too.

- 7.42 This does not mean that gifts must always be refused. It is reasonable to consider the value or nature of the gift and extent of personal benefit (for example, it might be acceptable to accept a gift that is inexpensive and widely distributed). The context and reason or occasion for the gift is relevant, too. For an organisation that operates in a more commercial environment, some types of gift or hospitality might be seen as a necessary element in maintaining relationships with stakeholders and clients. However, in Rawiri's case, the risk is higher because of the proximity to the coming tender round where a strict and fair process will need to be followed and be seen to be followed (and because the justification for at least some elements of the offer appears dubious).

Scenario 7: Making a public submission in a private capacity

- 7.43 Ken is an elected member of a city council. The council is proposing to adopt a new bylaw on the location of brothels. As it is required to carry out a formal public consultation process on its draft bylaw, the council has invited written submissions and will hold a public hearing where submitters can make an oral presentation to a council committee. The adoption of the bylaw will be decided by a vote of the full council.
- 7.44 Ken feels strongly about the draft bylaw, and wishes to lodge a submission.
- 7.45 This situation might create a conflict of interest for Ken.
- 7.46 Some public organisations will have a code of conduct or policy that prohibits their members or officials from making public submissions to the organisation in a private capacity.¹⁵
- 7.47 Assuming that Ken will not be breaching the council's code of conduct, he will be entitled to exercise his democratic right to make a submission, like any other private citizen. But, if he does so, he should not participate in the council's decision on whether to adopt the draft bylaw; nor should he sit on the committee that hears and considers the submissions. Otherwise, his behaviour could indicate predetermination.
- 7.48 Ken would create the perception that he is attempting to act as both an interested party and a decision-maker on the same matter or, in other words, acting as a

¹⁵ In particular, senior officials – or officials who work in policy roles – in the public service need to take extra care to maintain their political neutrality.

judge in his own cause. The council's decision could be open to legal challenge on the ground of bias.

Scenario 8: Mixing public and private roles

- 7.49 Antonia is a senior scientist working for a Crown research institute (CRI). The CRI has developed a new product that has significant revenue-earning potential, and Antonia has worked on the product as part of her role in the CRI. However, the CRI needs help in manufacturing and marketing the product on a large scale, so plans to enter into a joint venture with a private company. The CRI is considering appointing Antonia as one of its representatives on the governing body of the joint venture.
- 7.50 Coincidentally, Antonia is also a shareholder in the private company that will be the CRI's joint venture partner (although she had no role in the CRI's selection of it).
- 7.51 The situation creates a conflict of interest for Antonia. She stands to benefit from the financial success of the private company. The fact that there might be no direct disadvantage to the CRI (because the joint venture partners are working together, hopefully for their mutual benefit) does not remove the conflict of interest. Her interests in both the CRI and the private company could create confusion about her role and primary loyalty. She could be accused of using her official position in a way that advances her own private interests.
- 7.52 Antonia needs to tell her manager. It will probably be necessary for Antonia not to be given any major role in governing or managing the joint venture while she has an interest in the private company.
- 7.53 Antonia's manager might also need to think carefully about what other work, if any, it is appropriate for Antonia to do on the project in her capacity as a CRI employee. This decision might not be clear-cut. Antonia might be the best person in the CRI to carry out certain tasks, but the risk is that she could be regarded as spending a large part of her time as an employee of a public organisation, and using the CRI's resources, to carry out work that has a significant element of private benefit for her.
- 7.54 Antonia's manager might judge that some involvement in the project is acceptable (or even necessary), but it might also be desirable to confine this. For example, Antonia's role could be changed so that she does not have the ability to influence decisions about how the joint venture and project are run. Alternatively, Antonia might be asked to give up one of her roles – that of employee or that of shareholder.

- 7.55 If circumstances changed to a point where the CRI and the private company became direct competitors with each other, then Antonia's situation might become even more difficult (especially if she remains in a senior position at the CRI, or is still involved in this particular area of work). In that case, it might become necessary for Antonia's manager to insist on divestment of one or other role – either that she relinquish her private interest or leave her job.¹⁶

Scenario 9: Personal dealings with a tenderer for a contract

- 7.56 Sandra is a consultant who specialises in project management. Her services have been engaged by a government department to help it carry out a new building project. As part of this role, Sandra has been asked to analyse the tenders for the construction contract and provide advice to the department's tender evaluation panel.
- 7.57 Sandra has a lot of personal knowledge about one of the tenderers for the construction contract. She used that firm to build her own house last year, and she is currently using it to carry out structural alterations on several investment properties that she owns. Because of this, she knows the directors of the company very well, and has a high regard for their work.
- 7.58 This situation might create a conflict of interest for Sandra. She is expected to impartially and professionally assess each of the tenders, yet she could be regarded as being too close to one of the tenderers.
- 7.59 In Sandra's case, it is probably unwise for her to play a role in selecting the tenderer. (This might or might not require ending the consultancy arrangement altogether, depending on what else Sandra has been engaged to do.) Her dealings with the firm are recent and significant. The risk is that, if this firm wins the contract, Sandra's personal connections with it might allow someone to allege that the department's decision is tainted by favouritism.
- 7.60 These sorts of situations are not always clear-cut. Particularly in small or specialised industries, people often have had some degree of personal knowledge of, or previous dealings with, other people or organisations that they have to make decisions about. That is not necessarily wrong. Indeed, they will often be chosen for this role precisely because of their experience or expert knowledge, and that might include general impressions about the reputation or competence of others. So, sometimes, these sorts of connections might be judged to be too remote or insignificant. For instance, in this case, the response would probably be different if the firm's private work for Sandra had been a single, smaller job carried out several years ago.

¹⁶ If the private company regularly carries on business in the same general industry as the CRI, the CRI might have an internal policy prohibiting Antonia from being involved in such a company anyway.

- 7.61 To take another similar example, careful judgement would also be necessary if the connection was instead that the tendering firm was run by a friend or acquaintance of Sandra. For example, it might be improper for Sandra to be involved in assessing the tenders if the firm was run by a friend she had known for many years and who had attended her wedding. By contrast, there might not be any problem if Sandra simply knew the person in a casual way through membership of the same sports club.
- 7.62 Further careful judgements might be necessary if Sandra had worked for the firm. For instance, the situation might be problematic if she had been a full-time employee in the last year, or was also currently providing significant consultancy advice to the firm on another matter. On the other hand, it might not be problematic if she had worked for the firm several years ago, or if she had provided only occasional pieces of consultancy advice in the past.
- 7.63 This scenario also shows that public organisations need to think about whether and how to manage conflicts of interest that arise for someone who is not a member or employee, but is instead a consultant or contractor. Sandra's role is important to the department and affects an important decision it has to make, and so can expose the department to legal and political risk. She should be required to agree to abide by the relevant conflict of interest policy for staff. The departmental manager who oversees her work should ensure that she understands the policy, and should monitor her in the same way as an employee.

Scenario 10: Duties to two different organisations

- 7.64 Jean-Paul is a member of the council of a tertiary education institution (TEI). The TEI has some contracting arrangements with private organisations to help to deliver some educational courses. One of those arrangements is with a charitable trust, under which the trust is funded by the TEI to prepare, administer, and teach the course on behalf of the TEI. However, the TEI is now about to decide whether to discontinue this arrangement.
- 7.65 Jean-Paul also happens to be one of the trustees of the charitable trust.
- 7.66 Jean-Paul has a conflict of interest in this decision. He might not be affected personally by the decision, but the trust will be, and he is closely associated with the trust. (The conflict of interest might be particularly acute if the course is a significant source of the trust's funding and ongoing viability.)
- 7.67 Also, as a member of the governing body of the TEI, Jean-Paul has a duty to act in the best interests of the TEI, but, as a trustee, he also has a duty to act in the best interests of the trust. In this scenario, the best outcome for one organisation might not be the best outcome for the other, and so it might be impossible for Jean-Paul to faithfully give effect to his obligations to both organisations.

- 7.68 Jean-Paul should declare a conflict of interest at relevant meetings of the TEI's council, and refrain from discussing or voting on the TEI's decision. It might be wise for him not to be provided with confidential information about the matter. Jean-Paul might also need to consider whether he has a conflict of interest in the matter at meetings of the trust.

Scenario 11: Professional connection to a tenderer

- 7.69 Viliami works for a large multi-disciplinary professional services firm. Viliami, through his firm, has been engaged by an SOE to help it choose a contractor to manage a major land development project. Viliami is the person who will provide expert advice to the panel that considers tenders.
- 7.70 Another division of Viliami's firm wishes to submit a tender for the project.
- 7.71 There is a conflict of interest here. Viliami will be providing advice about a matter that affects his own firm. Viliami does not personally have two conflicting roles, but his firm does, and that creates a problem for him.
- 7.72 In some situations involving organisational connections, different individuals in the organisation can be managed by insisting on a separation of roles and information. Because this process is not always entirely satisfactory, it is best reserved for situations when the connection is almost inevitable or the risk is very low. In this scenario, the connection is fairly direct, even though Viliami will not be one of the individuals managing the project. Another tenderer might object that he is unlikely to be impartial. The risk of challenge could be high, especially if the project is worth a lot of money.
- 7.73 Viliami should discuss the matter with the relevant manager in the SOE. If his firm's tender is to be considered, it is likely that Viliami will not be able to continue with his role. Alternatively, when it first engaged Viliami's services, the SOE could have insisted on a condition that his firm would not be permitted to tender for the project.

Appendix 1

Other sources of guidance

Some of the material listed here comes from other countries. Although it is useful, the overseas material has been written for an environment that might have different legal rules or public expectations.

New Zealand

- State Services Commission (2007), *Code of Conduct for the State Services*, Wellington (available at www.ssc.govt.nz).
- State Services Commission (2019), *Conflicts of Interest*, Wellington (available at www.ssc.govt.nz).
- State Services Commission (2015), *Board Appointment and Induction Guidelines*, Wellington (available at www.ssc.govt.nz).
- Cabinet Office (2017), *Cabinet Manual*, Wellington, paragraphs 2.53-2.81 (available at www.dPMC.govt.nz).
- Controller and Auditor-General (2020), *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest*, Wellington (available at www.oag.parliament.nz).
- House of Representatives (2017), *Standing Orders of the House of Representatives*, Wellington, Standing Orders 163-166 and Appendix B (available at www.parliament.nz).

Australia

- Australian Public Service Commission (2017), *Values and Code of Conduct in Practice*, Canberra (available at www.apsc.gov.au).
- Independent Commission Against Corruption (2019), *Managing Conflicts of Interest in the Public Sector in NSW*, Sydney/Brisbane (available at www.icac.nsw.gov.au).
- Independent Commission Against Corruption/Crime and Misconduct Commission (2004), *Managing Conflicts of Interest in the Public Sector: Guidelines*, Sydney/Brisbane (available at www.integrity.qld.gov.au).
- Independent Commission Against Corruption/Crime and Misconduct Commission (2004), *Managing Conflicts of Interest in the Public Sector: Toolkit*, Sydney/Brisbane (available at www.integrity.qld.gov.au).
- Integrity Coordinating Group (2011), *Conflict of interest guidelines*, Perth (available at www.opssc.wa.gov.au).
- New South Wales Ombudsman (2017), *Recognising and managing conflict of interests*, Sydney (available at www.ombo.nsw.gov.au).

Appendix 1
Other sources of guidance

Canada

- Government of Canada (2011), *Values and Ethics Code for the Public Service*, Ottawa (available at www.tbs-sct.gc.ca).
- Government of Canada (2015), *Apparent Conflicts of Interest*, Ottawa (available at www.tbs-sct.gc.ca).

OECD

- Organisation for Economic Co-operation and Development (2003), *OECD Guidelines for Managing Conflict of Interest in the Public Service*, Paris (available at www.oecd.org).
- Organisation for Economic Co-operation and Development (2005), *Managing Conflict of Interest in the Public Service: A Toolkit*, Paris (available at www.oecd.org).

Appendix 2

Some important statutory rules about conflicts of interest

The descriptions that follow provide a summary of some important statutory provisions, and enable a comparison between them. They are necessarily brief and general in nature, and involve some paraphrasing. They are not a comprehensive statement of the relevant law. Readers wanting to apply the rules to a particular situation should refer to the wording of the relevant statute or seek legal advice.

The Acts discussed in this Appendix are the:

- Crown Entities Act 2004;
- New Zealand Public Health and Disability Act 2000;
- Companies Act 1993;
- Local Authorities (Members' Interests) Act 1968; and
- Education Act 1989.

Crown Entities Act 2004

The relevant provisions in this Act apply to members of boards of statutory entities (as that term is defined in the Act), except for district health boards.¹⁷

Before appointment, a prospective member must disclose to the Minister the nature and extent of all interests that they have, or are likely to have, in matters relating to the organisation.

A member who is “interested in a matter” relating to the organisation must disclose the nature and value (or extent) of the interest. The disclosure must be made in the interests register, and to the chairperson (or deputy or Minister, in some cases). Standing disclosures (disclosures with ongoing effect) may be made. The member must not vote or take part in any discussion or decision of the board or any committee relating to the matter, nor otherwise participate in an activity of the organisation that relates to the matter, nor sign related documents.

A member is “interested” in a matter if they (or their spouse, civil union partner, de facto partner, child or parent) might derive a financial benefit from it; or if they may have a financial interest in (or are a partner, director, officer, board member or trustee of) a person to whom the matter relates; or if they are otherwise directly or indirectly interested in the matter. Certain exceptions apply, including where the member is a member or officer of a subsidiary, or where the interest is so remote or insignificant that it cannot reasonably be regarded as likely to influence them in carrying out their responsibilities.

¹⁷ See sections 7, 10, 31, 53, 59, and 62-72.

Appendix 2

Some important statutory rules about conflicts of interest

The board must notify the Minister of a failure to comply with these provisions, and the member might be removed from office. In some cases, the organisation may be able to cancel a transaction that was entered into in breach of the conflict of interest rules.

The chairperson (or deputy or Minister, in some cases) may grant written permission for one or more members to act despite their interest in a matter. Such permission must be disclosed in the organisation's annual report.

For more information about these provisions, see the State Services Commission's 2015 publication *Board Appointment and Induction Guidelines*.

New Zealand Public Health and Disability Act 2000

The relevant provisions in this Act apply to members of boards of district health boards (DHBs).¹⁸

Before appointment or election, a prospective member must disclose to the Minister or electoral officer, and in the interests register, all conflicts of interest that they have, or are likely to have, in matters relating to the DHB. A person who fails to disclose a material conflict of interest before accepting nomination as a candidate for election is disqualified from membership.

A member who is "interested" in a transaction of the DHB must disclose the nature of the interest to the board. The disclosure must be recorded in the minutes and in the interests register. The member must not vote or take part in any deliberation or decision of the board relating to the transaction, nor sign related documents. (The definition of being "interested in a transaction" is similar to the definition of being "interested in a matter" under the Crown Entities Act. One difference is that it excludes an interest in a party that is – or is owned by – a publicly owned health and disability organisation.)

A member who fails to comply with these provisions might be removed from office.

The other members of the board may decide to permit the member to participate in the board's deliberations (but not its decision) about the transaction. Certain matters about the permission must be recorded in the minutes.

The Minister may waive or modify the prohibition on participation for particular members or transactions or classes of transactions. A copy of any such waiver or modification must be presented to the House of Representatives.

¹⁸ See sections 6, 21, and 29, clauses 6 and 17 of Schedule 2, and clauses 36-37 of Schedule 3. In addition, section 31 of the Crown Entities Act 2004 applies to appointed members. Sections 53 and 59 of that Act also apply to members.

Companies Act 1993

This Act applies to company directors.¹⁹

A director who is interested in a transaction or proposed transaction with the company must disclose the nature and value (or extent) of the interest (unless the transaction is between the director and the company and is in the ordinary course of business on usual terms and conditions). The disclosure must be made in the interests register and to the board. Standing disclosures may be made.

A director is “interested” in a transaction if they:

- are party to it or may derive a material financial benefit from it;
- have a material financial interest in another party to it;
- are a director, officer, trustee, parent, child, spouse, or civil union partner or de facto partner of another party to it (or person who may derive a material financial benefit from it); or
- are otherwise directly or indirectly materially interested in the transaction.

Certain exceptions apply, including in relation to subsidiaries and remuneration.

It is an offence for a director to fail to comply with these provisions. In some cases, the company might be able to cancel a transaction in which a director was interested.

Subject to the constitution of the company, a director who is interested in a transaction may vote on a matter relating to it (and do other things relating to it in their capacity as a director).²⁰

Local Authorities (Members’ Interests) Act 1968

This Act applies to members of the governing bodies of city councils, district councils, regional councils, community boards, and a range of other public bodies. It also applies to members of their committees.

A person is disqualified from being a member of the local authority (or a committee) if they are concerned or interested in contracts with the authority under which the total payments made, or to be made, by or on behalf of the authority exceed \$25,000 in any financial year.

It is an offence for the person to act as a member of the local authority while disqualified.

¹⁹ See sections 139-144. In relation to Crown entity companies, see also section 90 of the Crown Entities Act 2004 about disclosures before appointment.

²⁰ However, this provision does not override the duty under section 131 to act in good faith and in the best interests of the company: see *Hedley v Albany Power Centre (No. 2)* (2006) 9 NZCLC 264,095.

Appendix 2

Some important statutory rules about conflicts of interest

The Auditor-General may grant prior approval and, in limited cases, retrospective approval, of a member's interest in contracts, which has the effect of suspending the contracting rule in relation to that case.

A member of the local authority (or a committee) must not vote on, or take part in the discussion of, a matter before the authority in which they have a financial interest, other than an interest in common with the public (the non-participation rule). Certain exceptions apply. When the matter is raised at a meeting, the member must declare that they have a financial interest in it and the minutes must record the fact of the disclosure and abstention.

It is an offence for a member to breach the non-participation rule and, if convicted, they automatically vacate office.

The Auditor-General may grant an exemption or declaration, in a limited range of situations, which allows a member to participate in a matter in which they have a financial interest.

In some cases, a member who is associated with a company is deemed to share any interests of that company. A member can also have a deemed interest through their spouse, civil union partner or de facto partner.

For more information about this Act, see our 2020 publication *Local Authorities (Members' Interests) Act 1968: A guide for members of local authorities on managing financial conflicts of interest* (available at oag.parliament.nz).

Education Act 1989

The relevant provisions in this Act apply to members of school boards of trustees,²¹ and TEI councils²².

Before appointment or election, a prospective school board trustee must confirm that they are eligible to be a trustee.

A person is disqualified from being a trustee of the board (or member of a committee) if they are concerned or interested in contracts with the board under which the total payments made, or to be made, by or on behalf of the board exceed a specified amount (currently \$25,000) in any financial year.

In some cases, a trustee who is associated with a company is deemed to share any interests of that company.

The Secretary for Education may grant approval of a contract, which has the effect of suspending the contracting rule in relation to that case.

²¹ See sections 103, 103A, and 103B, and clause 40 of Schedule 6.

²² See sections 174 and 175.

A trustee must be excluded from any meeting of the board while it discusses, considers, or decides on a matter in which they have a financial interest or any interest that might reasonably be regarded as likely to influence them in carrying out their duties and responsibilities. However, they may attend to give evidence, make submissions, or answer questions.

Members of TEI councils are required to disclose their financial interests in any matters being considered by the council, and cannot participate in discussions or decisions on the matter unless the council decides otherwise. The council may dismiss a member who, without reasonable excuse, breaches that provision.

Appendix 3

Leading New Zealand court cases that consider conflicts of interest

- *Auckland Casino v Casino Control Authority* [1995] 1 NZLR 142 (CA)
- *Back Country Helicopters v Minister of Conservation* [2013] NZHC 982; [2013] NZAR 1474
- *Calvert & Co v Dunedin City Council* [1993] 2 NZLR 460 (HC)
- *Collinge v Kyd* [2005] 1 NZLR 847 (HC)
- *Diagnostic Medlab v Auckland District Health Board* [2007] 2 NZLR 832 (CA)
- *Enterprise Miramar Peninsula Inc v Wellington City Council* [2018] NZCA 541; [2019] 2 NZLR 501
- *Erris Promotions v Commissioner of Inland Revenue* (2003) 16 PRNZ 1014 (CA)
- *Friends of Turitea Reserve Society Inc v Palmerston North City Council* [2008] 2 NZLR 661 (HC)
- *Howe v Keown* [2011] NZAR 764 (HC)
- *Man O'War Station v Auckland City Council (No 1)* [2002] 3 NZLR 577 (PC)
- *Meadowvale Stud Farm v Stratford County Council* [1979] 1 NZLR 342 (HC)
- *Muir v Commissioner of Inland Revenue* [2007] 3 NZLR 495 (CA)
- *NZI Financial Corporation v NZ Kiwifruit Authority* [1986] 1 NZLR 159 (HC)
- *Otago University Students Association v University of Otago* [2009] 2 NZLR 38 (HC)
- *Pratt Contractors v Transit New Zealand* [2005] 2 NZLR 433 (PC)
- *R v Borlase & Noone* [2016] NZHC 2970
- *Riverside Casino v Moxon* [2001] 2 NZLR 78 (CA)
- *Save Chamberlain Park Inc v Auckland Council* [2018] NZHC 1462
- *Saxmere Company Ltd v Wool Board Disestablishment Company Ltd* [2010] 1 NZLR 35; [2010] 1 NZLR 76 (SC).

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RESOLUTION TO EXCLUDE THE PUBLIC

That the Audit, Risk and Assurance Committee:

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

General subject of the matter to be considered	Reasons for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution	Reason for Confidentiality
C1 Treasury Risk Management Compliance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C2 Dunedin City Holdings Ltd - Update on Audit and Risk Activity	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	
C3 Report to the Council on the Audit of Dunedin City Council for year end 30 June 2025	S7(2)(b)(ii) The withholding of the information is necessary to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	subject of the information.		
C4 Finance Operational Assurance Report	S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	The information in this report is commercially sensitive.
C5 Risk Deep Dive: Fraud and Corruption	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.	
C6 DCC External Audit Actions Update - November 2025	S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or	S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.	

	information from the same source and it is in the public interest that such information should continue to be supplied.		
C7 Internal Audit Workplan Update	<p>S7(2)(b)(i) The withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p> <p>S7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.</p>	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 Improvement Opportunities - Actions Update	<p>S7(2)(c)(i) The withholding of the information is</p>	S48(1)(a) The public conduct of the part of the meeting	

	<p>necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
<p>C9 Protected Disclosure Register - November 2025</p>	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	

<p>C10 Investigation Register - November 2025</p>	<p>S7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.</p> <p>S7(2)(c)(i) The withholding of the information is necessary to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information or information from the same source and it is in the public interest that such information should continue to be supplied.</p>	<p>S48(1)(a) The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.</p>	
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This resolution is made in reliance on Section 48(1)(a) of the Local Government Official Information and Meetings Act 1987, and the particular interest or interests protected by Section 6 or Section 7 of that Act, or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as shown above after each item.