Audit & Risk Subcommittee Agenda 6 March 2025

Meeting conducted in the Council Chamber, Lvl 2 Philip Laing House
144 Rattray St, Dunedin
Meetings may be viewed live on the ORC Official YouTube Channel

Members:
Cr Tim Mepham, Co-Chair
Mr Andrew Douglas, Co-Chair (Independent member)
Cr Alexa Forbes
Cr Gary Kelliher
Cr Kevin Malcolm
Cr Gretchen Robertson (ex officio)
Cr Kate Wilson

Senior Officer: Richard Saunders, Chief Executive
Meeting Support: Kylie Darragh, Governance Support Officer

06 March 2025 01:00 PM

Agenda Topic — Page

Audit and Risk Subcommittee
MINUTES

Minutes of an ordinary meeting of the Audit and Risk Subcommittee held in the Council Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin on Thursday 5 December 2024, commencing at 1:00 PM.

PRESENT

Cr Tim Mepham	*(Co-Chairperson)*
Mr Andrew Douglas	*(Co-Chairperson)*
Cr Alexa Forbes	
Cr Kevin Malcolm	
Cr Gretchen Robertson	*(Ex officio member)*
Cr Kate Wilson	

1. WELCOME

Chair Douglas welcomed Councillors, members of the public and staff to the meeting at 1:00 pm with a karakia. Cr Lloyd McCall was in attendance. Staff present included Richard Saunders (Chief Executive), Nick Donnelly (GM Finance), Anita Dawe (GM Regional Planning and Transport), Tom Dyer (GM Manager Science and Resilience) Joanna Gilroy (GM Environmental Delivery), Tami Sargeant (GM People and Corporate) Amanda Vercoe (GM Strategy and Customer, Deputy CE), Kylie Darragh (Governance Support Officer).

2. APOLOGIES

Resolution: Cr Wilson Moved, Cr Malcolm Seconded:
That the apologies for Cr Gary Kelliher be accepted.
MOTION CARRIED

3. PUBLIC FORUM

No requests to address the subcommittee under Public Forum were received.

4. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

5. DECLARATIONS OF INTERESTS

Councillors were reminded to step aside if any conflict of interest arose.

6. CONFIRMATION OF MINUTES

Resolution: Cr Malcolm Moved, Cr Wilson Seconded
That *the minutes of the (public portion of the) meeting held on 26 September 2024 be received and confirmed as a true and accurate record.*
MOTION CARRIED

7. ACTIONS (STATUS OF SUBCOMMITTEE RESOLUTIONS)

Status report on the resolutions of the Audit and Risk Subcommittee

8. PRESENTATIONS

Phil Borkin Senior Strategist of JBWere, gave a presentation to the subcommittee on Managed Fund. The portfolio performance was reviewed. Ethical investment screening has been performed. Opportunities for questions from the subcommittee was provided during the presentation. Chair Douglas thanked Phil for attending.

9. MATTERS FOR CONSIDERATION

9.1. CS2443 Managed Fund Portfolio Performance Update

[YouTube 6:10] This report presented the Q3 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 30 September 2024. Phil Borkin, Senior Strategist of JBWere, was present for questions on the report.

Resolution AR24-134: Cr Mepham Moved, Cr Forbes Seconded
That the Audit and Risk Subcommittee:

1. ***Notes*** *this report and the attached Q3 2024 Portfolio Performance Report.*

MOTION CARRIED

9.2. GOV2477 Asset Management Internal Audit Update

[YouTube 33:45] This paper reported back to the Audit and Risk Subcommittee on the findings of an Internal Audit of Asset Management Practice at Otago Regional Council. Online, Chris Bowie and Edward Guy, consultants from Rationale, reviewed their findings on the Internal Audit with a short presentation. Tom Dyer, General Manager Science and Resilience was present to respond to questions.

Resolution AR24-135: Cr Malcolm Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

1. ***Notes*** *this report.*
2. ***Requests*** *that staff consider the recommendations of the report as part of the overall business improvement programme for ORC.*
3. ***Notes*** *that a report on establishing an enduring internal audit programme will be reported to the Subcommittee in the new year following the completion of a recruitment process.*

MOTION CARRIED

9.3. CS2447 Deep Dive - Natural Hazards

This report sought to facilitate a discussion, or 'deep dive', into Council's management of the *Natural Hazards* strategic risk. Tim van Woerden, Senior Natural Hazards Analyst, Jean-Luc Payan, Manager Natural Hazards, Tom Dyer, General Manager Safety and Resilience were present for questions on the report.

Resolution AR24-136: Cr Malcolm Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

1. ***Notes*** *the attached deep dive on Council's '*Natural Hazards*' strategic risk.*

MOTION CARRIED

9.4. CS2453 Rates Strike Corrections 2024/25

[YouTube 1:27:25] The purpose of this paper was to outline the cause of two errors in the rates strike for the 2024-25 rating period. This item included the addendum from Richard Saunders, Chief Executive. Sarah Munro, Manager Finance Reporting and Nick Donnelly, General Manager Finance were available to respond to questions on the report.

Resolution AR24-137: Cr Forbes Moved, Cr Mepham Seconded

That the Audit and Risk Subcommittee*:*

1. ***Notes*** *this report.*

MOTION CARRIED

9.5. CS2452 Safety and Wellbeing

[YouTube 1:39:45] This report summarised activities and information on health, safety and wellbeing (HSW), and people and culture (HR) at ORC (Otago Regional Council) for the 2024/25 year to date. Mark Olsen, Manager People and Safety, Hannah Port, Team Leader Fleet and Facilities, and Tami Sargeant General Manager People and Corporate were available to respond to questions on the report.

Resolution AR24-138: Cr Wilson Moved, Cr Forbes Seconded

That the Audit and Risk Subcommittee:

1. ***Notes*** *this report.*

MOTION CARRIED

9.6. CS2448 Legislative Compliance

[YouTube 2:01:30] To receive Council's six-monthly legislative compliance report; being the ComplyWith survey results which measure Council's compliance with legislative requirements. Janet Ashcroft, Legal Counsel, was available to respond to questions on the report. There was an amendment to the recommendation to recommend to council as per delegations of the subcommittee.

Resolution AR24-139: Cr Wilson Moved, Cr Forbes Seconded
That the Audit and Risk Subcommittee:

1. ***Notes*** *this report.*
2. ***Recommends*** *to Council that staff are requested to change from six monthly ComplyWith surveys to surveying legislative compliance once a year (in October/November), and in between annual surveys complete a legislative compliance audit of two directorates (in April/May) until all five directorates have been audited, with a review of survey frequency to follow; in mid-2027.*

MOTION CARRIED

9.7. CS2442 Treasury Report

[YouTube 2:13:30] To present the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 30 September 2024. Nick Donnelly, General Manager Finance, was available to respond to question on the report.

Resolution AR24-140: Cr Mepham Moved, Cr Wilson Seconded
That the Audit and Risk Subcommittee:

1. ***Notes*** *this report and the attached Bancorp Treasury Reporting Dashboard – 30 September 2024.*

MOTION CARRIED

9.8. GOV2459 Te Tiriti o Waitangi Audit

[YouTube 2:13:00] This report provided Audit and Risk with the outcome of the Te Tiriti o Waitangi Audit (the Audit) undertaken by Te Kura Taka Pini Limited2 (TKTP) in 2023/2024, along with a deep dive analysis of our strategic risk, Partnership effectiveness. Sarah Martin, Senior Advisor Iwi Partnerships and Engagement and Andrea Howard, Manager Executive Advice, were present to respond to questions.

Resolution AR24-141: Cr Forbes Moved, Cr Mepham Seconded
That the Audit and Risk Subcommittee:

1. ***Notes*** *the outcome of the partnership audit undertaken* Te Kura Taka Pini Limited*.*
2. ***Notes*** *the deep dive of the Partnership Effectiveness strategic risk.*

MOTION CARRIED

10. NOTICES OF MOTION

Nil.

11. RESOLUTION TO EXCLUDE THE PUBLIC

Recommendation: Cr Forbes Moved, Cr Wilson Seconded

***That** the public be excluded from the following parts of the proceedings of this meeting, namely:*

- *Confirmation of the Minutes of the Confidential Audit and Risk Subcommittee Meeting of 26 September 2024*
- *CS2444 Audit Management Letter and Initial Response*
- *CS2449 Insurance Disclosure*
- *CS2445 Managed Fund Report*
- *CS2446 Managed Fund Performance Review*
- *CS2450 Strategic Risk Register*
- *A&R2406 ORC Response Plan to Document Management System Privacy and Security Controls Review.*

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
PE Minutes of the Audit & Risk Subcommittee meeting of 26 September 2024	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 – Section 7(2)(c)(i) 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 otherwise to damage the public interest – Section 7(2)(c)(ii) To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e) To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i) To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To maintain legal professional privilege – Section 7(2)(g)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

3.1 Audit Management Letter – Initial Response	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 – Section 7(2)(c)(i)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3.2 Insurance Disclosures	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 – Section 7(2)(b)(ii) To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3.3 Managed Fund Report	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 – Section 7(2)(b)(ii) 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 – Section 7(2)(c)(i) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

3.4 Managed Fund Performance Review	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (b) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3.5 Strategic Risk Register	To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e) To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (c) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3.6 ORC Response Plan to Document Management System Privacy and Security Controls Review	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To maintain legal professional privilege – Section 7(2)(g)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (d) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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.

12. CLOSURE

There was no further business and Chair Douglas declared the meeting closed at 3:26 pm.

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Chair Date

Meeting Date	Document	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
22-06-2023	Audit and Risk Subcommittee 2023.06.22	8.6	CEO2301 Internal Audit Options for Otago Regional Council	In Progress	Co-Chairs of the Committee to work with the Chief Executive Officer to commence an internal audit programme in the 23/24 year and report results back to the Committee. AR23-116	Chief Executive, Councillor, Andrew Douglas	28/11/2023 Governance Support Officer The Internal Audit will commence early 2024 08/03/2024 Governance Support Officer A request for quotes for the first internal audit on asset management is being prepared to send to market. Results of the audit will be reported back through Audit and Risk Committee. 20/06/2024 Governance Support Officer Quotes have been sought for the first internal audit on asset management. This work will commence in the coming months and an update will be provided to the first A&R meeting of the 24/25 year.	30-06-2024
5-12-2024	Audit and Risk Subcommittee - 5 December 2024	9.2	GOV2477 Asset Management Internal Audit Update	Assigned	AR24-135 Requests that staff consider the recommendations of the report as part of the overall business improvement programme for ORC.	Executive Assistant, Operations, General Manager Science and Resilience		31-03-2025

9.1. CS2502 Audit and Risk Work Programme 2025

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2502
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Corporate Services and CFO
Endorsed by:	Nick Donnelly, General Manager Corporate Services and CFO
Date:	6 March 2025

PURPOSE

[1] The Audit and Risk Subcommittee is governed by Terms of Reference which define the purpose and responsibilities of the Subcommittee. This paper outlines the proposed work programme to be covered at Audit and Risk Subcommittee meetings in the 2025 calendar year to ensure the responsibilities outlined in the Terms of Reference are fulfilled.

RECOMMENDATION

That the Audit and Risk Subcommittee*:*

1) ***Notes** this report.*
2) ***Endorses** the proposed work programme for the 2025 calendar year.*

BACKGROUND

[2] It is intended to hold ordinary Audit and Risk Subcommittee meetings quarterly in March, June and September. As Local Body elections are being held in October 2025, no meeting will be held in December as the new Council will need to establish a committee structure before this can occur.

[3] Timing of the September meeting may need to be moved from the timing indicated in the published 2025 meeting schedule (currently set for 4 September) to ensure the Subcommittee can review the 2024-25 Annual Report prior to the Report going to Council for adoption on 25 September 2025. Alternatively, extraordinary meetings may be required to achieve adoption of the Annual Report prior to elections on 11 October 2025.

[4] The responsibilities of the Audit and Risk Subcommittee as defined in the Terms of Reference are covered under the headings of:

- Audit and Annual Report
- Risk Management
- Safety and Wellbeing
- Investment Management
- Legal Compliance
- Other (any other matters referred by Council or the Finance Committee)

[5] A proposed timetable to cover these matters is attached.

DISCUSSION

[6] Audit and Risk Subcommittee meetings are scheduled to be held the month following Finance Committee meetings which allows finance matters to be referred to Audit and Risk for further consideration.

[7] The work program is largely the same as the one for 2024. Some items are included in all agendas i.e., Safety and Wellbeing, Risk Resister while others are only considered every second meeting i.e., Legislative Compliance, Insurance Disclosures or annually i.e., Annual Report.

[8] For 2025 Legislative Compliance is moving from six monthly Comply With surveys to an annual survey of ComplyWith with the other six-monthly report to Audit and Risk being audit based. Two directorates will be audited each year with all parts of the organisation being audited over a three-year cycle.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[9] Not applicable.

Financial Considerations

[10] There are no financial considerations. The cost of the proposed work programme is included in existing budgets under the assumption it is completed by existing staff. No provision has been made for engagement of external consultants to undertake any of the work programme.

Significance and Engagement

[11] Not applicable.

Legislative and Risk Considerations

[12] There are no legislative or risk considerations in setting the work programme itself.

[13] Specific pieces of work defined in the programme are included to ensure the Audit and Risk Subcommittee has oversight over various legislative requirements i.e., statutory reporting and audit requirements under the Local Government Act 2002 and health and safety requirements under the Health and Safety at Work Act 2015.

[14] The Terms of Reference of the Audit and Risk Subcommittee include responsibility for maintaining oversight of Council’s management of risk. Not having a defined work programme and not adhering to that programme increases the risk that the Audit and Risk Subcommittee will not fulfil its purpose and responsibilities including risk management.

Climate Change Considerations

[15] Not applicable.

Communications Considerations

[16] Not applicable.

ATTACHMENTS

1. Audit and Risk Work Programme 2025 [**9.1.1** - 1 page]

AUDIT AND RISK SUBCOMMITTEE

Purpose:
To provide advice about governance, risk management and internal control matters, external reporting and audit matters.

Terms of Reference	Responsibility	Comments / Agenda Items	Mar	Jun	Sep (Annual Report)	Dec
Audit and Annual Report	Review the external Auditor's audit plan, audit management letter and management response to any issues raised during the external audit	Audit plan presented prior to year end (Auditors to attend)		Auditors to attend		
		Audit management letter (Auditors to attend)			Auditors to attend	
		Management response (initial response December, follow up in March if required)				
	Consider changes in accounting policies, standards or reporting requirements and make recommendations for Council adoption	Matters under consideration prior to year end				
	Oversee internal control processes and procedures including financial policies, delegations and sensitive expenditure.	Financial policy changes included in matters under consideration (above) Delegations / sensitive expenditure as required				
	Review the draft Annual Report including the Statement of Service and Performance and Financial Statements and make recommendation for Council adoption.	Draft Annual Report			Annual Report	
	Oversee any internal audit functions or reviews and consider any matters referred to it by that function	As required				
Risk Management	Ensure a corporate risk management framework is in place and review risk reports	Risk report including risk register				
	Review Council's insurance matters and annual renewal process	Insurance renewal prior to 1-July renewal				
		Insurance disclosures (six monthly)				
	Oversee liquidity and interest rate risk including compliance with the Treasury Management Policy and lending covenants	Treasury report (Bancorp)				
	Review the Treasury Management Policy and SIPO and recommend changes to Council	At least every 3 years			Sep-2026	
	Review Council's business continuity and disaster recovery matters	As required				
Safety and Wellbeing	Review Council's adherence to the Health and Safety at Work Act 2015 including monitoring health and safety performance, incidents and response	Safety and wellbeing quarterly report				
Investment Management	Review the performance of Council's investment portfolio including the long-term managed fund	Managed fund quarterly performance update (JBW)				Fund Manager to attend
	Oversee the performance of Council's investment manager including compliance of the managed fund with the Statement of Investment Policies and Objectives (SIPO)	Managed fund compliance report (JBW)				
	Oversee the Investment Manager appointment process and make recommendations to Council on that appointment	Investment Manager review required every 3 years				Dec-2027
Legal Compliance	Review Council's adherence to legislation that affects Council	Legislative compliance and mandatory documents register		Audits x2		ComplyWith
		Corporate policy overview				
	Receive and consider updates on legislation that Council is required to operate under and/or enact	Report as legislation changes occur				ComplyWith
Other	Review any other financial matters referred to the Subcommittee by Council or the Finance Committee	As required				

Key:	meeting this item will be covered in	item as required or by request at any meeting

9.2. CS2503 Treasury Report

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2503
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	6 March 2025

PURPOSE

[1] To present the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 31 December 2024.

EXECUTIVE SUMMARY

[2] The latest Bancorp Treasury Reporting Dashboard is reported to each meeting of the Audit and Risk Subcommittee. This report provides an overview of Council's debt position and management of that debt in accordance with Council's Treasury Management Policy.

[3] Council has $25.0M of core debt through the Local Government Funding Agency (LGFA). An additional $15.0M had been borrowed as short-term working capital funding until the 2024/25 rates due date of 31 October 2024. This funding was repaid during the December 2024 quarter. All borrowing is compliant with Council's Treasury Management Policy.

[4] Total LGFA debt is $148.36M which includes on-lending to Port Otago of $122.678M.

[5] Interest rate risk management on page 5 of the report, shows interest rate cover is within the permitted policy limit. To maintain compliance an interest rate swap was executed in June 2024. This is a 3 year forward swap commencing on 15 April 2026 at a fixed rate of 4.115%.

RECOMMENDATION

That the Audit and Risk Subcommittee*:*

a) ***Notes*** *this report and the attached Bancorp Treasury Reporting Dashboard – 31 December 2024.*

BACKGROUND

[6] Council borrows through the Local Government Funding Agency (LGFA). As at 31 December 2024 the amount borrowed is $25.0M. This debt is structured over a mix of commercial paper, floating rate notes and fixed rate bonds to meet the requirements of Council's Treasury Management Policy.

[7] Council also has an on-lending agreement with Port Otago Limited to allow them access to funding via the LGFA. This agreement has a maximum lending amount of $150M.

[8] Bancorp Treasury Services are engaged as Council's advisor and reports on the structure of Council's core debt and adherence to Council's TMP.

DISCUSSION

[9] As at 31 December 2024 Council had $25.0M of core debt funded by the LGFA across 5 tranches of $5M each (as outlined on pages 4 to 6 of the report).

[10] All borrowing is noted to be compliant with Council's Treasury Management Policy (as outlined on pages 4 and 5 of the report).

[11] The amount of core debt is in line with the amount included in Council's Long-term Plan 2021-31, Annual Plan 2023-24 and Long-term Plan 2024-34.

[12] The weighted average cost of funds of 5.07% as at 31 December 2024 is 0.92% below the assumption used in the Annual Plan 2023-34 of 6.0%.

[13] An interest rate swap was executed in June 2024. This is a 3 year forward swap commencing on 15 April 2026 at a fixed rate of 4.115%.

[14] Port on-lending is $122.678M which is $27.322M under the maximum amount permitted under the on-lending agreement.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[15] Council's Financial Strategy outlines that Council will borrow core debt from the LGFA. The Treasury Management Policy (TMP) sets the rules for how that borrowing is structured to ensure liquidity and interest rate risk is managed.

Financial Considerations

[16] Debt and interest assumptions are outlined in Council's Long-term Plan and Annual Plan. This is covered in the discussion section of this report.

Significance and Engagement

[17] Not applicable.

Legislative and Risk Considerations

[18] There are no legislative considerations.

[19] There is inherent risk associated with borrowing. These risks are outlined in the Treasury Management Policy which provides a framework for prudent debt management and sets external borrowing limits, counterparty exposure limits, liquidity limits and interest rate exposure limits.

Climate Change Considerations

[20] Not applicable.

Communications Considerations

[21] Not applicable.

NEXT STEPS

[22] Not applicable.

ATTACHMENTS

1. 2024.12.31 Bancorp Treasury Reporting Dashboard December 2024 with Feb 25 commentary [**9.2.1** - 7 pages]

Otago Regional Council

Treasury Reporting Dashboard

31 December 2024

STRICTLY PRIVATE AND CONFIDENTIAL

BANCORP

BANCORP TREASURY SERVICES LIMITED

Audit and Risk Subcommittee - 6 March 2025

Economic Commentary (as at 25 February)

2

Global Commentary

The key themes of the last three months have been US-centric. US economic data has been stronger than expected, which saw expectations of multiple US rate cuts significantly paired back, with market consensus now for only one Fed rate cut in 2025. Since Trump's inauguration on 20 January, his policies have come quickly. They are heavily focused on increasing US growth and implementing widespread tariffs (the extent of the tariffs are yet to be determined given the strong probability of ongoing negotiations and deal-making). The impact of an America-first approach on the rest of the global landscape is unknown, but it comes with significant risks and opportunities for some.

In the US, the Federal Reserve ("Fed") paused its cutting cycle in late January, maintaining the target range for the Fed Funds rate at 4.25% – 4.50%, citing the recent strength of the US economy, which grew at an annualised 2.3% in the December quarter of 2024. Other factors that influenced the Fed's decision were a stable and relatively low unemployment rate and solid labour market conditions, although inflation was stated to be somewhat high, which was confirmed earlier this month with an annual CPI increase of 3.0% in the January year. The press release by the Fed stated that the Committee's outlook for the economy was uncertain, with the Committee prepared to adjust its monetary policy stance as appropriate if risks emerged that could impede the Committee's goals of supporting maximum employment and returning inflation to its 2.0% target.

New Zealand Commentary

	OCR	90 day	2 year swap	3 year swap	5 year swap	7 year swap	10 year swap
25-Feb-25	3.75%	3.75%	3.56%	3.65%	3.82%	3.99%	4.21%

Markets widely expected another 50bps cut by the Reserve Bank of New Zealand ("RBNZ") in February, which was exactly what was delivered, bringing the Official Cash Rate ("OCR") down to 3.75% for a cumulative 175bps of easing since the beginning of this cutting cycle in August. The overall tone of the Monetary Policy Statement ("MPS") was dovish, with the RBNZ affirming its capacity to reduce the OCR further should the New Zealand economy develop according to the RBNZ's projections. The projections within the MPS implied a terminal OCR of around 3.10% to be reached by December of 2025, with no further cuts or hikes expected for the remainder of the forecast period to 2028. This is relatively in line with, and reinforces, market pricing.

Unlike the US, New Zealand's economic data has been weak, as evidenced by the shock September quarter GDP released on 19 December. The GDP result revealed a 1.0% decline in the September quarter (compared to market expectations of -0.4%) while the annual measure fell 1.5%, and included a downward revision to the June quarter's fall to -1.2%, representing the weakest 6-month period since 1991 (excluding Covid periods).

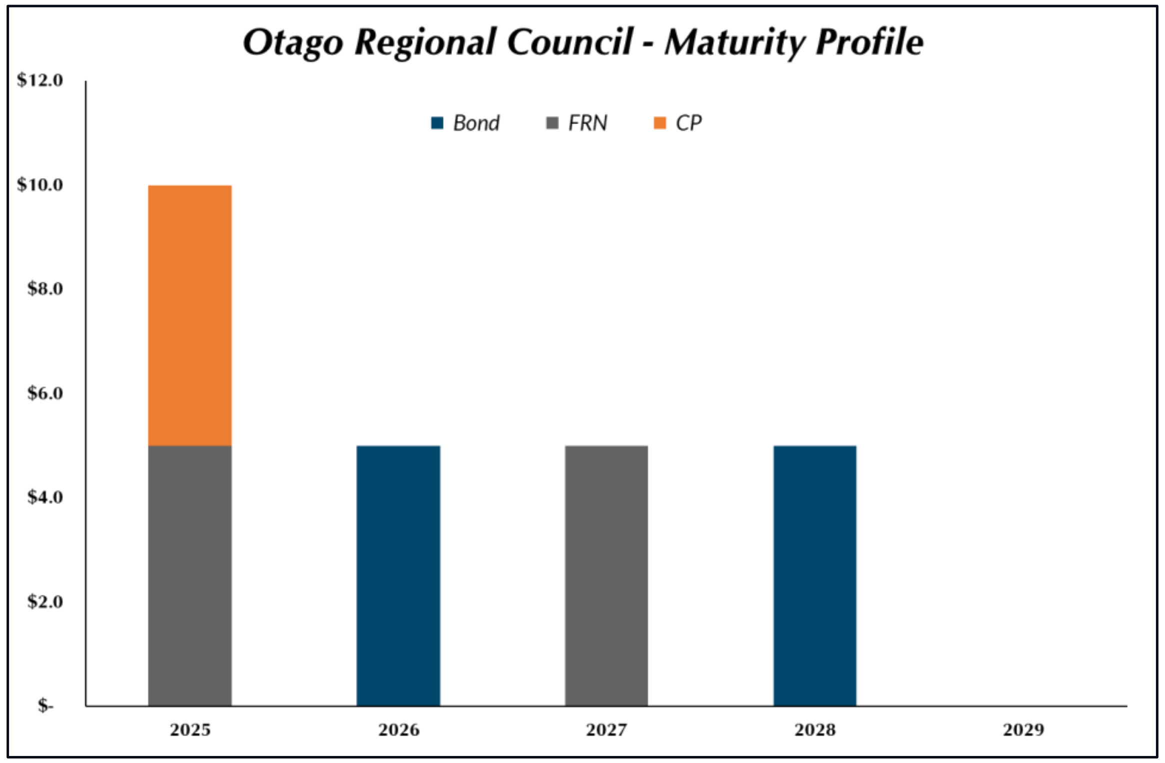
At a macro level, economic data has been poor; still, despite ongoing challenges, there is growing optimism for improvement in New Zealand's economy, most likely in the latter half of 2025, driven by lower interest rates, strong dairy prices, and positive indicators across the horticulture, kiwifruit, and beef sectors. However, persistent struggles remain in the wine, wood, sheep, and retail sectors. The household sector should benefit more quickly from the recent OCR rate cuts in H2 2024, given the large proportion of mortgages of on shorter fixing terms.

Over the past three months, the upward movement in US long-term rates has caused significant changes in the shape of the New Zealand yield curve, leading to substantial shifts in the pricing of forward-starting swaps. Nonetheless, the typical correlation between the US and New Zealand's longer-term rates has temporarily broken down, influenced by a domestic economy in need of interest rate relief, which has helped deliver more attractive swap rates, especially out-of-spot or short-date forward starting swaps.

AS AT 31 DECEMBER 2024

Funding and Liquidity

3



Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	Yes
Is the funding maturity profile within policy control guidelines?	Yes
Is liquidity within LGFA control limits?	Yes

ORC Core Debt

$25.0m

External Council Drawn Debt, excluding on-lending to Port Otago

LGFA Debt

$148.36m

Funds Drawn from LGFA, including on-lending to Port Otago

Liquidity = cash deposits, term deposits and managed fund

$60.71m

Liquidity Ratio based on total Council debt which includes the on-lending to Port Otago

140.92%

Cost of Funds as at 31 December

5.07%

ORC's cost of funds is projected to fall to approximately 4.70% by June 2025 and 4.60% by June 2028 (see chart bottom left next slide)

BANCORP

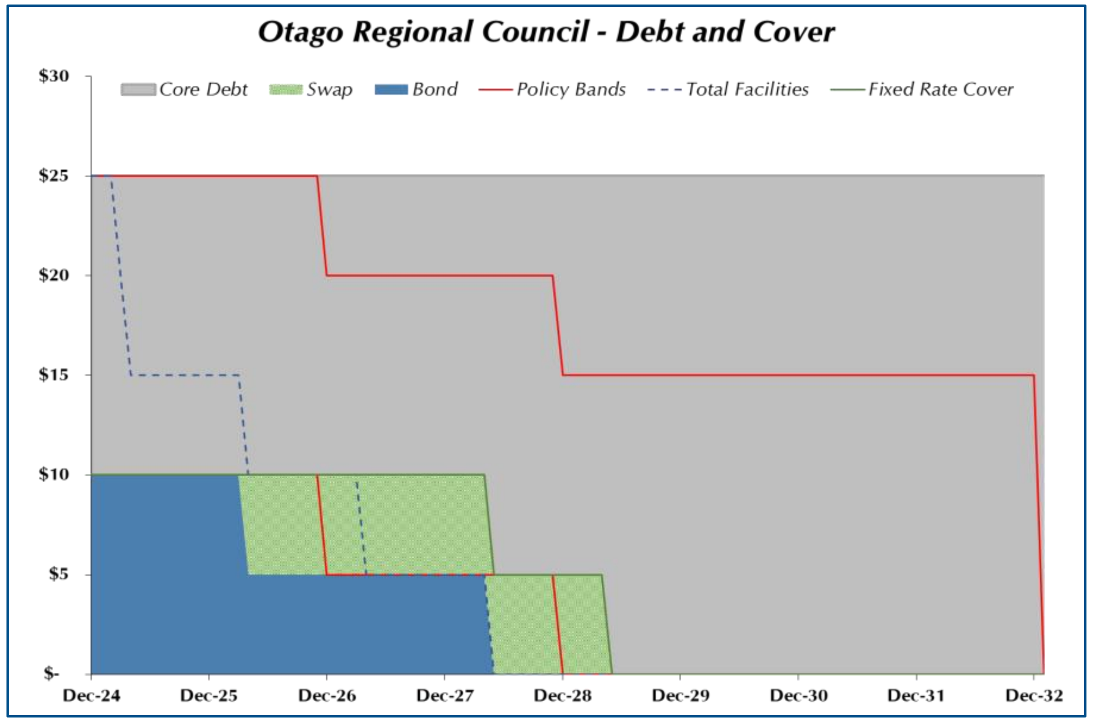
Audit and Risk Subcommittee - 6 March 2025

Otago Regional Council

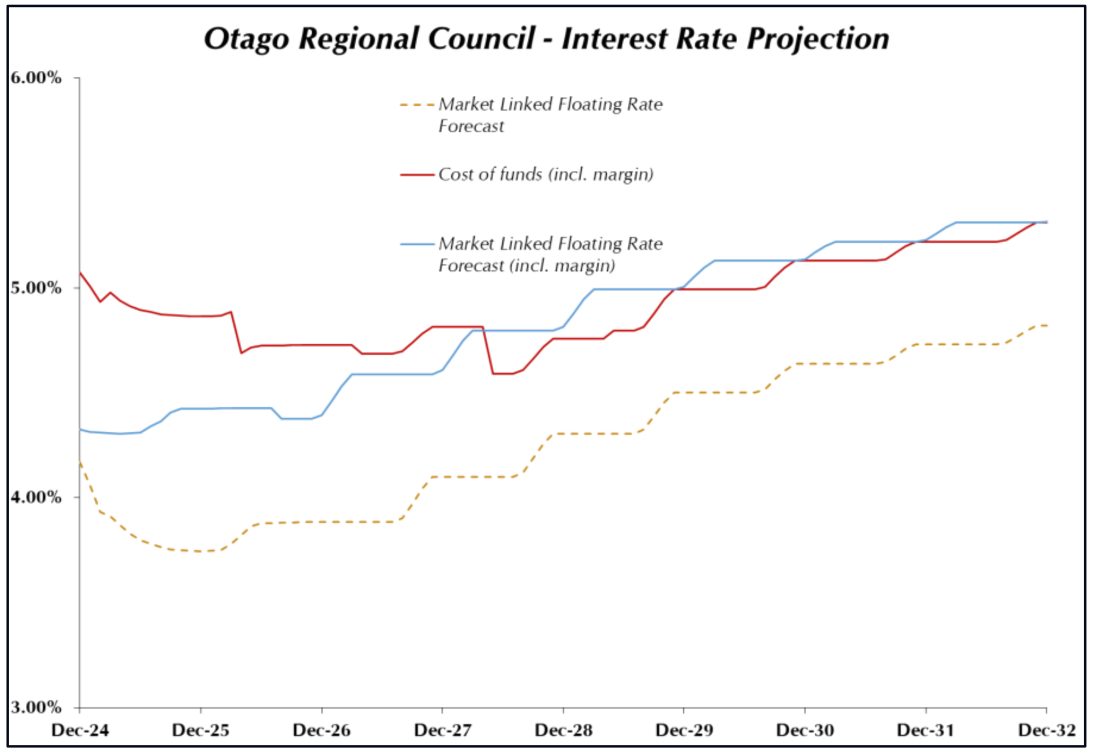
AS AT 31 DECEMBER 2024

Interest Rate Risk Management

4



Current % of Debt Fixed	40.0%
Current % of Debt Floating	60.0%
Value of Fixed Rate (m)	$10.0
Weighted Average Cost of Fixed Rate Instruments	5.70%
Value of Floating Rate (m)	$15.0
Current Floating Rate	4.17%
Current Floating Rate (incl margin)	4.66%
All Up Weighted Average Cost of Funds Including Margin	5.07%
Total Facilities In Place	$25.0



Fixed Rate Hedging Bands

	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Compliant
4 - 8 years	0%	60%	Compliant

BANCORP

Audit and Risk Subcommittee - 6 March 2025

Otago Regional Council

AS AT 31 DECEMBER 2024

LGFA lending

5

As at 31 December 2024, Otago Regional Council had $25.0 million of core debt, all of which is sourced from the LGFA using Commercial Paper ("CP"), Floating Rate Notes ("FRN's"), and Fixed Rate Bonds ("FRB's"). Details of the debt as at 31 December 2024 is as follows.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	10-Mar-25	4.52%	0.20%	$5,000,000
LGFA FRN	15-Apr-25	5.21%	0.56%	$5,000,000
LGFA FRB	15-Apr-26	5.70%	N/A	$5,000,000
LGFA FRN	15-Apr-27	4.99%	0.70%	$5,000,000
LGFA FRB	15-May-28	5.70%	N/A	$5,000,000
TOTAL				**$25,000,000**

AS AT 31 DECEMBER 2024

LGFA Borrowing Rates

6

Listed below are the credit spreads and applicable interest rates as at 31 December 2024 for Commercial Paper ("CP"), Floating Rate Notes ("FRN"), and Fixed Rate Bonds ("FRB"), at which the Otago Regional Council could source debt from the Local Government Funding Agency ("LGFA").

Maturity	Margin	FRN (or CP Rate)	FRB
3 month CP	0.20%	5.07%	N/A
6 month CP	0.20%	5.19%	N/A
April 2025	0.57%	5.44%	5.10%
April 2026	0.65%	5.52%	4.30%
April 2027	0.77%	5.64%	4.18%
May 2028	0.91%	5.78%	4.30%
April 2029	1.06%	5.93%	4.49%
May 2030	1.17%	6.04%	4.68%
May 2031	1.25%	6.12%	4.84%
April 2033	1.35%	6.22%	5.07%
May 2035	1.42%	6.29%	5.25%
April 2037	1.49%	6.36%	5.42%

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9.3. CS2504 Managed Fund Portfolio Performance Update

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2504
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	6 March 2025

PURPOSE

[1] To present the Q4 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 31 December 2024.

EXECUTIVE SUMMARY

[2] The latest quarterly portfolio performance report for the Managed Fund is reported to each meeting of the Audit and Risk Subcommittee.

[3] This report includes general market and portfolio commentary, a summary of portfolio performance over 3-month, 1-year and 3-year periods and market outlook commentary.

[4] The portfolio value at 31 December 2024 was $29,369,432 an increase of $2,085,018 for the financial year to date. This includes an increase over the quarter of $896,760.

[5] The portfolio's return for the quarter was 3.3% for the quarter, 0.3% ahead of the benchmark return of 3.0%. Over the past 12 months the portfolio return has been 13.1% against a benchmark return of 11.4%, implying an outperformance of 1.7%%.

RECOMMENDATION

That the Audit and Risk Subcommittee*:*

a) ***Notes*** *this report and the attached Q4 2024 Portfolio Performance Report.*

BACKGROUND

[6] Council holds a long-term investment portfolio (the Managed Fund) of interest-bearing deposits, bonds and equity securities.

[7] Investment management services for the Managed Fund are provided by JB Were.

[8] The Portfolio Performance Report for the quarter ended 31 December 2024 is attached for the information and review of the Audit and Risk Subcommittee.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[9] Council's Financial Strategy outlines that Council will maintain a managed fund, the expected returns from those investments and how the returns will be utilised. The Treasury Management Policy (TMP) and Statement of Investment Policies and Objectives (SIPO), sets the rules for how the funds will be invested and the framework to ensure acceptable returns are achieved and risk is managed.

Financial Considerations

[10] There are no financial considerations other than those already outlined in this paper.

Significance and Engagement

[11] Not applicable.

Legislative and Risk Considerations

[12] There are no legislative considerations.

[13] There is inherent risk associated in holding investments of this nature. Markets and return can and will fluctuate over the short term. Council manages that risk through the Treasury Management Policy and SIPO.

Climate Change Considerations

[14] This is a consideration under ethical or environmental, social and governance (ESG) investing which is incorporated in Council's Treasury Management Policy and SIPO.

Communications Considerations

[15] Not applicable.

NEXT STEPS

[16] Not applicable.

ATTACHMENTS

1. Otago Regional Council - 4 Q 24 Update [**9.3.1** - 5 pages]

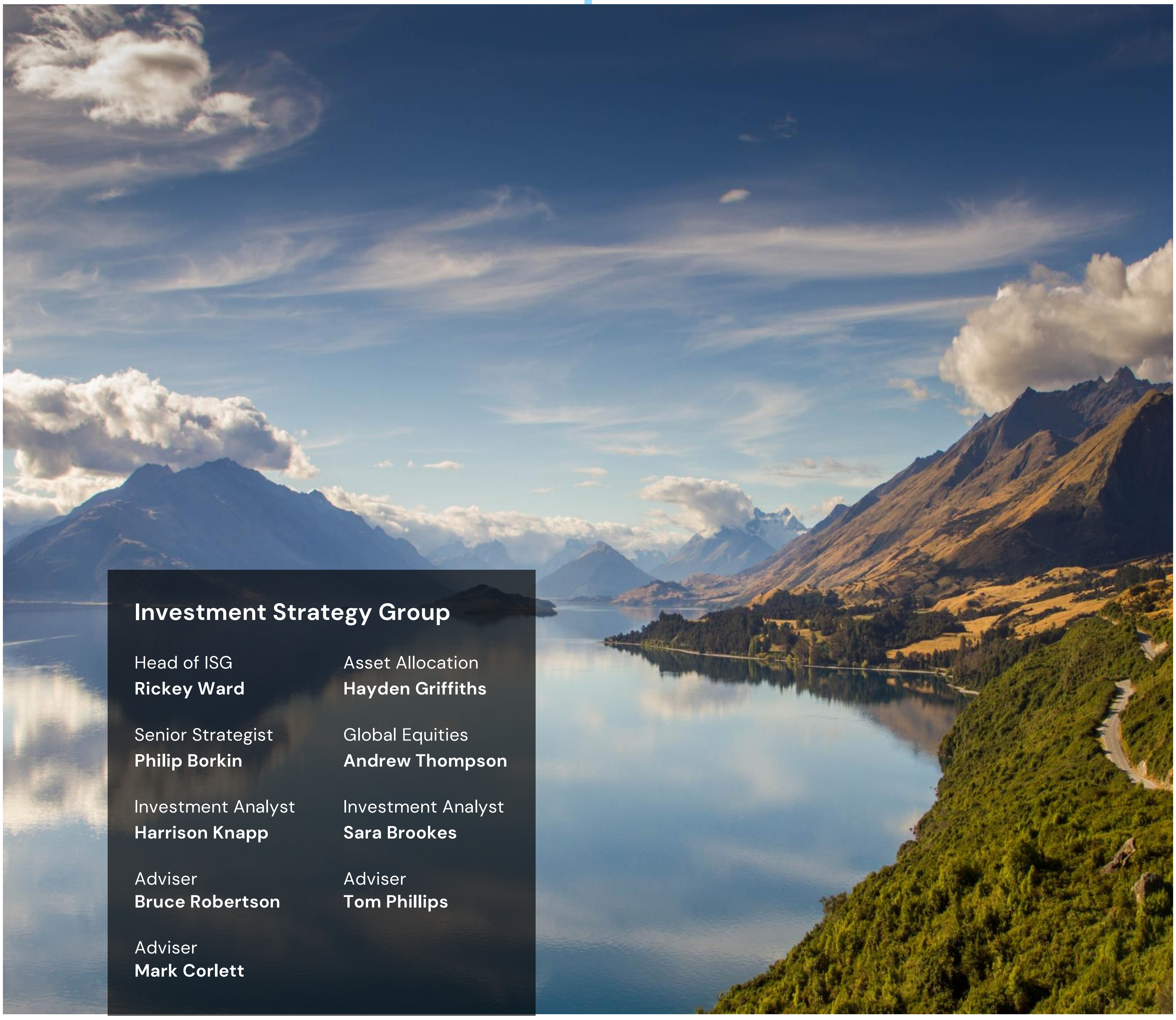
JBWere

Q4 2024 Portfolio Performance

Otago Regional Council

Prepared by JBWere New Zealand

16 January 2025



JBWere

Market Commentary

The Federal Reserve's decision to moderate its rate cutting path should not necessarily be viewed in a negative light, as it reflects increased confidence in the positive momentum of the US economy

The December quarter was conducive to positive portfolio returns with ongoing interest rate cuts and market enthusiasm following President-elect Trump's upcoming return to the White House, bolstered by a Republican "red wave" in Congress. This development sets the stage for corporate tax reductions and a more business-friendly regulatory environment. Additionally, the weak NZD/USD exchange rate further enhanced portfolio gains. Towards the end of the quarter however, a hawkish cut from the Federal Reserve combined with a less aggressive than expected rate cut pathway, as well as elevated equity valuations and the realities of trade policy risk beginning to sink in, resulted in a tempering of the optimism that had driven the rally.

Portfolio Summary

The portfolio's performance increased 3.3% during the quarter, while the benchmark returned 3.0%. Over the past 12 months, the portfolio has gained 13.1% against a composite benchmark return of 11.4%. At a tactical asset allocation level, changes were made to the portfolio at the start of the quarter to neutralise the underweight to Australian and global equities reflecting our view that the tail risks have diminished. Factors supporting this include the increasing potential for a US soft landing and economic stimulus in China.

New Zealand fixed interest performance benefitted from a weaker-than-expected Q3 GDP print of -1%, which prompted the market to price in a 50-basis-point cut by the Reserve Bank of New Zealand (RBNZ) in February. In contrast, global fixed interest faced headwinds due to better-than-expected global economic data, the Fed's indication of fewer rate cuts, and expectations that the Trump administration's policies could lead to a larger US fiscal deficit.

The NZ equities component of the portfolio increased 6.0% during the quarter, against a benchmark return of 5.5%. The portfolio benefitted from easing monetary policy conditions and improved corporate confidence. Defensive, income-producing names were supported by lower interest rates. Fisher & Paykel Healthcare delivered a standout performance, exceeding market expectations in November with a robust half-year result. Scales Corporation also performed well driven by improved liquidity following the exit of a major shareholder and strong operational performance.

The recent US election outcome will benefit Australian companies in the portfolio that have significant US operations

The Australian equity component of the portfolio increased a further 3.8% for the quarter. Over the past 12 months, the asset class has returned 26.0% against a benchmark of 14.5%, resulting in an outperformance of 11.5%. The largest contributor to returns over the quarter was the overweight portfolio position in financials with positive momentum continuing for both the banking and insurance exposures. Performance has also been supported by the US election outcome with the portfolio benefitting from its positions in companies with a material exposure to the US economy. Beneficiaries in the portfolio include Brambles, James Hardie, and ResMed. In addition, the prospects of escalating US tariffs on China and diminishing optimism around Chinese economic stimulus weighed on the Resource sector which benefitted the portfolio due to its limited exposure. REA Group was also a highlight, as consensus earnings estimates continued to rise due to the current favourable operating environment, and the company's effective execution, as demonstrated at their AGM trading update.

Tech-focused exposures sustained positive momentum, led by the US mega-cap names

The global equities component of the portfolio increased 10.7%. Tech-focused exposures sustained their positive momentum, led by the US mega-cap names. JPMorgan performed particularly well, buoyed by the US election results. Conversely, the healthcare exposures within the portfolio, such as Elevance, AstraZeneca and Vertex, detracted from performance due to a combination of earnings downgrades and political uncertainties, including the appointment of industry sceptics such as Robert F. Kennedy Jr. by the incoming Trump administration, and broader expectations of Republican scrutiny of programmes like Medicaid and Obamacare.

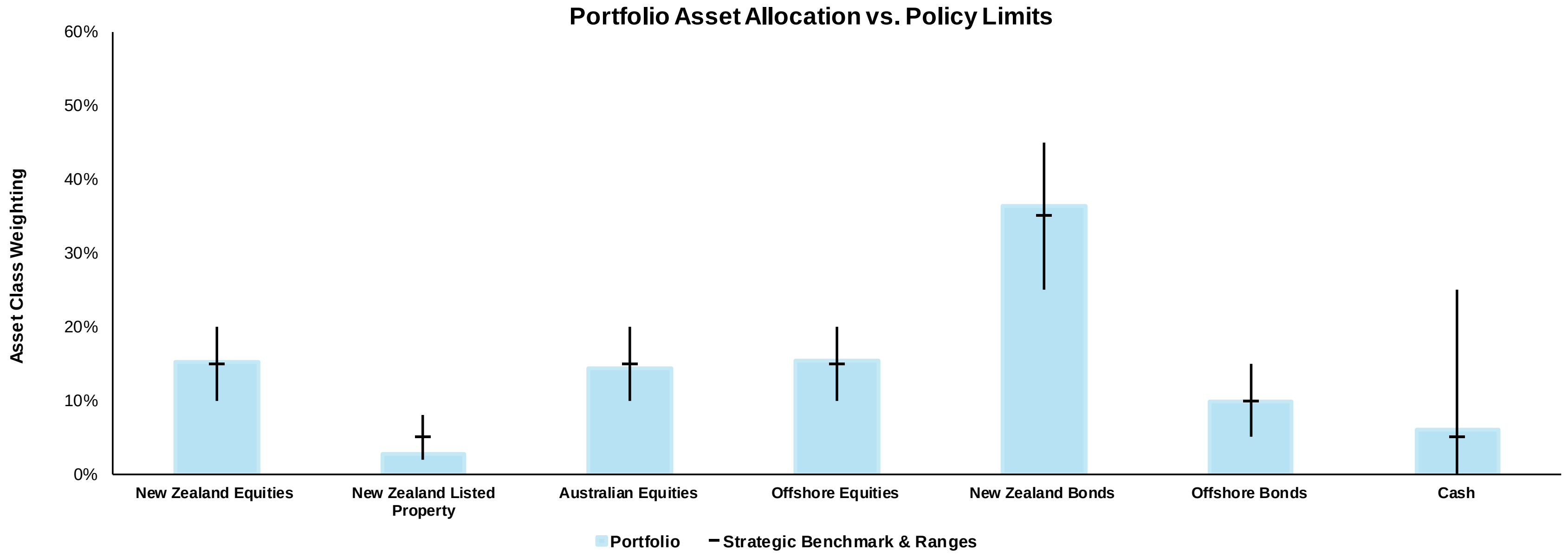
Portfolio Performance

Otago Regional Council

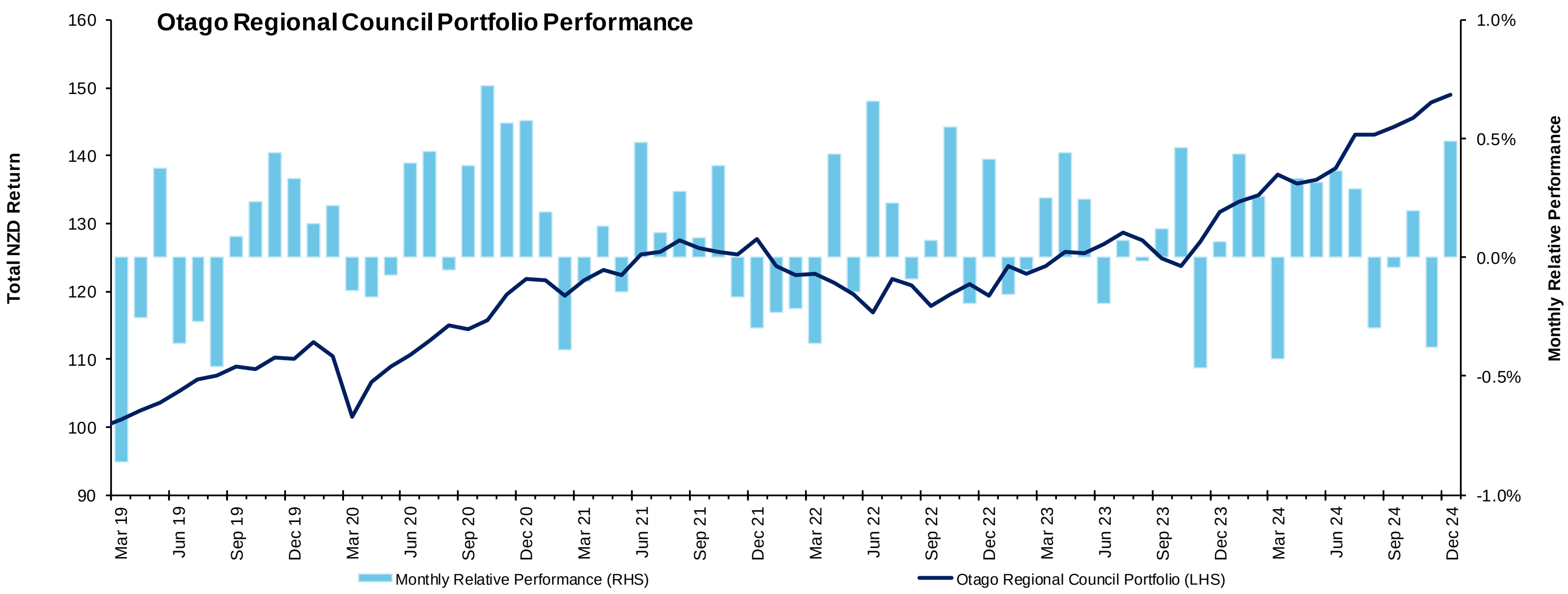
Period End: 31-Dec-24

By Asset Class[1]

Asset Class	Strategic Allocation	Benchmark Index	3 Months Portfolio	3 Months Benchmark	3 Months Relative	1 Year Portfolio	1 Year Benchmark	1 Year Relative	3 Years Portfolio	3 Years Benchmark	3 Years Relative
(Before Fees)	%		%	%	%	%	%	%	%	%	%
Cash	5	S&P 90 Day Bank Bill Index	1.48	1.23	*+0.25*	5.98	5.58	*+0.40*	15.28	13.76	*+1.52*
NZ Bonds	35	S&P Corporate A Grade Bond Index	1.45	1.14	*+0.31*	9.31	6.82	*+2.49*	14.21	8.95	*+5.26*
Global Bonds	10	Barclays Capital Global Aggregate Index $NZ Hedged	-1.65	-1.20	*-0.45*	1.67	3.03	*-1.36*	-4.49	-3.08	*-1.41*
NZ Listed Property	5	S&P/NZX All Real Estate Industry Group Index	-1.98	-2.06	*+0.08*	-2.42	-3.03	*+0.61*	-18.54	-20.53	*+1.99*
NZ Equities	15	S&P/NZX 50 Gross Index	5.96	5.53	*+0.43*	10.82	11.39	*-0.57*	9.76	0.59	*+9.17*
Australian Equities	15	S&P/ASX 200 Accumulation Index	3.83	0.78	*+3.05*	25.96	14.48	*+11.48*	41.07	28.87	*+12.20*
Global Equities	15	MSCI AC World Index	10.68	12.37	*-1.69*	36.62	32.84	*+3.78*	39.95	43.02	*-3.07*
Total	**100**		**3.32**	**3.00**	***+0.32***	**13.14**	**11.39**	***+1.75***	**16.74**	**12.79**	***+3.95***



Historical



General Notes:

1. Returns are time weighted (TWR) and are prior to JBWere fees.

JBWere

Overview	3 Months	1 Year	3 Years
Opening Value	**$28,472,761.03**	**$26,118,102.41**	**$25,686,509.46**
Cash Deposits	-	-	-
Cash Withdrawals	-	-	-
Other Cash Movements	-	-$31.27	-$47.03
Stock Transfers In	+$1,342.43	+$4,608.82	+$10,987.27
Stock Transfers Out	-	-	-
Other Stock Movement	-	-	-
Net Adjustments	+$1,342.43	+$4,577.55	+$10,940.24
Investment Return			
Capital Change	+$667,382.83	+$2,355,368.15	+$1,384,836.98
Gross Income	+$276,900.88	+$1,069,836.01	+$2,834,865.32
Gross Closing Value	**$29,418,387.17**	**$29,547,884.12**	**$29,917,152.00**
Tax & Expenses	-$35,416.72	-$138,321.25	-$416,428.75
Imputation / Tax Credits	-$13,538.11	-$40,130.53	-$131,290.91
Net Closing Value	**$29,369,432.34**	**$29,369,432.34**	**$29,369,432.34**
FX Hedging Positions (from last rollover)			
Profit & Loss	-	-	-
Grand Total	**$29,369,432.34**	**$29,369,432.34**	**$29,369,432.34**

Market Outlook

As 2025 rolls around, there is cause for optimism. Inflation and interest rate shocks are largely behind us, central banks are friendlier, we have increased confidence in US economic resilience, and local green shoots are emerging. At the same time, technological innovation continues at pace and corporate fundamentals, on the whole, look sound. This decent macro starting point is important. On its own it lends itself to creating the conditions for another reasonable year for portfolio returns overall. However, it also provides a little more confidence that financial markets will be able to withstand any surprises or shocks along the way. And 2025 is likely to be a year with plenty of those.

Top of our list of big uncertainties, perhaps unsurprisingly, is the direction of foreign trade policy under the new US government. President Trump has made it very clear that tariffs will again be a feature of his second term in power. What is less clear is the timing, magnitude and economic impact. Beyond this, some share markets are highly valued, increasing the risk of disappointment, government fiscal positions are strained, there remain lingering pockets of inflation, and geopolitical risks persist. But because of the decent macro starting point, our approach is one of being mindful of these risks, not fearful of them.

As 2025 rolls around, there is cause for optimism

Prioritising portfolio diversification and sound risk management practices, as always, will be key. But our starting point is likely to be one of using this elevated level of volatility opportunistically. Equity market fundamentals remain intact, and we should see US earnings continue to broaden out. Further, greater dispersion in equity market returns should provide a backdrop for active management to better seek out winners and losers.

Our overarching theme of US exceptionalism leaves us continuing to favour US equities and remaining selective when investing outside of the US. While the backdrop is improving for NZ equities, we see a more complex environment for Australian equities, whereby uncertainty around China and trade policy, together with the RBA, will likely determine their direction in 2025.

JBWere

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9.4. CS2505 Managed Fund and SIPO Review

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2505
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	6 March 2025

PURPOSE

[1] To consider the recommendations and next steps from the Investment Performance Review presented to the 5 December 2024 Audit and Risk Subcommittee meeting.

EXECUTIVE SUMMARY

[2] An independent review of the performance of the managed fund was completed in November 2024. That report was presented to the Audit and Risk Subcommittee in December 2024.

[3] The report concluded that management of the portfolio had been appropriate and sound, and the managed fund had performed well against its objective particularly over the last two years.

[4] The report noted a number of recommendations for Council to consider. Staff have sought feedback from JBWere on those recommendations and a response to each recommendation is outlined in this paper.

[5] The report also used an environmental, social and governance (ESG) provider different to the provider used by JB Were and noted additional red flag securities in the portfolio as a result. The Audit and Risk Subcommittee requested the ESG parameters included in the Statement of Investment Policies and Objectives (SIPO) were also reviewed and included in this report.

RECOMMENDATION

That the Audit and Risk Subcommittee*:*

1) ***Notes** this report.*
2) ***Endorses** the following actions:*
    a. *Retain a 50:50 split between growth and defensive asset classes.*
    b. *Allocate fixed interest on a 50:50 split between NZ and global fixed interest (22.5% to each asset class).*
    c. *Do not allocate a specific target to emerging markets.*

a) *The Audit and Risk Subcommittee considers introducing a private equity allocation and request JBWere conduct a workshop to provide further detail on this asset class.*
b) *JBWere to add CPI +3% as a benchmark to future Quarterly Portfolio Performance reports.*

   d. *SIPO reviews to remain three yearly.*

c) *No other changes to reporting are required noting JB Were already provides a Quarterly Portfolio Performance Report.*

   e. *Retain the existing ESG controversies "red flag" exclusion.*

   f. *The Audit and Risk Subcommittee considers whether to introduce a supplementary list of prohibited securities and place Rio Tinto on that list.*

3) ***Notes** that based on Audit and Risk Subcommittee direction a revised SIPO will be presented to the June Audit and Risk Subcommittee meeting for approval and recommendation to Council.*

BACKGROUND

[6] The independent review of the performance of the managed fund was undertaken in November 2024 by Eriksens Global.

[7] The report has analysed portfolio performance against the objective of CPI + 3.0%. This is at the top end of the range stated in the SIPO of CPI +2.3%-3.1%. Analysis is also provided against the asset class benchmarks which JBWere provides in their reporting.

[8] The portfolio has performed well against this objective over the last 2 years but did not meet this over the longer 3-to-5-year period. This was due to international events i.e. Covid and the report notes that the portfolio still outperformed the benchmarks over this time (see the portfolio performance table on page 11 of the report).

[9] The report concludes the management of the portfolio has been appropriate and sound.

[10] The report also makes the following recommendations for Council to consider:

- Maintain the 50:50 growth vs income split but enhance diversification including greater exposure to global bonds and emerging markets.
- Allocate up to 10% of the portfolio to private equity.
- Simplify performance targets by focusing solely on CPI +3% as a benchmark.
- Introduce more frequent reviews to the SIPO.
- Provide clearer summaries of asset specific performance against benchmarks.

[11] The report also noted that Council adheres to strict ESG guidelines and under their parameters the portfolio included investments that were flagged for ESG risks and this should be looked at by Council to ensure policy compliance.

[12] The balance in the managed fund by asset class as at 31 December 2024 was:

Asset Class	Actual amount allocated	%	SIPO amount expected	SIPO target	SIPO acceptable range		SIPO met
Cash	1,776,490	6%	1,468,472	5%	0%	25%	Yes
NZ Fixed Interest	10,693,042	36%	10,279,301	35%	25%	45%	Yes
International Fixed Interest	2,906,982	10%	2,936,943	10%	5%	15%	Yes
Defensive Total	**15,376,514**	**52%**	**14,684,716**	**50%**	**41%**	**60%**	**Yes**
NZ Property	780,740	3%	1,468,472	5%	2%	8%	Yes
NZ Equities	4,467,661	15%	4,405,415	15%	10%	20%	Yes
Australian Equities	4,228,222	14%	4,405,415	15%	10%	20%	Yes
International Equities	4,516,295	15%	4,405,415	15%	10%	20%	Yes
Growth Total	**13,992,918**	**48%**	**14,684,716**	**50%**	**40%**	**60%**	**Yes**
Total	**29,369,432**	**100%**	**29,369,432**	**100%**			**Yes**

DISCUSSION

Maintain the 50:50 growth vs income split but enhance diversification including greater exposure to global bonds and emerging markets

[13] JBWere agrees that this split remains appropriate for the ORC and suitably balances risks and expected returns to enable it to achieve its return objective of CPI plus (2.3%-3.1%). Our estimated long-run market return for ORC's current 50:50 portfolio is ~5.8% pa, which is above a CPI +3% objective (of ~5.0% pa). Supplementary to the modelling discussed below, we've also provided some portfolio projections for both a 60:40 and 40:60, alongside the proposed 50:50 portfolio so the Council can have some perspective on what the risk-return trade-off is over time.

[14] ORC's current strategic asset allocation targets are for a 35% allocation to domestic fixed interest and 10% to global fixed interest. JB Were agrees that an increased exposure to global fixed interest (and reduced weight to domestic fixed interest) would be appropriate. We would be comfortable with a 50/50 split, given the relative merits between these two asset classes. An increased allocation to fully NZD hedged global fixed interest would naturally come with enhanced underlying credit diversification benefits, given the concentrated nature of the domestic fixed interest market. In addition, global bonds offer a slightly higher long-run market benchmark return (after currency hedging) than domestic bonds due to the longer dated maturities of bonds held, but that also means duration (i.e. interest rate sensitivity) is higher (double), which makes global bonds more volatile than domestic bonds. Global bonds are more liquid than domestic bonds, particularly during more testing markets conditions (e.g. initial outbreak of Covid), but JB Were does have a track record of extracting good outperformance from domestic bonds compared to the managers we use for global bonds.

[15] With regards to increasing the exposure to emerging markets, JBWere disagrees that any specific target emerging market allocation is necessary. Within both international fixed interest and international equities, the managers and strategies that are followed

already have the ability to invest in emerging markets. We believe it is preferable for the managers to continue to have the flexibility to determine an appropriate allocation to emerging markets based on prevailing economic conditions, risks and opportunities, as opposed to having a formal and somewhat arbitrary fixed target setting.

[16] *Recommendation:*

a. *Retain a 50:50 split between growth and defensive asset classes.*
b. *Allocate fixed interest on a 50:50 split between NZ and global fixed interest (22.5% to each asset class).*
c. *Do not allocate a specific target to emerging markets.*

Allocate up to 10% of the portfolio to private equity

[17] Because of ORC's long-term investment horizon, and risk and return objectives, JBWere agrees that introducing a modest allocation to Private would be appropriate. JBWere also agrees that, in the first instance, it would be sensible to fund this by removing the direct allocation to NZ Listed Property (current SAA target weight of 5%).

[18] JBWere assesses Private Equity (PE) to be a return-enhancer in a traditional multi-asset portfolio, in that it raises expected returns (even post-fees), and experiences lower valuation volatility (due to PE not being subject to the same pricing regime as public markets). Together with the recommended shift between global fixed interest and domestic fixed interest mentioned above, we have modelled what replacing the 5% allocation to NZ Listed Property with a 5% allocation to PE could mean projected returns for the ORC portfolio. It is expected to raise the average 10-year return prospects from 5.8% pa to 6.0% pa.

[19] JBWere has extensive experience with both closed-end Australasian PE funds and open-ended (or evergreen) global fund-of-fund PE offerings and believe both offer an attractive way to gain exposure to the return-enhancing attributes of the asset class. However, for clients new to PE investing, we believe the open-ended fund-of-fund approach with some liquidity has some attributes worthy of consideration, and this is what we would initially recommend for the ORC. Attached is a report highlighting the benefits of the fund-of-fund approach and the three global funds currently on our Approved Product List. Our preferred fund currently is the Hamilton Lane Global Private Assets Fund and we can provide more information on this fund if required.

[20] Note, that on top of required changes to the ORC's SIPO and Investment Mandate, an alternation to your Responsible Investment policy is also likely to be required to enable an investment in PE. While the PE funds on our approved list all have strong ESG credentials and their own exclusion policies, it is unlikely that there will be complete alignment with the ORC's own exclusions. A common approach is to allow a 'calve out' within your Responsible Investment policy for these types of investments, and this what several clients with similar attributes and objectives to the ORC have done with their first steps into PE investing recently.

[21] *Recommendation:*

d. *The Audit and Risk Subcommittee considers introducing a private equity allocation and requests JBWere conduct a workshop to provide further detail on this asset class.*

Simplify performance targets by focusing solely on CPI +3% as a benchmark

[22] JBWere will action this and incorporate in future Quarterly Portfolio Performance reports.

[23] Recommendation:

e. JBWere to action in future Quarterly Portfolio Performance reports.

Introduce more frequent reviews to the SIPO

[24] The SIPO is required to be reviewed on a three yearly cycle. Staff and JBWere consider this time frame appropriate as the managed fund has long-term investment horizon and risk / return objectives. Out of cycle reviews will still be undertaken as and when required and this has been done in the last i.e. when LGFA lending was introduced and for the inclusion of ESG parameters.

[25] Recommendation:

f. SIPO reviews to remain three yearly.

Provide clearer summaries of asset specific performance against benchmarks

[26] This is already being provided via the Quarterly Portfolio Performance Report.

[27] Recommendation:

g. No other changes to reporting are required noting JBWere already provides this via the Quarterly Portfolio Performance Report.

ESG guidelines

[28] JBWere uses third party providers, in particular MSCI ESG Research LLC (who we determine to be a market-leader in this field), to regularly screen the ORC portfolio for compliance with the prohibited securities outlined in the Investment Mandate and SIPO. Among other criteria, ORC currently prohibits investment in companies that are directly involved in one or more Very Severe ("Red Flag") ongoing controversies as defined by MSCI.

[29] The independent review used a different third-party provider and under that providers criteria three investments were flagged as red for ESG controversaries that were not red under MSCI's assessment. These were Rio Tinto, Apple and Meta.

[30] The review also noted Asistocrat Leisure fell outside the permitted threshold for revenue from gambling activity and JBWere immediately reviewed and removed this investment from the portfolio.

[31] Some Councillors have raised concerns with the ORC portfolio's holding in Rio Tinto – a larger diversified metals and mining company – listed in Australia. As of 18 February 2025, the portfolio's holding in Rio Tinto was ~NZ$295k, approximately 1% of the ORC's total portfolio value.

[32] Rio Tinto is currently a **permitted security** based on the agreed criteria. The company's current MSCI controversy rating is 'Orange Flag', with previous Severe controversies related to the impact of its operations on local communities and discrimination and workforce diversity.

[33] JBWere was asked what would need to change with the ORC's screening criteria so that Rio Tinto became a prohibited investment.

[34] The simplest approach would be to introduce a supplementary list of additional prohibited securities that the Councillors feel are not appropriate investments (of which Rio Tinto would be one) in the Investment Mandate. This would then preclude JBWere from holding any investment in Rio Tinto on the ORC's behalf.

[35] Alternatively, the ORC's screening criteria could be altered so that as well as prohibiting investments in companies with 'Red Flag' controversies, this could be expanded to include 'Orange Flag' controversies as defined by MSCI. As mentioned above, this would then capture Rio Tinto. However, JBWere would strongly recommend against this approach as it would significantly reduce the ORC's investment universe, limiting portfolio diversification and likely introducing undue risks and volatility for the ORC portfolio. To highlight this point, within the MSCI All Country World Index – the most common global equity benchmark comprising of approximately 3,000 companies – 16 companies are currently assessed by MSCI to have had 'Red Flag' controversies (making up approximately 0.14% of total market capitalisation). However, 279 companies have had 'Orange Flag' controversies, making up 31% of total market capitalisation, including some of the world's largest Technology and Health Care companies. It also includes some of the large Australasian banks, which would then introduce significant challenges with how JBWere manages the cash component of the ORC portfolio and appropriate diversification and liquidity within the Fixed Interest and offshore equity asset class.

[36] Recommendation:

- *h. Retain the existing ESG controversies "red flag" exclusion.*
- *i. The Audit and Risk Subcommittee considers whether to introduce a supplementary list of prohibited securities and place Rio Tinto on that list.*

CONSIDERATIONS

Strategic Framework and Policy Considerations

[37] Council's Financial Strategy outlines that Council will maintain a managed fund, the expected returns from those investments and how the returns will be utilised. The Treasury Management Policy (TMP) and Statement of Investment Policies and Objectives (SIPO), sets the rules for how the funds will be invested and the framework to ensure acceptable returns are achieved and risk is managed.

Financial Considerations

[38] There are no financial considerations other than those already outlined in this paper.

Significance and Engagement

[39] Not applicable.

Legislative and Risk Considerations

[40] There are no legislative considerations.

[41] There is inherent risk associated in holding investments of this nature. Markets and return can and will fluctuate over the short term. Council manages that risk through the Treasury Management Policy and SIPO.

Climate Change Considerations

[42] This is a consideration under ethical or environmental, social and governance (ESG) investing which is incorporated in Council's Treasury Management Policy and SIPO.

Communications Considerations

[43] Not applicable.

NEXT STEPS

[44] A revised SIPO will be presented to the next Audit and Risk Subcommittee meeting in June 2025.

ATTACHMENTS

1. SAA Discussion Otago Regional Council 50 50 updated [**9.4.1** - 4 pages]
2. SAA Discussion Otago Regional Council 40 60 and 60 40 [**9.4.2** - 4 pages]
3. Fund of Fund PE analysis [**9.4.3** - 12 pages]

JBWere

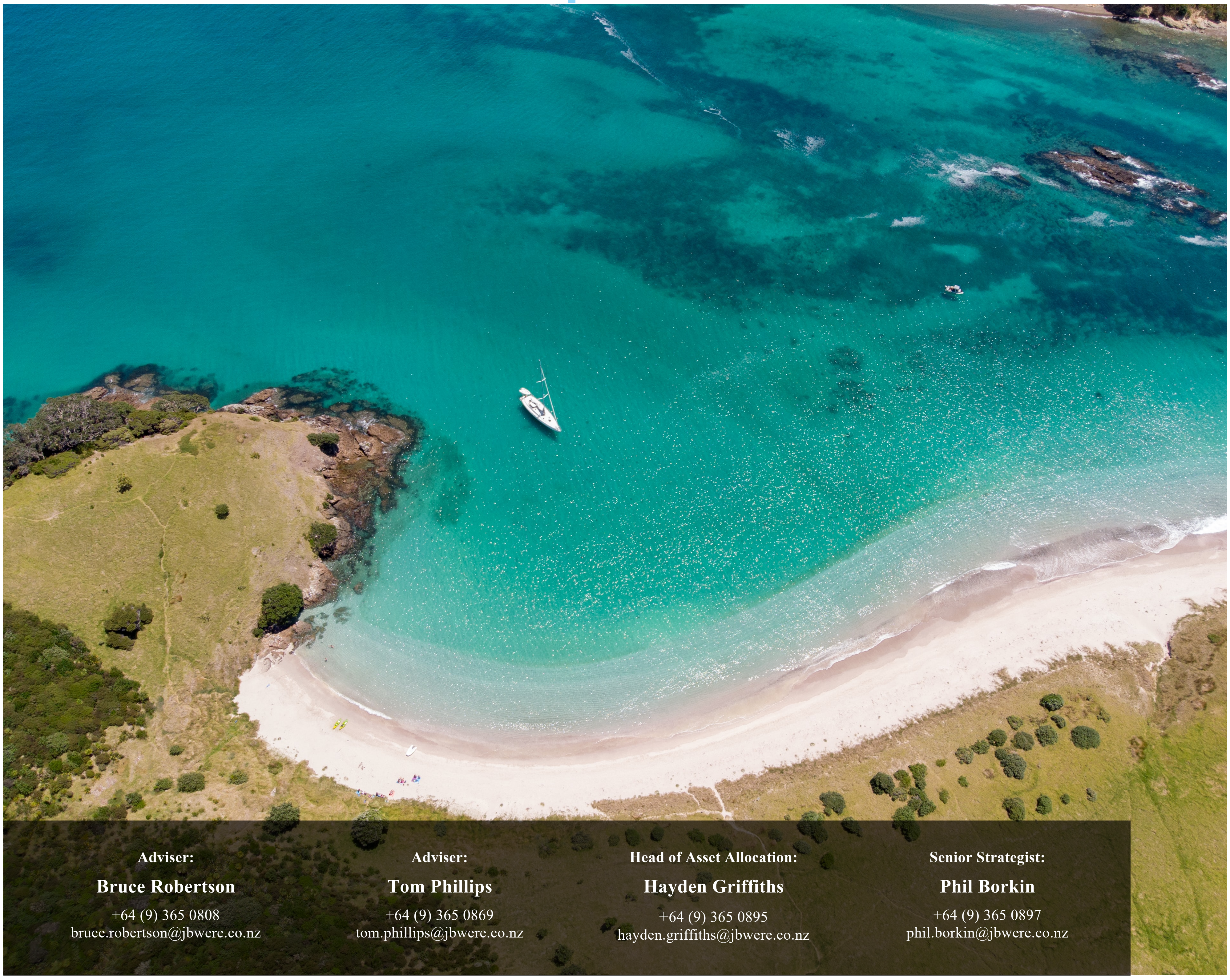
Portfolio Asset Allocation

Prepared for

Otago Regional Council

by JBWere New Zealand

20 February 2025



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Objective

To give a perspective around the potential range of portfolio outcomes longer term when configured according to two asset allocations, with one having an allocation to Private Equity. Other assumptions made:

- Starting portfolio value of $30m.
- No taxation.
- Portfolio projections use the two asset allocations below, and the JBWere expected returns for each asset class in the second table below that have been overlaid with historic market volatility. These future projections ignore JBWere's track record for generating portfolio outperformance relative to the market wide returns used, which would have exceeded the drag from JBWere fees that have also not been accounted for here.
- The historic JBWere model portfolio returns, and benchmark returns are also contained within the chart. Past performance is not a reliable indicator of future performance.

Guideline Asset Allocations — Increasing expected return & variability in return →

Asset Class	1. Current SAA	2. Proposed SAA
NZ$ Cash	5.0%	5.0%
NZ Fixed Interest	35.0%	22.5%
Global Fixed Interest - Hedged	10.0%	22.5%
Defensive Assets	50%	50%
NZ Listed Property	5.0%	-
NZ Equities	15.0%	15.0%
Australian Equities - Unhedged	15.0%	15.0%
Global Equities - Unhedged	15.0%	15.0%
Private Equity	-	5.0%
Growth Assets	50%	50%
10-Year Projected Portfolio Return		
90% likelihood 10 Yr Return	4.0% to 7.6%	4.2% to 7.9%
Average 10 Yr Return	5.8%	6.0%
after Inflation	3.4%	3.7%
Short-Term Variability		
90% likelihood Yr to Yr Return	-3.7% to 17.5%	-3.8% to 18.4%
Historic best 12 months	+20.3%	+22.2%
Historic worst 12 months	-14.5%	-13.0%
Historic worst peak to trough	-16.0%	-15.1%
Period:	*Oct-07 to Mar-09*	*Oct-07 to Mar-09*

Uses JBWere 10-year expected returns, overlayed with market behaviour over the last 30 years.
Average inflation rate expected over next 10 years is 2.25% pa

JBWere 10-Year Forecast Asset Class Returns

	Asset Classes	Performance Benchmarks Used	Expected Return
Defensive (Stable)	Cash & Term Deposits	S&P/ NZX 90-Day Bank Bill Index	3.68%
	NZ Fixed Interest	S&P/ NZX A-Grade Corporate Bond Index	4.81%
	Global Fixed Interest	Bloomberg Barclays Global Agg. Bond Index - *NZD Hedged*	4.89%
Growth (Volatile)	NZ Listed Property	S&P/ NZX All Real Estate Index	5.55%
	NZ Equities	S&P/ NZX50 Gross Index	6.52%
	Australian Equities	S&P/ ASX200 Accumulated Index - *Unhedged*	6.53%
	Global Equities	MSCI All Countries World Total Return Index - *Unhedged*	5.72%
	Private Equity	*Relevant benchmark depends on risk profile of each investment*	9.93%
	Inflation	Headline NZ Consumer Price Index	2.25%

Source: JBWere (NZ) Pty Ltd Research Estimates

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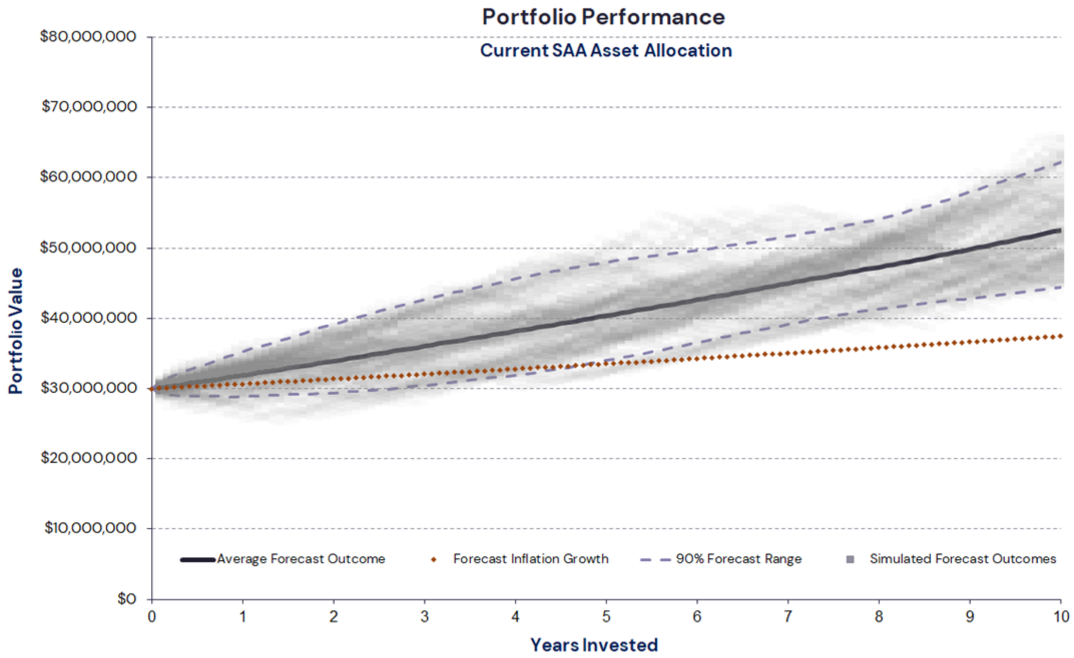
Scenario 1: Current SAA

This scenario shows the range of expected portfolio outcomes with the current strategic asset allocation.

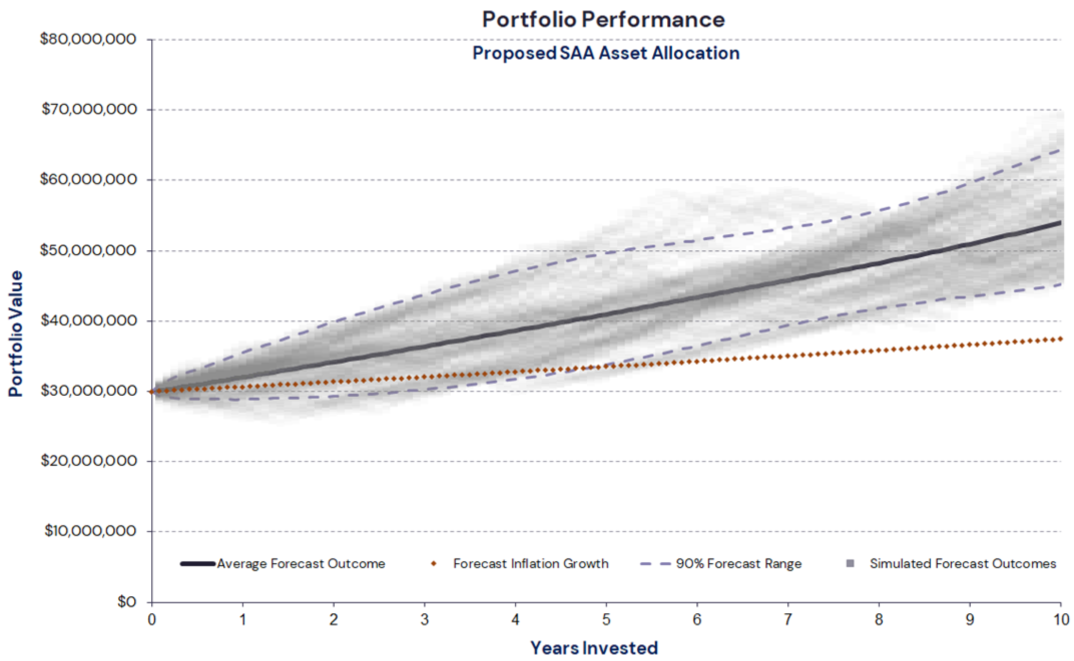


V

Years Ahead		0	1	2	3	5	7	10
Expected Portfolio Value		$30,000,000	$31,914,384	$33,946,368	$36,045,248	$40,390,238	$44,984,569	$52,561,356
90% chance portfolio value is betwee	↑ *upper bound*		*$35,264,495*	*$39,199,174*	*$42,632,072*	*$47,993,979*	*$51,694,595*	*$62,183,704*
	↓ *lower bound*		*$28,882,532*	*$29,397,453*	*$30,476,114*	*$33,991,167*	*$39,145,513*	*$44,427,977*
Inflation Growth		$30,000,000	$30,675,000	$31,365,188	$32,070,904	$33,530,331	$35,056,170	$37,476,103
Probability portfolio value would	*0%*		*26%*	*18%*	*13%*	*4%*	-	-
*have fallen by **more** than x%*	*-10%*		-	*2%*	*1%*	-	-	-
below inflation growth.	*-20%*		-	-	-	-	-	-

Scenario 2: Proposed SAA

In this scenario the NZ Listed Property Allocation (5%) is reallocated to Private Equity. This results in a greater expected portfolio return (steeper projection) and while the range of potential outcomes widens slightly, the lower 90% confidence bound is still higher than in the previous scenario.



Years Ahead		0	1	2	3	5	7	10
Expected Portfolio Value		$30,000,000	$32,015,918	$34,166,306	$36,395,511	$40,985,411	$45,794,551	$53,951,749
90% chance portfolio value is betwee	↑ *upper bound*		*$35,508,808*	*$39,881,700*	*$43,745,824*	*$49,646,032*	*$53,260,012*	*$64,402,405*
	↓ *lower bound*		*$28,866,611*	*$29,269,978*	*$30,280,222*	*$33,835,613*	*$39,375,524*	*$45,196,934*
Inflation Growth		$30,000,000	$30,675,000	$31,365,188	$32,070,904	$33,530,331	$35,056,170	$37,476,103
Probability portfolio value would	*0%*		*25%*	*18%*	*13%*	*4%*	-	-
*have fallen by **more** than x%*	*-10%*		-	*2%*	*2%*	-	-	-
below inflation growth.	*-20%*		-	-	-	-	-	-

1. Last 10 years to 31-Jan-25 moved forward to next 10 years for comparison to simulated projections.

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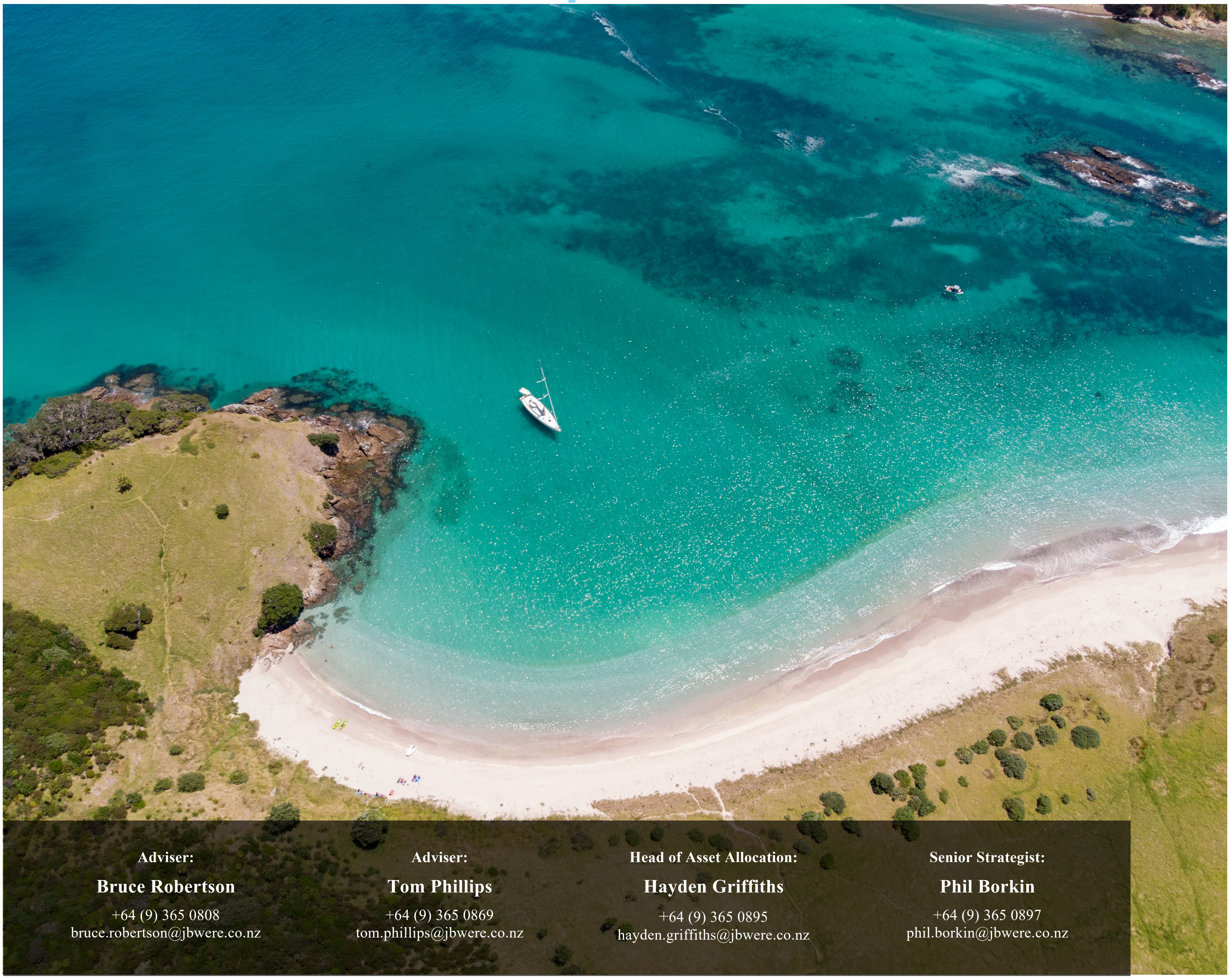
Portfolio Asset Allocation

Prepared for

Otago Regional Council

by JBWere New Zealand

20 February 2025



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Objective

To give a perspective around the potential range of portfolio outcomes longer term when configured according to two asset allocations, with a varying exposure to growth assets. Other assumptions made:

- Starting portfolio value of $30m.
- No taxation.
- Portfolio projections use the two asset allocations below, and the JBWere expected returns for each asset class in the second table below that have been overlaid with historic market volatility. These future projections ignore JBWere's track record for generating portfolio outperformance relative to the market wide returns used, which would have exceeded the drag from JBWere fees that have also not been accounted for here.
- The historic JBWere model portfolio returns, and benchmark returns are also contained within the chart. Past performance is not a reliable indicator of future performance.

Guideline Asset Allocations Increasing expected return & variability in return →

Asset Class	1. 60% Defensive, 40% Growth	2. 40% Defensive, 60% Growth
NZ$ Cash	7.0%	3.0%
NZ Fixed Interest	26.5%	18.5%
Global Fixed Interest - Hedged	26.5%	18.5%
Defensive Assets	60%	40%
NZ Listed Property	5.0%	-
NZ Equities	10.0%	17.5%
Australian Equities - Unhedged	10.0%	17.5%
Global Equities - Unhedged	15.0%	25.0%
Growth Assets	40%	60%
10-Year Projected Portfolio Return		
90% likelihood 10 Yr Return	3.9% to 7.2%	3.7% to 8.3%
Average 10 Yr Return	5.5%	6.0%
after Tax at 0%	5.5%	6.0%
after Inflation	3.2%	3.6%
Short-Term Variability		
90% likelihood Yr to Yr Return	-1.9% to 15.3%	-6.5% to 21.4%
Historic best 12 months	+16.6%	+25.2%
Historic worst 12 months	-10.3%	-18.6%
Historic worst peak to trough	-10.7%	-20.8%
Period:	*Oct-07 to Mar-09*	*Oct-07 to Mar-09*

Uses JBWere 10-year expected returns, overlayed with market behaviour over the last 30 years.
Average inflation rate expected over next 10 years is 2.25% pa

JBWere 10-Year Forecast Asset Class Returns

	Asset Classes	Performance Benchmarks Used	Expected Return
Defensive (Stable)	Cash & Term Deposits	S&P/NZX 90-Day Bank Bill Index	3.68%
	NZ Fixed Interest	S&P/NZX A-Grade Corporate Bond Index	4.81%
	Global Fixed Interest	Bloomberg Barclays Global Agg. Bond Index - *NZD Hedged*	4.89%
Growth (Volatile)	NZ Listed Property	S&P/NZX All Real Estate Index	5.55%
	NZ Equities	S&P/NZX50 Gross Index	6.52%
	Australian Equities	S&P/ASX200 Accumulated Index - *Unhedged*	6.53%
	Global Equities	MSCI All Countries World Total Return Index - *Unhedged*	5.72%
	Private Equity	*Relevant benchmark depends on risk profile of each investment*	9.93%
	Inflation	Headline NZ Consumer Price Index	2.25%

Source: JBWere (NZ) Pty Ltd Research Estimates

Scenario 1: 60% Defensive, 40% Growth

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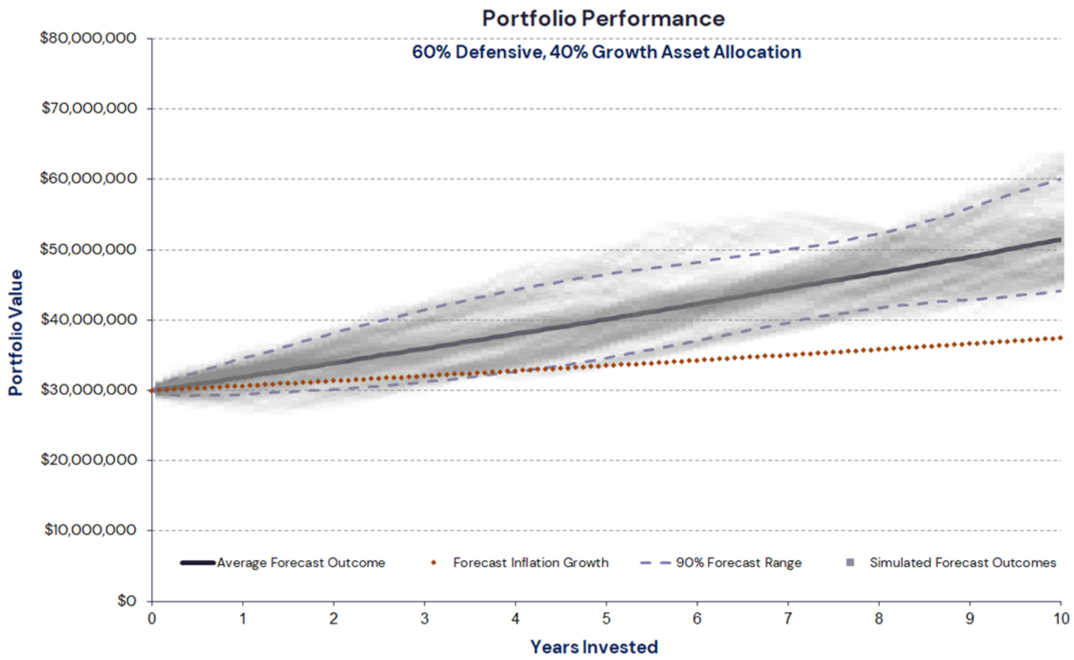
This scenario is the more conservative of the two, having a smaller allocation to growth assets which sees the projections having a lower volatility (narrower range of outcomes).

The downside to having this higher degree of certainty is a lower expected return (shallow slope in projections).



Years Ahead		0	1	2	3	5	7	10
Expected Portfolio Value		$30,000,000	$31,904,289	$33,906,532	$35,962,135	$40,135,833	$44,526,515	$51,483,342
90% chance portfolio value is betwee	*↑ upper bound*		*$34,583,055*	*$38,167,976*	*$41,436,367*	*$46,508,788*	*$50,036,647*	*$60,092,428*
	↓ lower bound		*$29,433,018*	*$30,120,876*	*$31,211,114*	*$34,636,144*	*$39,623,170*	*$44,107,630*
Inflation Growth		$30,000,000	$30,675,000	$31,365,188	$32,070,904	$33,530,331	$35,056,170	$37,476,103
Probability portfolio value would	*0%*		*21%*	*14%*	*9%*	*2%*	-	-
*have fallen by **more** than x%*	*-10%*		-	-	-	-	-	-
below inflation growth.	*-20%*		-	-	-	-	-	-

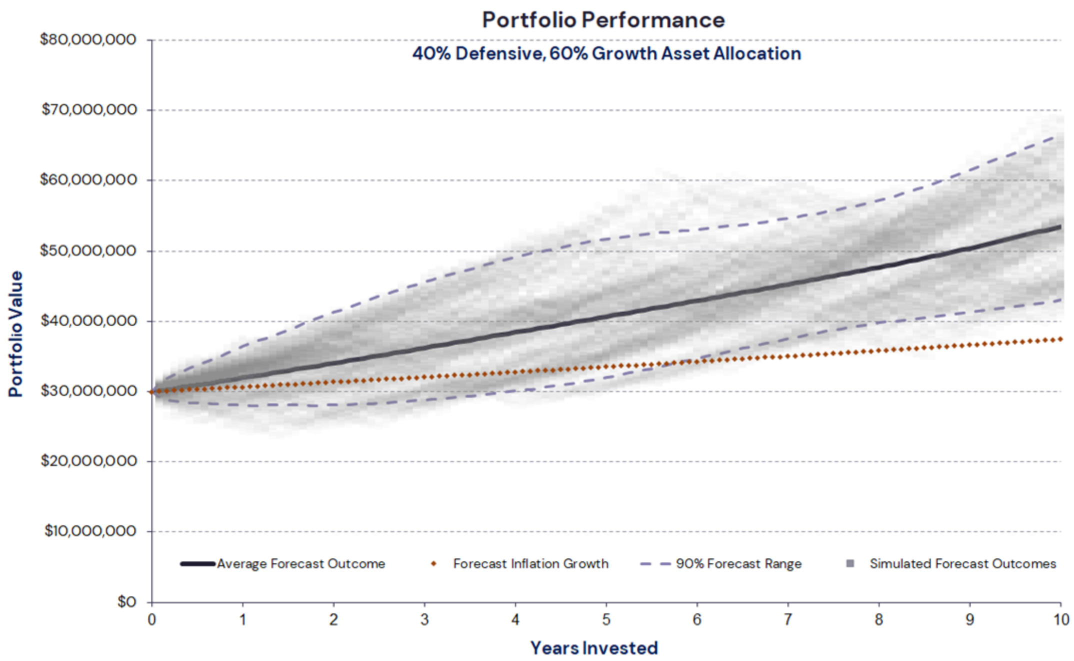
1. Last 10 years to 31-Jan-25 moved forward to next 10 years for comparison to simulated projections.

Scenario 2: 40% Defensive, 60% Growth

In this scenario the growth allocation is lifted from 40% to 60%, which increases the potential return (steepens the projections), and uncertainty (wider spread in potential outcomes).

Noticeable across these two scenarios is that longer-term (10 years), the downside prospects are similar, but the upside prospects are improved when the allocation to growth is increased.

The challenge, however, is being able to handle the corresponding increased uncertainty in portfolio prospects along the way.



Years Ahead		0	1	2	3	5	7	10
Expected Portfolio Value		$30,000,000	$31,967,564	$34,059,706	$36,238,416	$40,688,987	$45,289,316	$53,506,028
90% chance portfolio value is betwee	*↑ upper bound*		*$36,426,619*	*$41,300,137*	*$45,582,627*	*$51,704,127*	*$54,683,920*	*$66,526,662*
	↓ lower bound		*$28,054,351*	*$28,088,614*	*$28,809,721*	*$32,020,531*	*$37,508,690*	*$43,033,799*
Inflation Growth		$30,000,000	$30,675,000	$31,365,188	$32,070,904	$33,530,331	$35,056,170	$37,476,103
Probability portfolio value would	*0%*		*30%*	*24%*	*19%*	*9%*	*1%*	-
*have fallen by **more** than x%*	*-10%*		*3%*	*5%*	*5%*	*2%*	-	-
below inflation growth.	*-20%*		-	-	-	-	-	-

1. Last 10 years to 31-Jan-25 moved forward to next 10 years for comparison to simulated projections.

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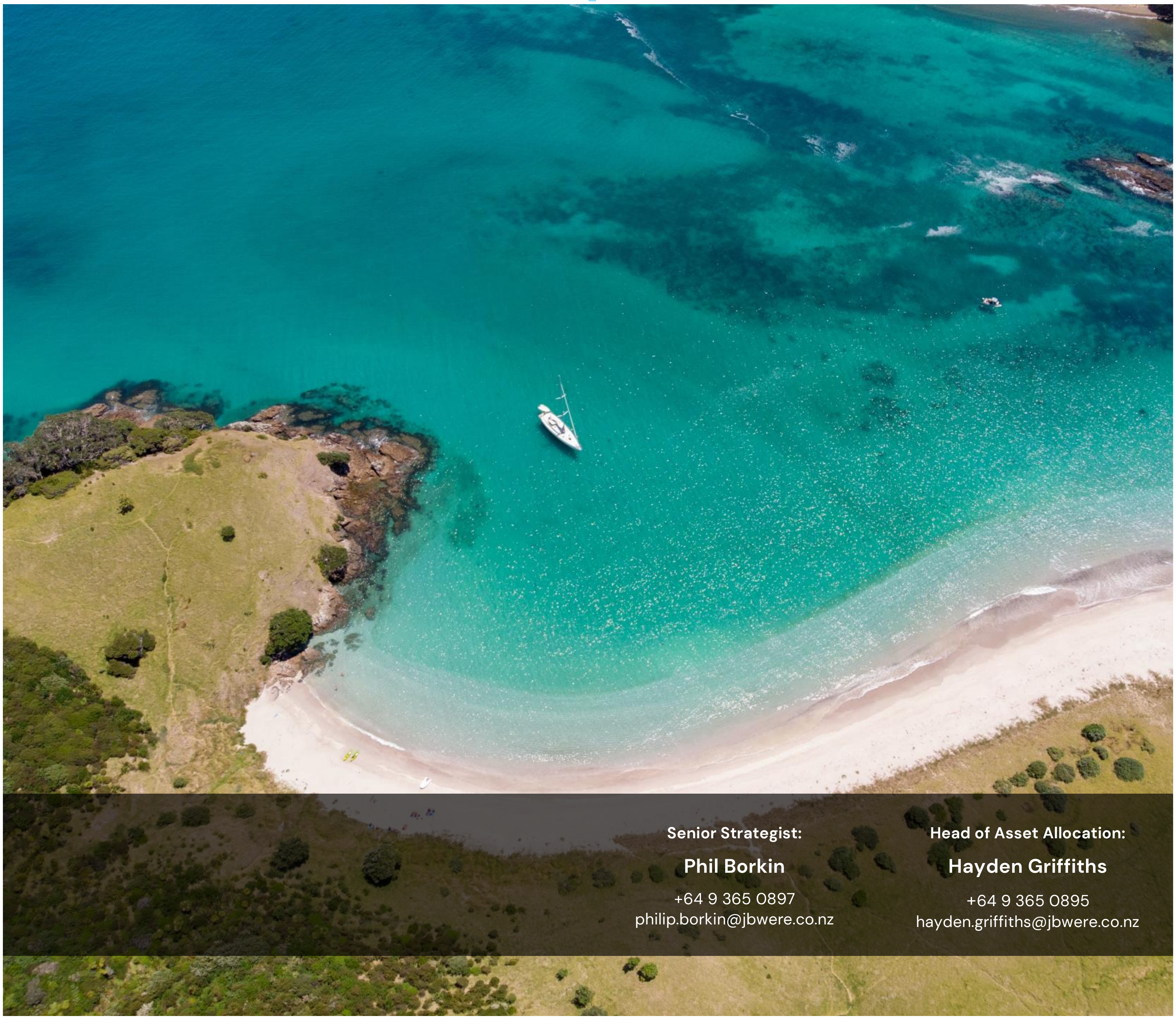
Private Equity

A Fund-of-Fund Approach

Prepared by JBWere New Zealand

February 2025



Audit and Risk Subcommittee - 6 March 2025

JBWere

Key Points

- JBWere assesses Private Equity (PE) to be a return-enhancer in a traditional multi-asset portfolio, in that it raises expected returns (even post-fees), and experiences lower valuation volatility (due to PE not being subject to the same pricing regime as public markets).
- Yet PE has historically been an operationally complex, illiquid and relatively expensive asset class for investors to gain exposure to versus traditional publicly listed asset classes. Some closed-end funds require investment horizons of 10+ years and have high entry hurdles (especially the top performing funds), making them unsuitable (and unattainable) for some investors. **However, the emergence of open-ended fund-of-fund PE offerings is reducing some of these operational complexities**.
- JBWere has extensive experience with both closed-end Australasian PE funds and open-ended (or evergreen) global fund-of-fund PE offerings and believe both offer an attractive way to gain exposure to the return-enhancing attributes of the asset class.
- However, for clients new to PE investing, or those that already have a target allocation to PE but are still building up to a diversified portfolio of closed-end investments across various managers and fund vintages, **we believe the open-ended fund-of-fund approach has some attractive attributes worthy of consideration**.
- These fund-of-fund offerings provide turnkey access to diversified global PE investments (and in some cases also other alternative asset classes), with the additional benefit of some liquidity. They provide investors with a good introduction to the asset class, allowing them time to build familiarity and gain comfort with how it behaves and is priced, before perhaps looking at more complex or tailored options. The fund-of-fund approach certainly doesn't prevent the ability to explore, in time, or perhaps even be a source of funding for, other potential closed-end or impact-related opportunities when and if they arise.
- **JBWere currently has three open-ended PE funds suitable for New Zealand investors on its Approved Product List**, with this list potentially set to grow. All these funds have passed through JBWere's specialist Alternatives Investment Process and Due Diligence Framework. They have a strong track-record of delivery, and we judge all three managers to also have strong ESG credentials.
- We have conviction that all three of these managers on our APL would provide the risk-return enhancing benefits desired, and through its commercial relationships, JBWere has negotiated fee discounts for all these funds.
- To illustrate the potential benefit that an allocation to PE could have on portfolio expected risk-adjusted returns, we have modelled an example asset allocation scenario. For a client with a 'Balanced Growth' asset allocation of 75% weighting to growth assets (equities) and 25% weighting to defensive assets (fixed interest and cash), a 5% allocation to PE (with an equivalent reduction in allocation to Global Equities), could theoretically boost expected annualised returns by c. 0.20% pa (from 6.1% to 6.3% pa) while reducing volatility *(i.e. the spread in potential returns)*.
- We would be happy to discuss the appropriateness of an allocation to PE for your investment portfolio, including assisting with any required changes to SIPOs and other relevant documentation, and any specific modelling work required. Part of that discussion will include the various ways to gain exposure to the PE asset class and whether one or more of the open-ended fund-of-fund options discussed in this report would be suitable.
- We would emphasise that the decision on whether to introduce an exposure to PE does not need to be seen as a full and final one. Investing in private markets comes with additional complexities versus investing in traditional public markets, and we often recommend a gradualist approach. For those beginning that journey, we believe the fund-of-fund approach has advantages worth considering.

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Private Equity Within a Multi-Asset Portfolio

Private Equity (PE) investments are typically viewed as a return enhancer in a portfolio of traditional assets. As highlighted in the table below, benchmark returns for PE show that the asset class has outperformed public equity markets over recent decades (net of fees). Importantly, while not shown here (but discussed below), **top quartile private equity fund managers have outperformed public markets by a much wider margin**.

	Public Equities				Public Fixed Income				Hedge Funds	Real Estate		Real Assets		Private Markets		
	MSCI ACWI	US Equities	Non-US Developed Equities	Emerging Market Equities	Govern-ments	Broad Fixed Income	High-Yield Credit	Inflation-Linked	Hedge Funds	Public Real Estate	Private Real Estate	Comm-odities	Infra-structure	Private Equity	Venture Capital	Private Debt
Start date	*1993*	*1993*	*1993*	*1993*	*1993*	*1993*	*1993*	*1997*	*1994*	*1993*	*1993*	*1993*	*2008*	*2000*	*2000*	*2000*
Annualised return	8.3%	10.3%	5.7%	6.6%	4.0%	4.4%	6.8%	4.7%	7.2%	9.1%	8.1%	1.3%	9.5%	10.5%	4.0%	9.5%
Volatility	17%	17%	18%	24%	5%	4%	9%	5%	7%	19%	4%	24%	6%	9%	11%	7%
1-quarter 5% CVaR	-19%	-19%	-20%	-25%	-4%	-4%	-11%	-6%	-9%	-25%	-6%	-34%	-12%	-10%	-12%	-11%
Return / volatility	0.50	0.61	0.32	0.27	0.77	1.02	0.74	0.92	0.97	0.48	1.82	0.05	1.47	1.18	0.36	1.31
Return / CVaR	0.44	0.55	0.28	0.26	0.93	1.01	0.61	0.83	0.80	0.37	1.47	0.04	0.82	1.04	0.34	0.86
Correlation vs MSCI ACWI	1.00	0.96	0.97	0.81	-0.35	-0.05	0.75	0.01	0.71	0.61	0.03	0.34	0.02	0.76	0.50	0.72
Downside correlation vs MSCI ACWI	1.00	0.93	0.94	0.72	-0.58	-0.37	0.64	-0.14	0.72	0.50	0.42	0.65	0.12	0.83	0.65	0.69
Beta vs MSCI ACWI	1.00	0.96	1.02	1.18	-0.11	-0.01	0.42	0.00	0.32	0.70	0.01	0.49	0.01	0.43	0.35	0.33
Downside Beta vs MSCI ACWI	1.00	0.96	1.03	0.97	-0.32	-0.16	0.51	-0.08	0.40	0.81	0.18	1.79	0.07	0.51	0.48	0.45
Correlation vs US 10Y yield	0.41	0.37	0.39	0.40	-0.97	-0.87	0.27	-0.59	0.33	0.13	0.03	0.37	0.03	0.38	0.21	0.40

Source: Bloomberg, Credit Suisse, Preqin, Datastream, JBWere Investment Strategy Group

This return enhancement from PE largely stems from the ability of investors to harvest an illiquidity premium, which is embedded in most private investments. However, this return enhancement also comes from other sources, including:

- **Control:** The ability of a PE manager to align their interests with company founders or to take control of company management through board representation to improve efficiency and performance.
- **Information:** PE firms or managers are often able to gain a competitive edge from utilising information that is not publicly available, nor required to be made publicly available.
- **Access to innovation:** There is arguably more opportunity to access innovation and value creation in private markets that may not be available in the public markets. That is especially evident with the growing trend of new companies choosing to stay private for longer.
- **Strong alignment:** Perhaps more so than in public markets, PE firms themselves, in addition to the remuneration structures for their key employees, are constructed to align interests to those of the investor to drive attractive returns.

Unlike for publicly listed assets, volatility in most PE exposures is not directly observable. Because PE portfolio companies are often valued on an infrequent basis (sometimes monthly, but often quarterly or bi-annually, or during subsequent capital raises or funding rounds), this can create the appearance of PE investments exhibiting meaningfully lower volatility than seen in public equity exposures (and again, this is consistent with the data presented in the table above). It is important to note that as the fundamentals of private and public companies are effectively the same, one needs to be cognisant of the true diversification benefits from adding PE to a portfolio that already has a significant exposure to public equities. **However, the lower *reported* volatility certainly helps to mechanically boost reported portfolio risk-adjusted returns, which can be an attractive attribute for entities that regularly report overall portfolio performance**.

Gaining Access to Private Equity

Notwithstanding its attractive risk-return enhancing potential, there are unique aspects of PE that can make it challenging or operationally prohibitive for some investors to access. These challenges include:

- **Illiquidity:** By its nature, PE is an illiquid investment. Most PE funds operate with a closed-end structure, which means there is typically little, if any, opportunity for investors to exit early.
- **Cash flow management:** Calls for capital are unpredictable, as the size and timing of investments is controlled by the manager. This can pose opportunity cost challenges for investors if they hold excess cash in anticipation of these capital calls or are forced to sell liquid assets at inopportune times to meet required calls. The same can be said for fund distributions, which can also be unpredictable in timing and size. For investors needing to maintain target asset allocation exposures, this unpredictable cash flow can present operational challenges.
- **J-Curve:** The return profile of closed-end PE funds tends to follow a "J-Curve". In the early years, an investor can expect low or negative returns. This is due to a combination of factors including the purchased assets being immature, valuations initially marked at cost, needing time to improve the asset and the costs associated with running the fund. In addition, management fees are typically charged on committed (as opposed to called)

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capital, which can also depress near-term returns. Over time, all going well, returns should improve as called up capital is offset by income and capital distributions made from the fund as assets are exited.

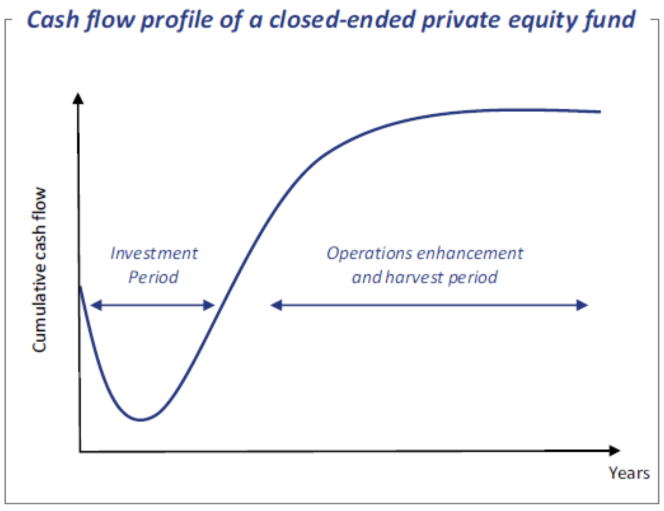
- **Manager selection and due diligence:** Unlike in active public equity funds, the performance differential and persistence of top quartile managers has historically been far more pronounced within PE. Manager selection, and ongoing due diligence, is therefore key. According to Bain & Company, for "GPs [General Partners] that have managed a top-quartile fund, there's a better than 6-in-10 probability that their successor fund will also be an above-average performer". Naturally, however, as investor demand to access these successful managers increases, the hurdles for entry can become meaningfully higher, and prohibitive for all but large, sophisticated investors.
- **High fees:** Justified by the "hands on" or highly active approach by the manager, but also to ensure alignment of interest between manager and investor, fees can be meaningfully higher than for investments in other asset classes. For example, PE firms typically charge an annual management fee (e.g. 2% on committed capital), in addition to a performance-based fee (e.g. 20%, once a certain specified return hurdle has been delivered). There is also the potential for additional fees for investors from deal-specific investments.
- **Time:** Like most alternative investments, PE should be deemed a long-term investment (perhaps 10 years or longer), which typically aligns it more with growth orientated investors. However, setting up a truly diversified PE portfolio, with various managers and fund vintages, is also likely to take an extended period of time and resource.

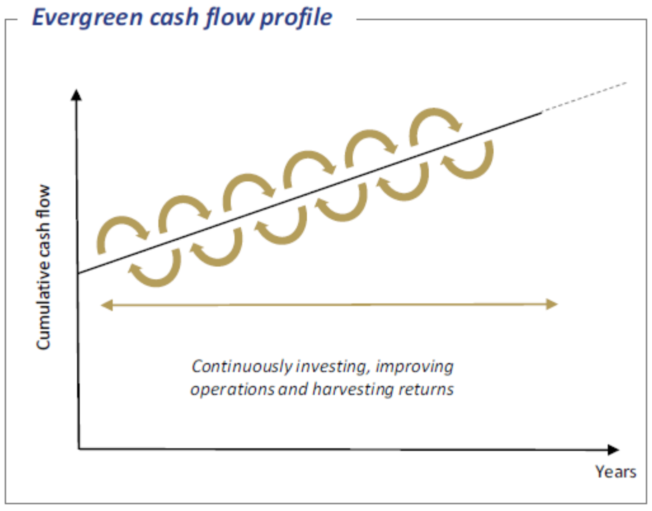
The Fund-of-Fund Approach

In many instances, **the above challenges with accessing PE can be mitigated to some degree by taking a fund-of-fund approach**. These funds typically operate an open-ended (i.e. indefinite lifetime) or 'evergreen' structure, providing investors with a turnkey exposure to a potentially broad portfolio of PE managers and fund vintages, often spread across different geographies and sectors and styles of PE investing (Buyout, Growth, Start Up/Venture Capital, and Secondaries).

Importantly, these open-ended structures also typically provide investors with some liquidity, perhaps on a monthly or quarterly basis. This liquidity is advantageous in that it means the lower valuation volatility observed in PE is genuine in that this pricing can be acted upon and monetised. That said, as there are often restrictions and/or charges to access this liquidity, and with the ability of the manager to potentially gate the fund in the event of a market shock, we would still class this type of investment as illiquid.

A schematic illustrating the cash flow profile of a close-ended versus open-ended evergreen structure is shown below. Whereas a closed-end fund would be expected to experience a J-curve impact, evergreen vehicles offer investors direct access to a portfolio that has been continuously investing and reinvesting proceeds across strategies, geographies and vintages, with new investors getting instant access.





Source: LGT Capital Partners

That said, there are still costs and disadvantages with the fund-of-fund approach. On top of the fees that the underlying PE managers will charge (as discussed above), the fund manager will also charge fees associated with the costs of running the fund and the skills involved in manager selection. These fees can be meaningful, potentially impacting investor return expectations, although often the fund-of-fund manager can negotiate discounted fees with general partners, or avoid these fees entirely by coinvesting alongside these managers. Separately, given these funds are usually

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pooled products, where the fund manager typically gains scale and margin by providing solutions that can be broadly applied to many clients, investors who require highly customised solutions or have specific ESG or responsible investing requirements may struggle to find something that completely aligns with their interests.

There are other considerations too, which can include:

- **Asset allocation:** To have the ability to provide regular liquidity, funds may hold a portion of non-PE assets (i.e. cash, and often private credit), meaning these fund-of-funds are not always pure-play PE exposures.
- **Size of the fund:** Liquidity restrictions (before gating occurs) are often measured as a maximum percentage of fund NAV (e.g. 5% per quarter of the NAV). Therefore, investors would need to be mindful of the size of their investment as a share of the overall fund. This may be especially pertinent during periods of market stress, which could impact a number of underlying holdings or otherwise provoke a run of withdrawal requests on the fund.
- **Fund strategy:** Some open-ended funds only act as Limited Partners (LPs), providing access to a variety of different GPs (together with perhaps co-investments). Other funds, on the other hand, may only provide access to GPs on their own platform. There are also funds that offer a combination of both. We don't have a strong opinion on what is the most favourable strategy, but investors should be mindful of the merits of these different approaches. We would say, however, that some global GPs appear to be becoming more restrictive with the fund-of-fund managers that they deal with and are becoming more hesitant to work with funds that also act as GPs in their own right.

Suitability for Client Portfolios

For clients with long-term investment horizons and those that are comfortable with the additional risks and considerations of investing in illiquid or semi-liquid vehicles, we believe the return-enhancing attributes of PE make a strong case for its inclusion in a diversified portfolio of 'traditional' asset classes.

JBWere has extensive experience with both closed-end Australasian PE funds and open-ended (or evergreen) global fund-of-fund PE offerings and believe that both approaches have their merits. **However, for clients that are new to the PE asset class or are still only beginning the process of building up an allocation to various funds and managers, we like the fund-of-fund approach in the first instance.** We say this because:

1. It helps reduce some of the operational hurdles that investing in closed-end funds present. Whereas it can take time and require meaningful resource to build up a diversified portfolio of closed-end PE investments across various managers and fund vintages, the fund-of-fund approach provides turnkey access to diversified global PE investment (and in some cases also other alternative asset classes).
2. We are finding that because of increased investor demand, top-performing closed-end PE managers are placing greater barriers to entry for new investors. This is certainly the case offshore, but also in Australasia. We are seeing this either by directly restricting or prioritising availability to existing investors or meaningfully lifting minimum investment levels.
3. Many of our clients, through various business interests, property portfolios or other investments, are already likely to already have an existing pool of direct investments in New Zealand, either listed on public markets or through private ownership. Therefore, the inclusion of a global PE offering (across multiple countries and sectors) would further help to diversify their balance sheets.
4. Open-ended or evergreen funds have the added benefit of providing some liquidity.

We would emphasise that the decision on whether to introduce an exposure to PE does not need to be seen as a full and final one. Investing in private markets comes with additional complexities versus investing in traditional public markets, and we often recommend a gradualist approach. For those beginning that journey, we like the fund-of-fund approach as it provides a good introduction, allowing investors the time to gain familiarity and comfort with the asset class before perhaps looking at more complex or tailored options. The fund-of-fund approach certainly doesn't prevent the ability to in time explore, or perhaps even be a source of funding for, other potential closed-end or impact-related opportunities when and if they arise.

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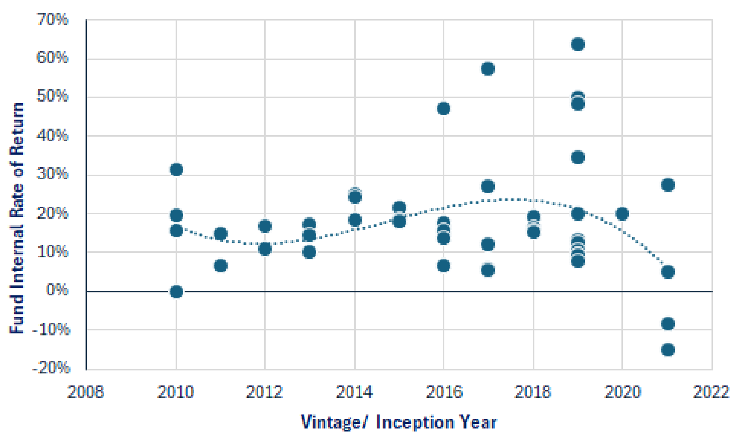
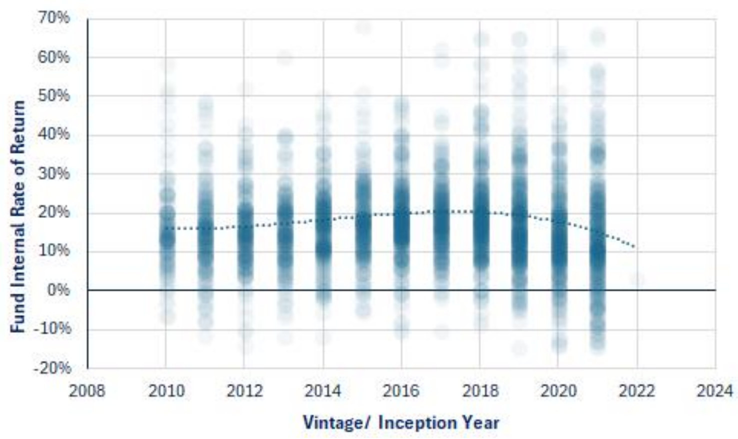
Modelling expected returns

The “raw” return (gross internal rate of return on investments made) from private equity world-wide tends to be cyclical, with economic and financial market conditions influencing competition for deals, entry and exit valuations, and the ability to execute on growth strategies. Across vintages dating back to 2010, gross IRRs have averaged between 10% and 20% pa for Australasian and global PE funds across all strategies. These gross IRRs are before fees, which typically consist of a 2% pa management fee and a 20% share in upside return above a threshold return, often ~8% pa. This fee structure translates into an effective reduction in gross IRR of about 3%-5% pa. Using this information, we have estimated a long-term base return of 10% pa for both Australasian and global PE, with appropriate adjustment from there for any currency/hedging translation into NZD.

Australasian Private Equity Gross IRRs



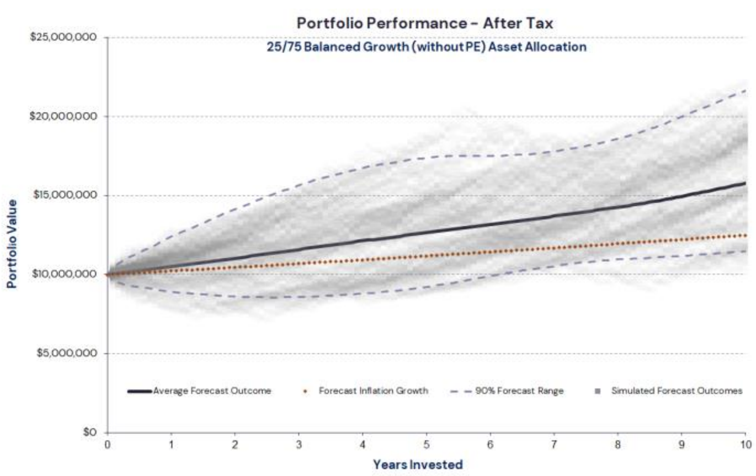
Global (ex Australasian) Private Equity Gross IRRs



Source: Prequin 2024 Global Report: Private Equity

We illustrate the potential benefit that an allocation to PE could have on portfolio expected risk-adjusted returns. For a hypothetical client with a ‘Balanced Growth’ asset allocation of 75% weighting to growth assets (equities) and 25% weighting to defensive assets (fixed interest and cash), a 5% allocation to PE (with an equivalent reduction in allocation to Global Equities), could theoretically boost expected annualised returns by c. 0.20% pa (from 6.1% to 6.3% pa) while reducing volatility *(i.e. the spread in potential returns)*.

Balanced Growth Asset Allocation … no Private Equity

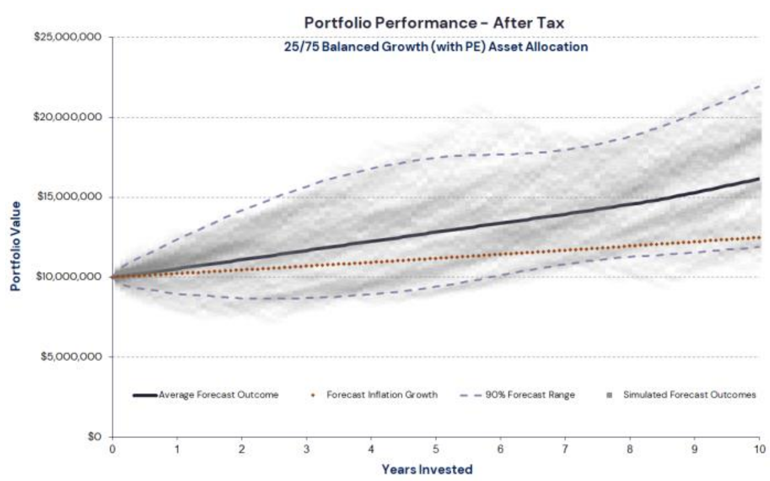


Years Ahead	0	1	3	5	10
Expected Portfolio Value	$10,000,000	$10,509,003	$11,585,592	$12,661,408	$15,770,600
90% chance portfolio value is betwee ↑ *upper bound*		*$12,390,350*	*$15,641,496*	*$17,388,200*	*$21,649,504*
↓ *lower bound*		*$8,913,319*	*$8,581,400*	*$9,219,542*	*$11,488,107*
Inflation Growth	**$10,000,000**	**$10,225,000**	**$10,690,301**	**$11,176,777**	**$12,492,034**
*Probability portfolio value would have fallen by **more** than x% below inflation growth.* **0%**		*39%*	*33%*	*26%*	*11%*
-10%		*9%*	*15%*	*12%*	*4%*
-20%		*-*	*5%*	*4%*	*-*

10-Year Projected Portfolio Return

90% Prob. 10 Yr Return	2.7% to 9.5%
Avg. 10 Yr Return	6.1%
after Tax	4.7%
and after Inflation	2.4%
Short-Term Variability	
90% Prob. Yearly Return	**-9.9% to 26.0%**
Historic Best 12 Months	30.4%
Worst 12 Months	-22.2%
Worst Peak to Trough	-26.1%
(Period: Oct-07 to Mar-09)	

… with a 5% Allocation to Private Equity *(from Global Equities)*



Years Ahead	0	1	3	5	10
Expected Portfolio Value	$10,000,000	$10,532,345	$11,667,463	$12,817,760	$16,153,532
90% chance portfolio value is betwee ↑ *upper bound*		*$12,371,457*	*$15,673,052*	*$17,472,135*	*$21,947,226*
↓ *lower bound*		*$8,966,630*	*$8,685,590*	*$9,403,257*	*$11,889,274*
Inflation Growth	**$10,000,000**	**$10,225,000**	**$10,690,301**	**$11,176,777**	**$12,492,034**
*Probability portfolio value would have fallen by **more** than x% below inflation growth.* **0%**		*38%*	*31%*	*23%*	*8%*
-10%		*8%*	*14%*	*10%*	*3%*
-20%		*-*	*4%*	*3%*	*-*

10-Year Projected Portfolio Return

90% Prob. 10 Yr Return	3.1% to 9.7%
Avg. 10 Yr Return	6.3%
after Tax	4.9%
and after Inflation	2.6%
Short-Term Variability	
90% Prob. Yearly Return	**-9.3% to 25.8%**
Historic Best 12 Months	31.3%
Worst 12 Months	-20.5%
Worst Peak to Trough	-25.1%
(Period: Oct-07 to Mar-09)	

Source: JBWere Research estimates

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JBWere's Private Equity Fund-of-Fund Options

JBWere currently has three open-ended funds suitable to New Zealand investors on its Approved Product List (APL) providing turnkey access to diversified global private equity investment (and in some cases also other alternative asset classes). All these funds have passed through JBWere's specialist Alternatives Investment Process and Due Diligence Framework, where they are assessed across a variety of qualitative and quantitative factors, including key characteristics and guidelines. Due diligence involves extensive analysis, use of global databases, external research input where relevant, and is aimed at identifying and delivering best of breed investments for our clients. The process and framework are outlined in further detail in Appendix 1.

The approved open-ended funds on JBWere's APL are:

- **Hamilton Lane Global Private Assets Fund (GPAF)**
- **Partners Group Global Value Fund (GVF)**
- **LGT Multi-Alternatives Australia Fund (LMA)**

Full JBWere research reports on each of these vehicles are available on request, and an abridged summary table highlighting some of their key features (and differences) is shown below. At a high level, the GPAF and GVF vehicles both target a similar allocation to a variety of private equity strategies (~85%). The main difference between them is the GPAF is purely a fund of external GP investments, whereas GVF offers a combination of Partners Group originated deals and investments with external GPs. Both have similar target return objectives (10-12% p.a.), and have broadly achieved these targets, although GPAF has had stronger performance more recently. The LMA vehicle, on the other hand, while still providing a large allocation to private equity (~50%), also has a large exposure to other alternative asset classes (like Hedge Funds, Insurance-Linked Securities, Real Estate, Infrastructure etc). As such, it has a modestly lower overall return target (8-12% p.a.), but also has a specific target to keep volatility to a minimum (6-8% p.a.). All three funds provide (limited) monthly liquidity.

Through its commercial relationships, JBWere has negotiated fee discounts for these funds. That said, fees are still high in comparison to traditional asset class managed funds and the fees that most clients currently face across their investment portfolios. We would argue that these higher fees are justified by the "high touch" nature of private assets and the costs of creating more liquid-like vehicles for typically highly illiquid asset classes. There will also be additional indirect and look-through costs, although we note that these PE managers typically look to use fee efficient structures (including Direct/Co-Investment and Credit) in attempt to keep overall costs down. Clients will need to be comfortable with these fee structures, although it is important to emphasise that return objectives and historical performance are all assessed on a net of fees basis (and again, these managers have all broadly achieved these net return targets).

Where Ethical and Responsible Investment is important, we have spent some time analysing each of these manager's commitment to ESG objectives, including their ESG integration frameworks, whether they have formal exclusions policies, their membership with relevant organisations and anything else that maybe of significance, including any experience with Impact Investing. A table is presented on page 8. At the outset, we would judge that all three managers have a strong commitment to ESG principles, with processes that ensure it is embedded within their investment frameworks and due diligence processes and monitoring. All three managers were early signatories to the Principles of Responsible Investment (PRI) in 2008. Hamilton Lane and LGT have also made strong climate commitments.

Each manager has a formal exclusions policy, where they look to avoid investment in companies with certain business involvements. However, there are a few aspects to consider when assessing applicability of exclusions policies with these types of vehicles, and PE more generally. Firstly, it can be more difficult to assess an unlisted company's business involvements versus publicly listed peers, given differing disclosure obligations and the general lack of third-party data providers. Secondly, these exclusions can be difficult to apply in segments of these funds where mangers don't have direct control (e.g. LP investments). And finally, given the illiquid nature of the investments, divestment when a breach is discovered, is not often a realistic option.

Therefore, unless the client intends to invest in this asset class through the use of a segregated mandate to ensure complete alignment with its RI policy (which we believe would be difficult to do in practice, especially in any open-ended fund structure, but also due to the scale of investment required to make this economic for the PE manager), then any clients with ethical considerations would need to be comfortable with the potential for these funds to own entities that do not completely align with their ethical standards/values, although in all likelihood, these positions would likely be small.

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What is common practice in this instance, and it has been the approach taken by some of our institutional clients that have invested in these types of vehicles, is to acknowledge the difficulties of obtaining full alignment with their RI policies and to have an exception or calve out for PE. It is especially appropriate given the illiquidity (or limited liquidity) these vehicles have make unwinding investment decisions more difficult.

Fund Comparison Summary

	Hamilton Lane Global Private Assets Fund (GPAF)	Partners Group Global Value Fund (GVF)	LGT Multi-Alternatives Australia Fund (LMA)
Fees	Management fee is 1.70% p.a., however, it is reduced to 1.40% with JBWere's negotiated fee discount. Indirect Fees and Performance Fees also apply (please see PDS).	Management fee is 1.75% p.a., however, it is reduced to 1.65% with JBWere's negotiated fee discount. Indirect Fees and Performance Fees also apply (please see PDS).	Management fee of 1.48% p.a., however this is reduced to 1.18% with JBWere's negotiated discount. Indirect Fees and Performance Fees also apply (please see PDS).
Investment mix (as at 30 Sep 2024)	Asset mix: Co-Direct Investments (52%), Diversified Secondary (26%), Single-Asset Secondary (16%), Complex Secondary (6%) Geography: North America (72%), Europe (22%), APAC (4%), ROW (2%) Strategy: Buyout (76%), Credit (12%), Growth/VC (12%)	Asset mix: Direct (69%), Primary (17%), Secondary (14%) Geography: North America (44%), Europe (47%), APAC (7%), ROW (2%) Strategy: Buyout (67%), Private Debt (19%), Growth (7%), Venture (2%), Liquid Assets (5%)	Asset mix: Private equity (44.1%), Private Credit (12.1%), Real Estate (5.7%), Insurance-Linked Strategies (8.8%), Hedge Funds (21.4%), Private Infrastructure (3.2%), Other (4.7%)
Cash Position	~6% as at September 2024	Approximately 5% as of September 2024	Approximately 5% as of September 2024
Currency / Hedging	AUD denominated or a partially AUD Hedged unit class (Class S), with target hedging of 70%, and an Unhedged share class (Class U)	AUD denominated fund, that is hedged , approximately 70%, back to AUD	NZD share class is 70-90% hedged to NZD
Assets Under Management (AUM)	Main Fund: A$7.2bn AUD Unit Trust (AUD Hedged): A$2,030mn AUD Unit Trust (AUD Unhedged): A$164mn	Underlying fund: A$12.9bn	Strategy assets under management: NZ$1.4bn NZD share class: NZ$258m
Inception Date	May 2019 (Hedged) and May 2021 (Unhedged)	May 2012	AUD share class (June 2021), NZD share class (September 2022)
Target Return	10-12% p.a. net of fees over a 5-10 year period	10-12% p.a. net of fees over a 5-7 year period	8-12% p.a. net of fees over a rolling 5-7 year period with volatility of 6-8% p.a.
Actual Returns	Since inception, annualised return of 12.5% for AUD Hedged and 17.9% for Unhedged.	Since inception, annualised return of 9.4% although returns have underperformed more recently compared to its relevant competitors in the Australian market	Since inception, annualised return of 4.8% for NZD share class. Simulated strategy performance from 31-Dec-2005 to 31-Jul-2024 (in NZD) reported as 9.2%, with std dev of 5.7%
Leverage	The Fund itself is not leveraged and does not use derivatives. The Main Fund may borrow as long as it does not exceed 25% of the gross value of its assets. Leverage is possible in the underlying assets/funds, but it is not usually disclosed, in line with market standards	No structural leverage in the Fund, but it is permitted to borrow up to 20% of NAV for cash management purposes. GVF can invest in highly leveraged companies. However, the portfolio's leverage has decreased over time due to its maturity	Neither the Fund or the Underlying Fund seek to employ leverage, although leverage employed by the various investments held in the Underlying Fund. The Fund has the ability to borrow up to 25% of NAV for cash flow management purposes
Redemptions / Liquidity	Submit by 18th of the month for monthly liquidity for the following month (subject to restrictions) Redemption can be gated Right to charge 5% Redemption Fee Early redemption fee of 3% of the value of the redemption may apply to redemptions made within 12 months of subscription	Liquidity is offered monthly, subject to limitations, with redemption cut off the second last business day of the month Redemption can be gated The Underlying Fund can impose a redemption fee of up to 5% and as a result the Fund can levy a Sell Spread on redemptions	Liquidity is offered monthly, subject to limitations Submit by 13th calendar day of the month, with pricing struck at the end of that calendar month, with proceeds delivered by the end of the next month. The Underlying Fund can impose a redemption fee
Minimum Investment	JBWere clients: A$5,000 initial investment, A$1,000 additional investments thereafter	JBWere clients: A$5,000 initial investment, A$1,000 additional investments thereafter	JBWere clients: NZ$50,000 minimum contributions
Taxation	The fund is captured under the definitions of the New Zealand IRD Foreign Investment Fund (FIF tax regime). Under this regime, tax is calculated using the fair dividend rate (FDR) method or comparitive value (CV)	The fund is captured under the definitions of the New Zealand IRD Foreign Investment Fund (FIF tax regime). Under this regime, tax is calculated using the fair dividend rate (FDR) method or comparitive value (CV)	The fund is captured under the definitions of the New Zealand IRD Foreign Investment Fund (FIF tax regime). Under this regime, tax is calculated using the fair dividend rate (FDR) method or comparitive value (CV)
ESG Integration and Credentials	Strong (see additional table)	Strong (see additional table)	Strong (see additional table)
Differentiating Characteristics	Hamilton Lane invests as an LP alongside a GP, and we see this approach as a key point of differentiation given the Firm is not a GP themselves, therefore not in competition with the GPs they invest with, and thus has access to wide deal flow. The Firm is also active within the ESG community and have a strong history of responsible investing on behalf of clients	Partners Group is a leading global private markets investment manager and has been managing evergreen private market offerings for more than 25 years The portfolio is diversified by vintage years, with over 60% of assets invested pre-2020. This represents a mature portfolio compared to its peers	LGT is an asset class specialist operating at scale and with good historical financial performance. This fund provides a viable option for those wishing to get immediate exposure across a variety of alternative assets. While it has a lower exposure to PE than other alternatives, expected risk adjusted returns are strong due to stategic allocation to assets with low correlations with traditional asset classes

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ESG / Sustainability Summary

	Hamilton Lane	Partners Group	LGT
Memberships	- Early signatory to PRI in 2008 - In 2022, Hamilton Lane joined the Initiative Climat International (iCI) - In 2021 became a signatory to ILPA's Diversity in Action Initiative - In 2023, Hamilton Lane became a signatory to the Responsible Investment Associate Australasia (RIAA)	- Early signatory to PRI in 2008 - In 2021, it was the first private markets firm to be included in the Dow Jones Sustainability Indicies	- Early signatory to PRI in 2008 and in 2018, one of the fi rm's Managing Partners, Tycho Sneyers, was elected to the PRI board, and he was re-elected for a second term in 2021 - In 2009 became a member of the Global Impact Investing Network (GIIN) - Joined the Net Zero Asset Manager Initiative in 2021 - Is a member of Institutional Investors Group on Climate Change (IIGCC) and Climate Action 100+
Exclusions	Hamilton Lane seeks to avoid investments, where possible, in sectors with material negative environmental or social externalities and where there is no strategic plan to mitigate them, at least in part, over the course of our hold period. Hamilton Lane generally applies a negative investment screen for the following sectors across its discretionary investment business in a variety of ways depending on but not limited to transaction type, asset class or fund. - Thermal Coal - Oil Sands - Non-Sustainable Forestry Practices - Controversial weapons (defined as chemical/ biological, nuclear, cluster munitions and landmines) - Abusive Lending Practices - Pornography Production, Distribution, or Sale - Animal Cruelty - Child Labor - Human Trafficking - Forced Labor - Tobacco/Nicotine Production	Avoidance areas : - businesses with *any* revenue from the direct manufacturing of weapons and munitions, tobacco and pornography - businesses whose main product or service supports thermal coal extraction, transportation or energy generation (although mitigation and transition plans are considered) - businesses whose main product or service supports crude oil exploration, production, refining, transportation, or storage of refined crude products. - service providers for the coal and oil upstream industry and treatment and logistics services for Canadian oil sands - companies involved in deforestation for the purpose of land clearance - natural gas exposures are not subject to any investment restrictions	Certain firm-wide exclusions are applied irrespective of instruments traded or whether a product applies ESG-related investment policies: - controversial weapons - thermal coal mining - utilities that generate more than 5% of their revenue from thermal coal plants In addition, products *may* exclude companies that breach the UN Guiding Principles and OECD Guidelines for Multinational Enterprises and companies generating significant amount of revenue from other business activities deemed to be controversial (e.g. armaments, tobacco, pornography, nuclear power production).
Climate	Hamilton Lane has pledged to reach net-zero emissions by 2050 or sooner across all discretionary assets under management.	In 2022, had invested >USD2bn in decarbonisation-related assets	LGT joined the Net Zero Asset Manager initiative (NZAMI) and has committed to reach net zero emissions by 2050 or sooner across all assets under management It has set ambitious interim targets, with a baseline year of 2020, it aims to reduce emissions by 50% until 2030
Impact	- This year, Hamilton Lane closed its Impact Fund II fund at US$370m. - This fund invests in businesses around the world with a focus on clean energy transition, sustainable processes, health and wellness and/or community development - Separately, Hamilton Lane also raised over US$500m of sustainable-focused investment capital within separate accounts since early 2021 - It claims to manage more than US$2.9bn in 'impact strategies'	- Partners Group was one of the first large private equity companies to enter the impact space, launching its dedicated PG Life I fund in 2008 (US$500m) - Its impact strategy aims to address decarbonisation, health and well-being and education issues - Reportedly, it has recently closed PG Life II and is also planning a third evergreen impact (multi-asset class) fund	- Launched its first impact focused PE fund in 2022 (US550m) called Crown Impact - the fund invests across three impact themes, included climate action, inclusive growth and healthcare - Also has a sister company, called Lightrock, which is a direct global impact investing platform

Next Steps

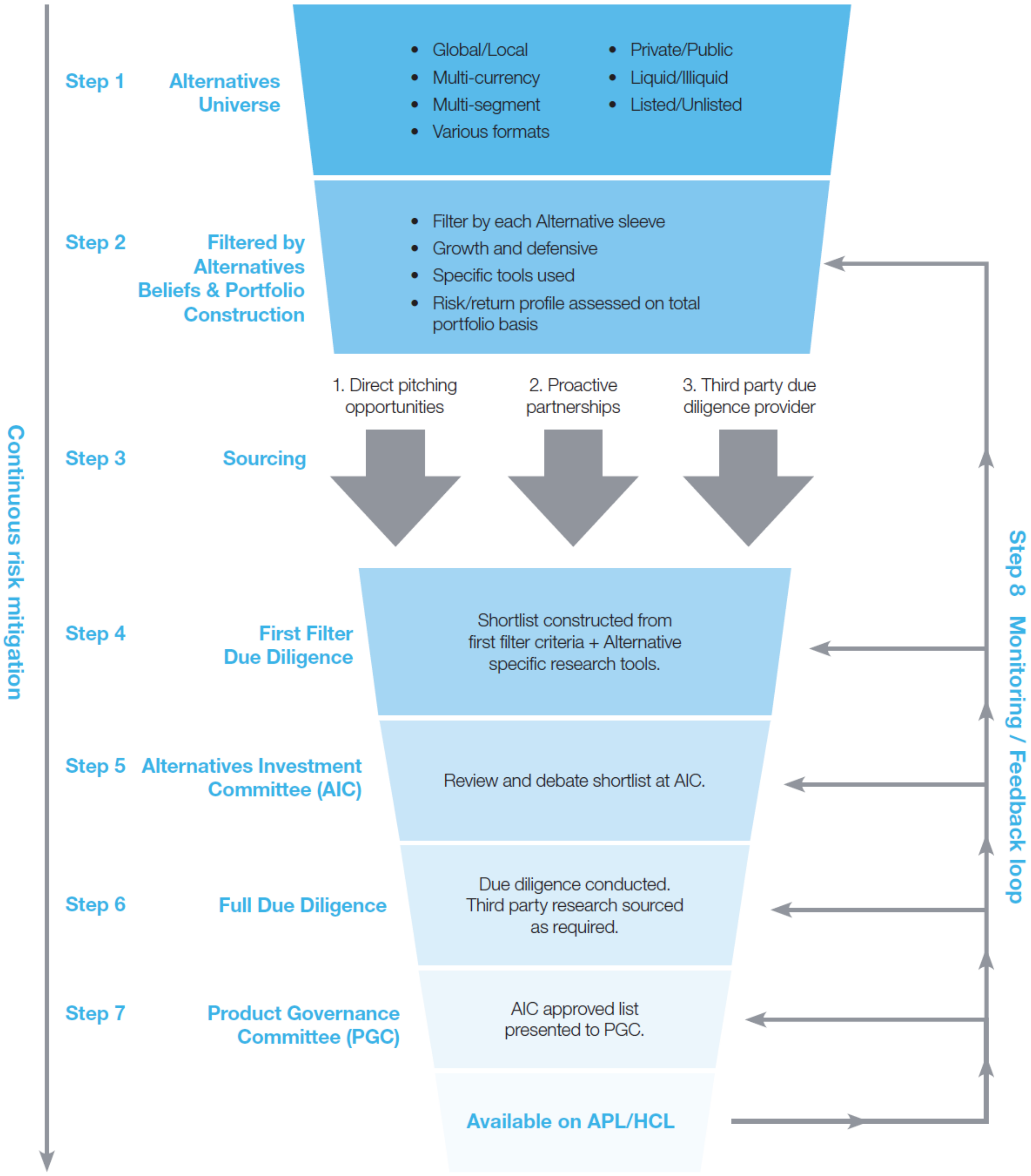
We would be happy to discuss the appropriateness of an allocation to PE for your investment portfolio, including assisting with any required changes to SIPOs and other relevant documentation, and any specific modelling work that may support the discussion. Part of that conversation will include the various ways to gain exposure to the PE asset class and whether one or more of these fund-of-fund options discussed in this report would be suitable.

We would emphasise that the decision on whether to introduce an exposure to PE does not need to be seen as a full and final one. Investing in private markets comes with additional complexities versus investing in traditional public markets. For those starting out on that journey, JBWere likes the fund-of-fund approach, but we would still recommend a gradualist approach. That is, an allocation that is of meaningful size to warrant attention (perhaps 5%) and therefore providing the opportunity to learn and gain experience from being invested in this asset class, but not too large an exposure as to potentially cause discomfort, given initial unfamiliarity. In time, and subject to regular review, it may be then appropriate to increase and broaden the exposure to private equity across other identified opportunities.

JBWere

Appendix 1: JBWere's Alternatives Investment Process

JBWere's Alternatives investment process has eight key steps aimed at sourcing and selecting best of breed Alternatives. More information is available on request, but the eight key selection and sourcing steps are illustrated below:



Alternatives Due Diligence Process

In order to consistently and comprehensively review such a wide-ranging asset class, the JBWere Alternatives Due Diligence process comprises a total of ten factors. These factors and process provide a relevant and robust framework fit to review the full range of Alternatives, including investments across all five sleeves recognised by JBWere (Private Equity, Private Debt, Real Assets: Infrastructure / Real Estate, Renewables / Natural Resources and Hedge Funds). Within each of the ten factors both qualitative and quantitative factors are carefully considered. This framework is used for Product Governance Committee (PGC) submissions, as outlined in the Alternatives Investment

JBWere

Process. Completed due diligence submissions to PGC are detailed and comprehensive documents. For successfully approved PGC investments, a summary is created for advisers and clients, called the "JBWere House View" to outline our view of the investment, risks and opportunities against each of the ten factors. This forms the foundation for communication with, and education of, clients.

Alternatives Due Diligence Framework

Factor	Key points
Key risks	Investment specific review of risks, such as operational, legal, reputational, currency, market, credit, liquidity and valuation.
Product structure	Review of legal structure, target sizes, appropriateness and suitability criteria, tax and legal opinions, regulatory environment and other structuring considerations.
Performance	Analysis of factors such as risk adjusted returns, performance track record, asset class correlation, volatility, market sensitivity and drawdown analysis, benchmark and quartile analysis, public vs. private comparison, liquidity, distribution, valuation and performance monitoring.
Pricing & taxation	Analysis of fees, fee types, comparison of fees to market and schedule. Review of taxation treatment and consideration of impact on clients.
Market & competition	Review of market segmentation, relevant trends, competitor review and comparison, differentiation characteristics and existing investor review (if applicable).
Manager/GP	Review of history, relevant market and client feedback, stability, service and communication.
People	Analysis of key people, qualifications, experience, leadership, research input, deal attribution, and remuneration alignment.
Strategy & process	Analysis of investment strategy, sourcing strategy, investment process, due diligence approach, risk alignment, governance structure, committees and advisory boards, control approach, deal types, sector and geographic focus, deal size, sources of competitive advantage, ongoing monitoring and exit/liquidity strategies.
Portfolio & pipeline	Analysis of current portfolio, pipeline and risk management alignment.
Socially Responsible Investing (SRI)	Analysis of ESG, ethical and impact credentials and policy implementation, alignment to UN Sustainable Development Goals (where applicable), relevant memberships, gender diversity and other related SRI credentials relevant to our clients.

JBWere

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9.5. CS2507 Safety and Wellbeing

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2507
Activity:	Governance Report
Author:	Mark Olsen, Manager People and Safety; Gina Watts, Team Leader Health, Safety and Wellbeing; Kelly Stuart, People Services Lead
Endorsed by:	Tami Sargeant, General Manager People and Corporate
Date:	6 March 2025

PURPOSE

[1] This report summarises activities and information on health, safety and wellbeing (HSW), and people and culture at ORC (Otago Regional Council) for the 2024/25 year to date.

EXECUTIVE SUMMARY

[2] ORC continues to strengthen its HSW efforts with several key projects completed and ongoing. Recently completed initiatives include the Safe Start programme, lockdown procedure and e-text guidelines, and the skin check trial programme. Ongoing projects include the development of the 2025 wellbeing programme, drug and alcohol policy, the critical risk bow tie project, and the development of health and safety performance indicators.

[3] Since the last report, 18 incidents have been recorded. Of these, ten incidents involved ORC staff and eight were contractor-related, reported by contractors and the public. Incident numbers decreased in November and January compared to the previous financial year, while December remained consistent. Most incidents were classified as minor (59%), with near misses making up 24% and moderate incidents 18%. The most common incidents among ORC staff involved slips, trips, or falls, and violence and aggression, while contractor incidents were largely related to vehicle-related issues or aggression.

[4] ORC continues to strengthen its people and culture practices through implementation of the People Strategy, partnering with people leaders and maintaining day to day service delivery. Most notably, a new Recognition of Service Policy, and facilitated interactive workshops for people leaders on having impactful one to one catch ups which will lead to improved engagement and wellbeing support for staff.

[5] ORC has continued to attract both a good number of applicants and strong calibre of quality applicants across most vacant positions at Council. As part of this a very encouraging trend has been the positive comments people have shared about ORC in terms of the reputation that ORC has as a good employer.

RECOMMENDATION

That the Audit and Risk Subcommittee*:*

a) ***Notes*** *this report.*

HEALTH, SAFETY AND WELLBEING

Management of Health, Safety & Wellbeing Risks

[6] The Health, Safety & Wellbeing (HSW) team actively manages ORC's health and safety obligations through Complywith, ORC's legal compliance platform. Currently, the team oversees 109 legislative obligations under the Health and Safety at Work Act 2015 and associated regulations.

[7] In addition to ensuring compliance, the HSW workplan identifies key areas requiring investment, including risks that are missing, inadequate, or need improvement. These priorities are assessed based on available personnel and financial resources. The workplan remains dynamic, allowing adjustments as new or emerging risks arise — particularly when these pose greater significance than those currently prioritised.

[8] The Complywith survey in November identified two areas of partial compliance:

- Lone, Remote, and Isolated Work – The Lone Worker Policy has completed staff consultation, and feedback is under review. ORC's online lone worker management system is now operational for at-risk workers. Ongoing updates to procedures and training will ensure full compliance once finalised.
- Multi-Tenant Workplace Risks – The lockdown procedure review has been completed, alongside a revised E-text guideline. A lockdown drill and E-text system training are planned for Q3.

Summary of ORC's Critical Risks

Critical Risk	Residual Risk	Current work on controls (in addition to existing controls)	HSW workplan completion timeframe	Change
Contractor Management	Moderate	A review of the contractor management procedures (relating to safety) currently in place has been completed, with a new policy drafted and a SharePoint register in development to improves access to health and safety information. Once the policy is finalised, it will undergo consultation across the organisation.	2025/2026 financial year	No change to risk level

Vehicles	Moderate	The E-Road fleet management system, implemented in April 2024, enhances vehicle monitoring with real-time driver feedback. The HSW team is refining vehicle procedures with Support Services, updating overspeed reporting, and providing managers with guidance on addressing speed concerns. No speed-related incidents have occurred. Work is also underway to develop roadside inspector training, addressing risks identified by the Health and Safety Committee. Additionally, a bow tie analysis has been completed for on-road vehicle operation. A Drug and Alcohol Policy is also under development.	2024/2025 financial year	No change to risk level
Lone, Remote, or Isolated Work	Moderate	The Lone Worker Safety Management System Guide is being developed to replace the current LRI Working Policy. Consultation is complete, and feedback is being reviewed. The TrackMe system and Garmin InReachs were assessed for effectiveness, and a team risk assessment tool was created. ORC currently has 40 In-Reach devices and 4 app users, with expected increased usage following the policy review to better manage LRI risks.	2024/2025 financial year	No change to risk level
Fatigue	Moderate	Upcoming review of Fatigue Management Policy and toolbox.	2025/2026 financial year	No change to risk level
Violence and Aggression	Moderate	The revision of duress procedures is complete, with early development underway for Whare Runaka. The lockdown procedure review is finished, along with a revised E-text guideline. A lockdown drill and E-text system training are planned for Q3. Additionally, the new CRM system will provide safety benefits by allowing staff to view past aggressive interactions, enabling risk-based decisions. The team is developing guidelines to support this process.	2024/2025 financial year	No change to risk level
Fall from height or between levels	Moderate	Working from height project is completed.	N/A	No change to risk level
Mental Health	Moderate	Mental Health Strategy to be developed. The 2025 wellbeing programme, supporting mental health has been drafted and is expected to be released in Q3.	2025/2026 financial year	No change to risk level

Hazardous Substances	Low	Recurring audit regime is in place. The team have been working with the Whare Runaka project team to ensure appropriate controls are in place for the management of hazardous substances.	N/A	No change to risk level
Water Hazards	Low	Working around water guideline to be developed.	2025/2026 financial year	No change to risk level

Red font above refers to changes since last report

Note critical risk levels will be redefined following completion of bow tie analysis scheduled to be commenced early 2024/25.

Refer to appendix 'Critical Risk Profiles for critical risk profiles.

Events – 11th November 2024 to 31st January 2025 (Q2/Q3)

[9] 18 incidents have occurred since the last report, with four so far in Q3. Of the incidents reported, ten were related to ORC staff, and eight relating to contractor operating – reported by contractors and members of the public (figure 1).

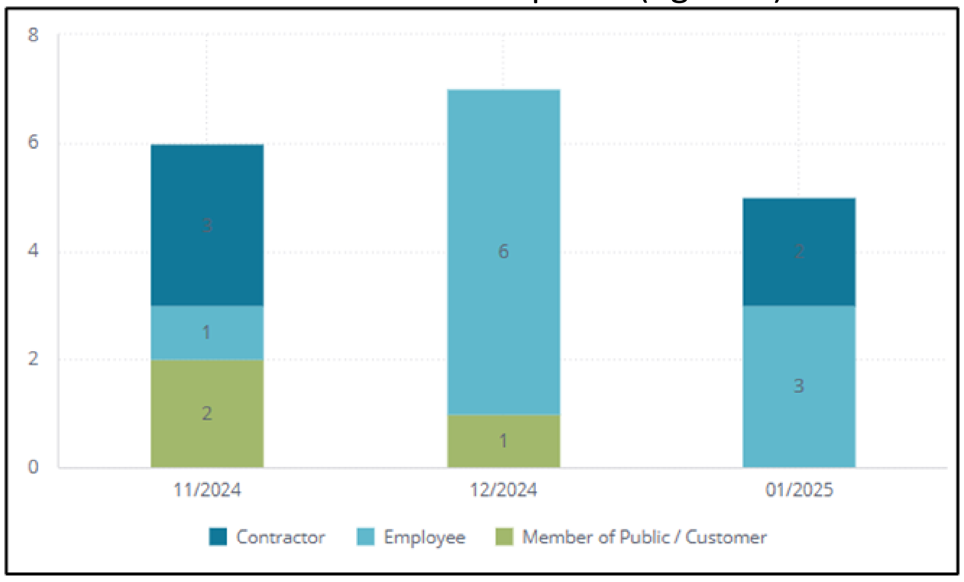


Figure 1: Number of Incidents by Month and Who Was Involved

[10] Incident numbers have decreased in November and January compared to the previous financial year, with November incidents dropping from 13 to 11 and January incidents decreasing from 10 to 5. December remained consistent, with seven incidents recorded in both years (figure 2).

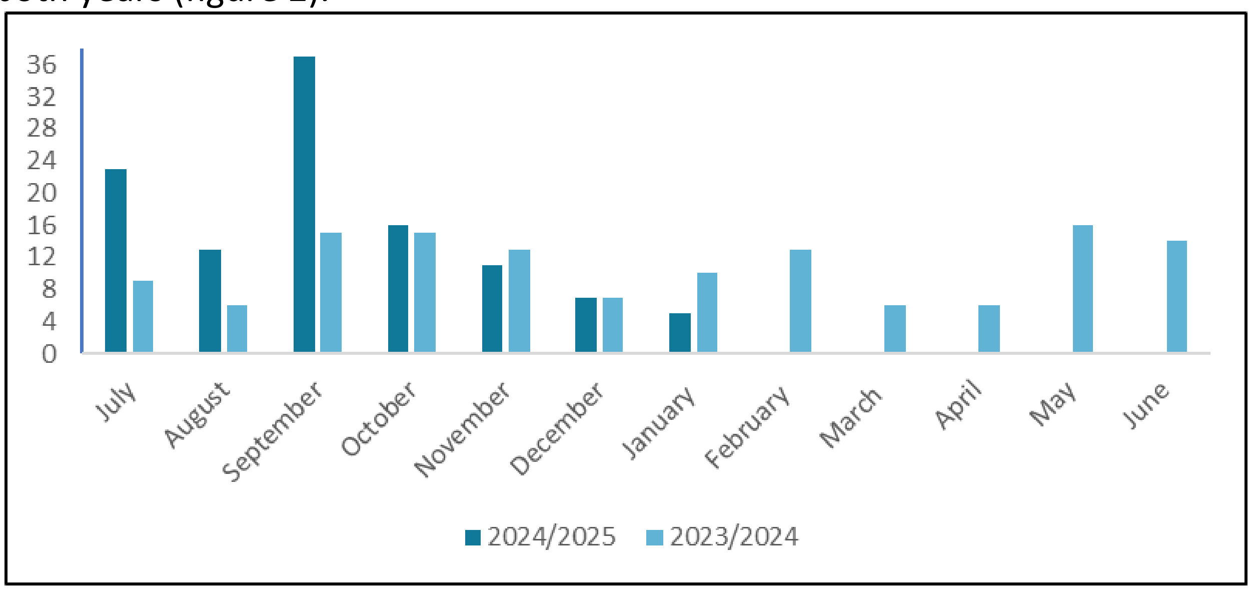


Figure 2: Incident Comparison by Month (November–January, FY23/24 vs. FY24/25)

[11] Of all incidents reported, 56% were classified as minor, 28% were near misses, and 17% were considered moderate incidents. In total, 89% of these incidents did not result in

any injury or illness. Two incidents resulted in injury, with one causing a soft tissue sprain/strain and the other leading to muscular discomfort (figure 3).

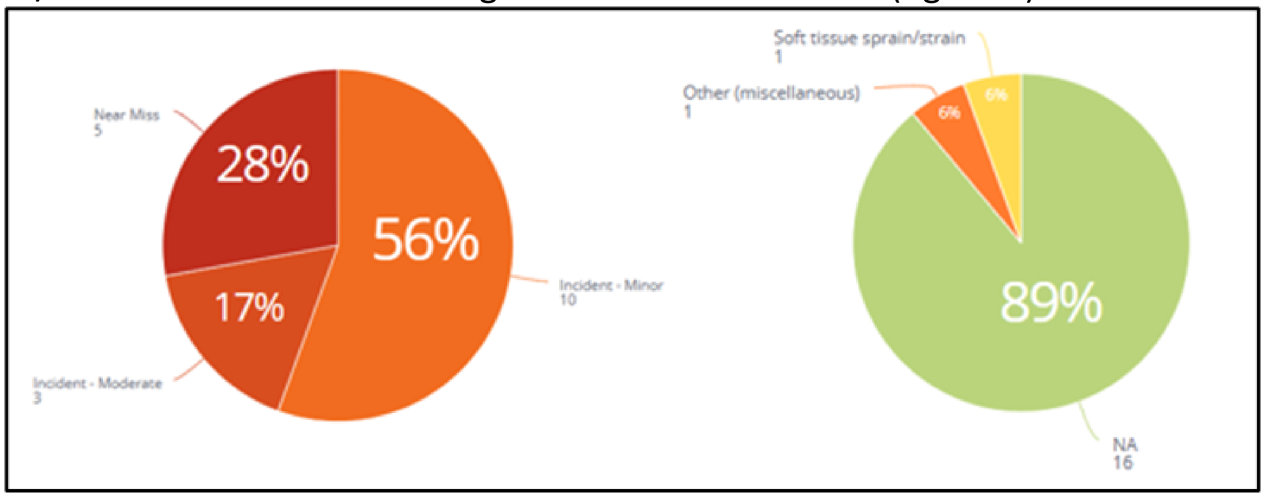


Figure 3: Incidents by severity and breakdown of injury types

[12] Of the ten ORC incidents reported between November and January, the majority involved slips, trips, or falls, as well as violence and aggression. Other incidents included muscular strain from frequent driving, a fire-related near miss, a false alert activation, and an issue with unsafe equipment (figure 4):

- Violence, Aggression, and Abuse: A rates penalty complaint escalated to a threat of violence, leading to police involvement and team support for the staff member. Another incident involved inappropriate behaviour from a rates caller toward a staff member over the phone.
- Slips, Trips, or Falls: A staff member slipped on uneven ground in the field, leading to a review and replacement of field boots. Another incident involved a near miss when a dishwasher leak created a slipping hazard; the appliance was repaired. A separate slip, trip, and fall incident was linked to a personal medical condition, resulting in no injury, and the staff member was supported.
- Muscular or Soft Tissue Injuries: A staff member experienced muscular strain due to frequent driving, prompting a vehicle assessment to ensure proper ergonomic setup.
- Fire and Heat-Related Incidents: A near miss occurred when an angle grinder emitted sparks, causing a shrub to smoke; the area was extinguished, and a safety alert was issued. A coffee machine leaked boiling water, leading to a near miss; incorrect usage procedures were identified and updated.
- False Alerts and Unsafe Behaviour: A Garmin InReach panic alert was accidentally activated, triggering an emergency services response.

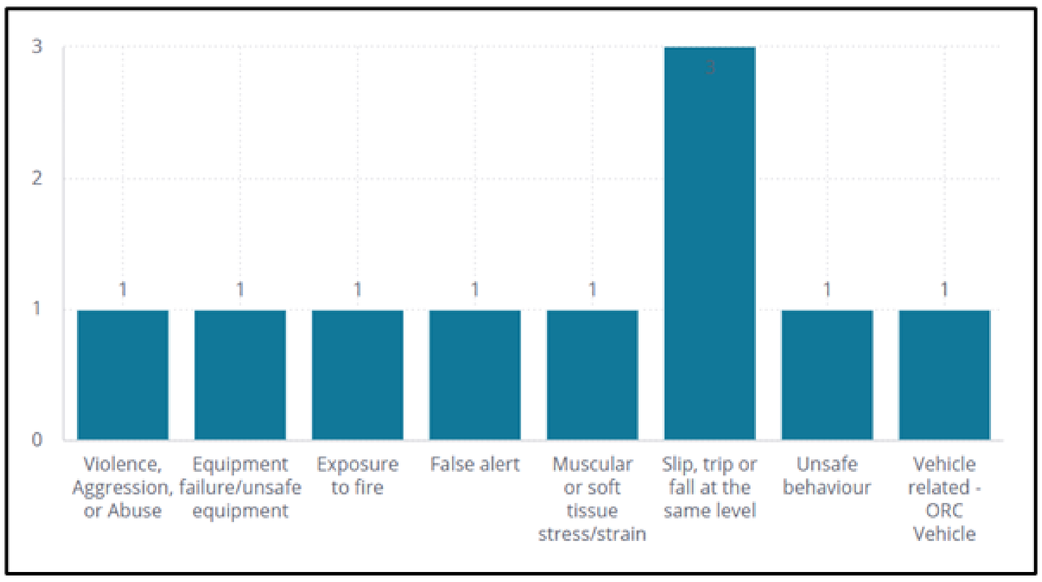


Figure 4: ORC Incidents by Type

[13] The eight contractor-related incidents relate to buses. These incidents are investigated by the bus operator and ORC Transport Team and reported to the Public and Active Transport Committee on a quarterly basis (figure 5).

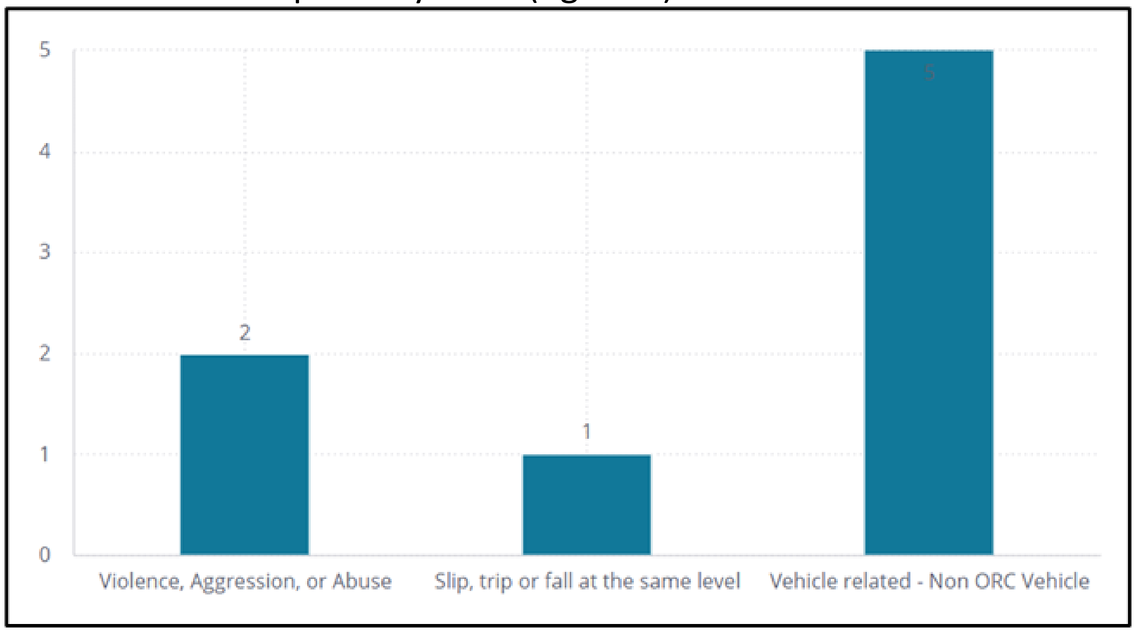


Figure 5: Contractor related Incidents by Type

Health, Safety and Wellbeing Plan 2024 – 2027

[14] The Health, Safety, and Wellbeing Plan 2024-2027 provides a strategic roadmap for embedding health, safety, and wellbeing across our organisation. It is dynamic, evolving with emerging risks (see Attachment 1: 'HSW Workplan' for updates). Key Updates include:

- **Drug & Alcohol:** We completed initial staff engagement including optional webinars and an on-line survey in which 89 people responded. Our next steps include a discussion with ELT for direction on key issues, a workshop with Health and Safety Representatives and then working on a draft policy for formal staff and union consultation.
- **Sun Safety**: The 2024 Skin Health Programme provided skin assessments to 238 staff (66% participation) across multiple locations. The programme identified a significant proportion of employees at high risk of skin cancer, with 43 referrals for further medical investigation and 13 confirmed diagnoses, including 4 Squamous Cell Carcinomas and 9 Basal Cell Carcinomas. Outdoor and mixed-role workers had higher referral and diagnosis rates, reinforcing the need for continued UV risk management. Staff feedback was overwhelmingly positive, aligning with wellbeing survey findings that highlight strong demand for workplace health initiatives.
- **Contractor Management**: The review of the Contractor Management process has been completed with input from the contractor working group. The team assessed the current system to identify effective elements, areas for improvement, and new aspects. Based on this feedback, a new policy has been drafted, and a SharePoint register is under development. The register will provide ORC staff working with contractor's direct access to contractor health and safety information, aiming to improve collaboration across the business and with contractors. Once the policy is drafted, consultation will be undertaken across the organisation.

Worker Engagement and Consultation

[15] The most recent Health and Safety Committee was held in January. Concerns raised at the meeting included how hazard information is entered into field maps, fire risk,

especially in Central Otago, and that teams have a large work plan for the year and potential impacts on their teams' wellbeing.

[16] At a previous HSR meeting, additional guidance on actions to take when faced with aggressive dogs was requested. In response, we partnered with the Dunedin City Council to deliver a dog safety seminar for staff.

[17] The HSW team supported several recent engagements with the development of safety plans. These include the Upper Lakes Integrated Catchment Group community engagement workshop, the Palmerston and Waihemo A&P Show, and a meeting with the Catlins Governance Group to facilitate the delivery of the catchment plan.

Training and Development

[18] Since November, safety training completed has included RiverSafe training for seven employees and First Aid training for 19 employees.

[19] Upcoming training includes Roadside Inspector training, as well as 4WD and Side-by-Side vehicle training to ensure safe operations in the field.

Wellbeing

[20] The annual wellbeing programme is nearing finalisation following a period of development, feedback, and refinement. Designed in response to insights from the 2024 Wellbeing Survey, the programme aligns with the Te Whare Tapa Whā model of wellbeing.

[21] Planned activities for January to March include a mental health workshop, a financial wellbeing seminar, participation in the Aotearoa Bike Challenge, and a refresh of available gym discounts.

PEOPLE AND CULTURE

People Strategy 2024 – 2027

[22] The People Strategy 2024-2027 aims to support a high performing workforce, positive and inclusive culture and position ORC as an employer of choice. Aligned to this strategy, progress in delivering the 12-month action plan for 2024/2025 is on track.

[23] Quarter 2/3 achievements (to date 10 February 2025) include:

- The **Recognition of Service Policy** was published and implemented following staff consultation and input from the PSA Union. This new policy recognises staff for their service and contribution to ORC, supporting staff engagement and retention.
- **All staff awards** were aligned with ORC’s new values and awarded as part of the end of year All Staff Day.
- **Training for people leaders on having impactful one to one catch ups** was attended by 88% of ORC people leaders.
- **Launch of Skills Coach** – an online micro-learning tool available through Culture Amp (ORC’s employee survey provider).
- **Transitioned our employee Exit Survey from Microsoft Forms to Culture Amp** to leverage the improved analytics and reporting and help us get better insights from Exit Surveys.

- Applying the new change management guide in **supporting senior leaders with staff consultation processes in three directorates** to ensure legal obligations were met but also align with best practice.
- We have continued to refine and strengthen our new **Job Evaluation Committee process** which has reviewed the pay grade for 27 positions since being established in June 2025.

[24] Key projects and initiatives in progress include:

- **Learning & Development Guidelines have been drafted** and will go to ELT later this month. The guidelines are intended to ensure consistency in eligibility, planning, and delivery of the various aspects of employee learning and development at ORC**.**
- **ORC is about to launch new bi-cultural e-learning modules** called Te Rito through Kia Māia Bicultural Communications. This new programme seeks to enhance ORC staff members' understanding of Tikaka Māori and use of Te Reo Māori using a self-paced approach. By fostering cultural awareness, sensitivity, and respect, the training aims to equip staff with the knowledge, skills, and confidence necessary for effective and respectful engagement with Māori communities, stakeholders, and iwi partners and applying Tikaka Māori principles within their work.
- **HRIS Project** seeks to invest in a cloud-based, integrated Human Resources Information System (HRIS) that can automate and streamline our processes creating an improved user experience, unlocking efficiency gains and providing a single source of truth for our employee data. The HRIS Project Brief has been approved by ELT and requirements workshops completed with people leaders.
- **Recruitment & Onboarding Project** – this project seeks to improve the setup and use of Snaphire, our recruitment system and to enhance our recruitment and onboarding processes ensuring they are fit for purpose and consistently applied for best outcomes. The revised Recruitment Policy and process is currently out for staff consultation.

Human Resources Dashboard Reporting

[25] Workforce snapshot information

- 361 total staff (headcount), 337 permanent / 24 fixed term
- FTE of 351.8 (as at 31/01/2025)
- 19 current vacancies as at 10/02/2025
- Average tenure is 4.6 years
- Average annual leave balance, 15.5 days
- Average sick leave taken, 6.1 days (last 12 months)
- Annual staff turnover of 14.3% (for the 12 months to 31 December 2024, excluding fixed term terminations)

[26] Workforce mobility – Q2 2024/25

- One internal sideways move
- Two internal promotions/upwards moves
- Three internal secondments commenced

[27] Recruitment snapshot – Q2 2024/25

- Roles that have been advertised: 31
- Roles successfully filled: 24
- 621 job applications received, an average of 20 applications per role

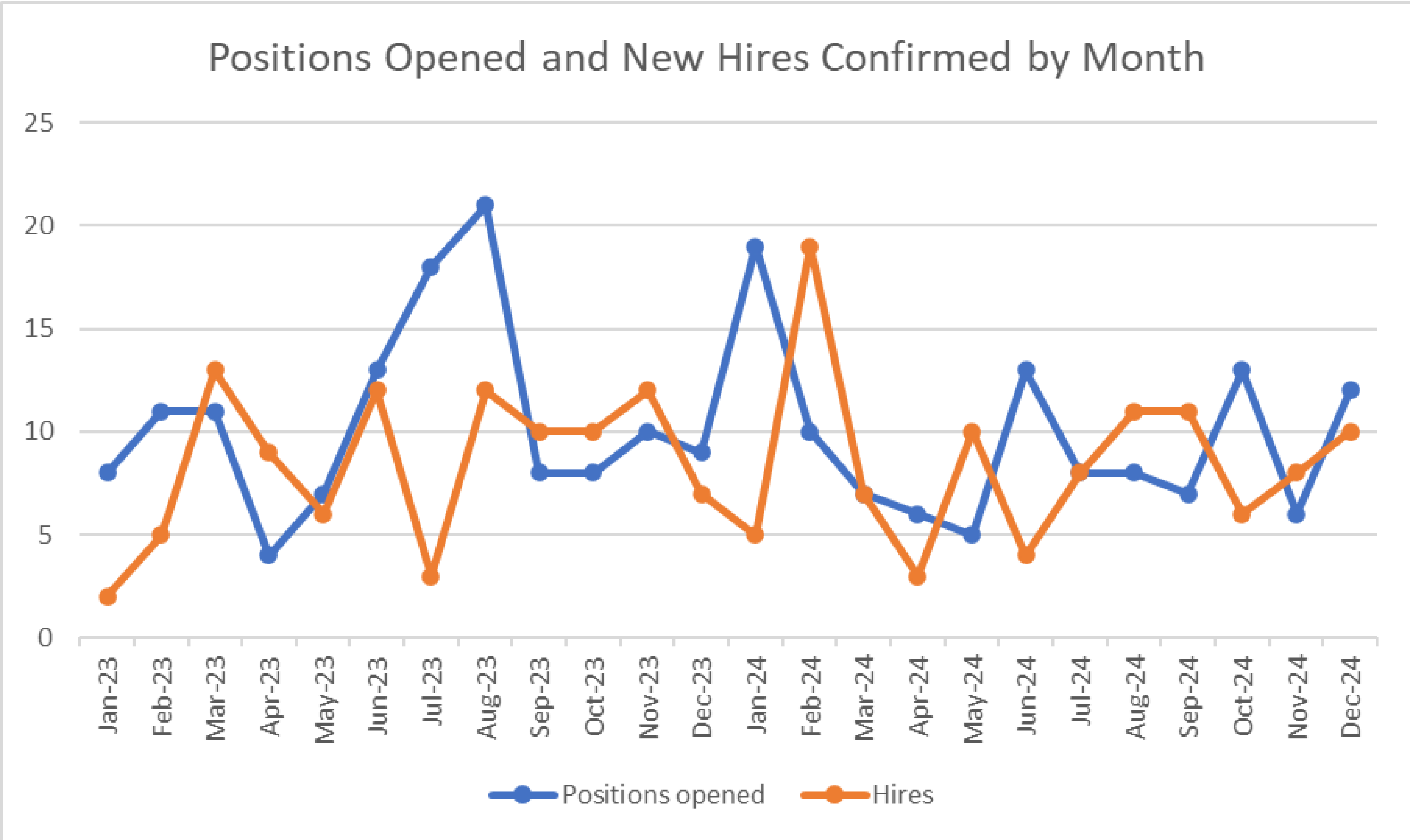


Figure 4: Monthly number of positions opened and new hires from January 2023 to December 2024

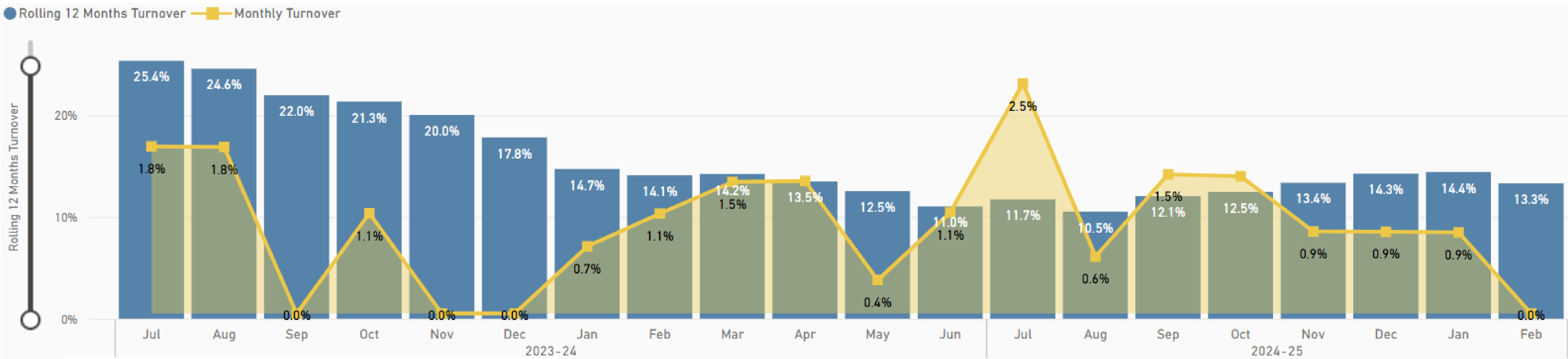


Figure 5: Staff Turnover Trend over the last 12 months

[28] FTE report

24/25 FTE Report as at pay period ending 31/01/2025

Report generated on 10 February 2025 at 11:22:56 AM

Directorate	Homebase Desc	Staff Name	Position Description	Employee Status	Location	FTE	Headcount	Bgt FTE
⊞Chief Executive						2.0	2.0	2.0
⊞Environmental Delivery						116.9	122.0	112.0
⊞Finance						19.5	20.0	19.5
⊞People & Corporate						42.7	44.0	42.6
⊞Regional Planning & Transport						32.9	33.0	35.3
⊞Science & Resilience						102.5	104.0	102.8
⊞Strategy & Customer						35.3	36.0	41.1
Total						**351.8**	**361.0**	**355.3**

Figure 6: FTE Report as at 31/01/2025

CONSIDERATIONS

Strategic Framework and Policy Considerations

[29] Nil.

Financial Considerations

[30] Nil.

Significance and Engagement

[31] Nil.

Legislative and Risk Considerations

[32] Nil.

Climate Change Considerations

[33] Nil.

Communications Considerations

[34] Nil.

ATTACHMENTS

1. HSW Critical Risks Profiles as of 31 Jan 2025 [**9.5.1** - 7 pages]
2. HS W-plan-on-a-page- DE C- Update [**9.5.2** - 6 pages]
3. Audit-and- Risk- Incident-and- Near- Miss- Report to 31 January 2025 [**9.5.3** - 4 pages]

Health, Safety & Wellbeing Critical Risk Profiles as of 31 January 2025

Author: Gina Watts, Team Leader Health, Safety & Wellbeing

Nine critical risks are outlined within Otago Regional Council's Critical Risk Management Plan, including lone remote or isolated working, falls from height or between levels, water hazards, contractor management, hazardous substances, vehicle/vessel driving/operation, mental health, fatigue, and violence and aggression.

There will be additional layers of detail that sit beneath these risk profiles that are managed by managers, team leaders and staff. That information (risk assessments, task analysis, job safety analysis) will ensure the understanding and management of these risks are relevant to the specific activities and tasks undertaken through the layers of the business.

Contractor Management			
Risk Description	Inadequate contractor management risks the health and safety of employees, contractors, visitors, and members of the public. The risk arises when the contractor engager fails to effectively plan, monitor, and control the activities of contractors working on their premises or carrying out work on their behalf. A range of potential hazards and risks may arise from inadequate contractor prequalification, training, supervision, and communication.	Initial risk level	High
What we know about this risk in our business	Contractor engagement occurs across the Otago Regional Council including construction, maintenance, and specialised tasks such as aviation, public transport, and pest management. We've had 162 contractor related incidents since 2022. 53% percent of these incidents were minor, 21% moderate, 24% near miss occurrences and 3% major.	Residual risk level	Moderate
How we manage the risk	Contractor Health and Safety Policy including prequalification selection procedures, procurement policy & planning processes, organisational induction for onsite contractors, H&S assurance check regimes, regular review of contractor H&S plans, and staff training in contractor safety.		
Control development	The contractor safety framework is currently under review, with a Contractor Management Working Group established in April. This group, which includes representatives from across the organisation, meets monthly to address challenges, develop an improvement plan, and identify contractor critical risks, supporting analysis for each. The drafting of the new policy is underway, based on the information and feedback gathered from the working group. A contractor review is also underway across all ORC contractors. The contractor management process review has been completed, with a new policy drafted and a SharePoint register in development to improve access to health and safety information.		

Vehicles – Driving Operations

Risk Description	There is a risk people could be harmed while driving to jobs, meetings and site visits. Drives can be long because we cover a large region. People also occasionally drive to places like mines, ports and commercial sites, off-road and rural areas, and places with extreme temperature fluctuations, ice, snow, and sunstrike. CODC vehicle operation in an emergency. Driving, therefore, requires on and off-road capability and **involves** the use of various types of vehicles. All staff who drive for work are exposed, particularly those who drive in remote locations or off-road.	Initial risk level	High
What we know about this risk in our business	We've had 48 driving-related incidents in the past 2 years. These involved property damages and minor injuries. Investigations indicated that driver behaviour was a key contributing factor.	Residual risk level	Moderate
How we manage this risk	Fatigue management policy: Driving/ working time restrictions, break/rest and overnight requirements to manage fatigue risks. Recruitment policy (recruitment processes asks if any health issues could impact ability to drive). Organisational inductions. Training, Safe Operating Procedures, vehicle servicing, vehicle GPS tracking with 24/7 impact/rollover alert monitoring service, incident reporting		
Control development	Alcohol and Drug Policy is under development, with initial consultation undertaken. A new fleet management system, 'E-Road,' was implemented in April, offering enhanced features such as an in-vehicle 'drive buddy,' which provides real-time visual feedback to help drivers avoid speeding, harsh braking, sharp cornering, and unnecessary engine idling. The HSW team is collaborating with Support Services to enhance vehicle procedures, positively reinforcing desired behaviours and addressing areas of concern. The overspeed report has been adjusted to reflect additional E-Road capabilities, enhancing the management of overspeed events, and guidance for having conversations about overspeed events has also been developed. Since October, E-Road reports have been provided to managers monthly, accompanied by guidance on facilitating constructive conversations about overspeed events. As a result, both overall overspeeds and severe overspeeds (+20 km/h over the limit) have shown a steady decline. Work is also underway to develop training and procedures for roadside inspectors, stemming from a risk identified during a Health and Safety Committee meeting. The training will focus on equipping inspectors with the necessary skills and knowledge to operate safely while working on or near roadsides, ensuring consistent safety practices across all operations. Additionally, a bow tie analysis was completed for on-road vehicle operations.		

Lone, Remote or Isolated Work			
Risk Description	Work can be remote because of the nature of work, location, and time, such as visiting sites, inspecting sites, working in remote sites, or responding to calls after hours. The potential risks associated with performing work activities increase significantly when the activity is performed in remote, or isolated situations as assistance may not be readily available to an employee in the event of an injury, ill health, or an emergency. Whether a situation is a high or low risk will depend on the location, type of work, interaction with the public, or the consequences of an	Initial risk level	High

	emergency, accident, injury, etc. Given that there are a wide variety of situations where employees can be working alone with varying levels of risk.		
What we know about this risk in our business	Lone, remote, and isolated work and the risks it presents occurs across Council operations including teams such as environmental monitoring and environmental implementation. Lone, remote, and isolated work has been a contributing factor to one incident in the past two years, involving a false Garmin InReach panic alert, which was accidentally activated, triggering an emergency services response.	Residual risk level	Moderate
How we manage this risk	Emergency response planning, task-specific training, Lone Remote or Isolated Work Policy, worker welfare checks 'buddy' system, vehicle fleet use GPS monitoring. 2-way communication with emergency response procedures tailored to the team level. Personal Locator Beacon to be carried.		
Controls development	Lone Worker Safety Management – System Guide is under development; this is to replace the current Lone Remote and Isolated Working Policy The Lone Worker policy has been adjusted following consultation; alongside this the current lone worker system 'TrackMe' and connected devices (Garmin InReachs) were reviewed to ensure they are still fit for purpose alongside IT and people leaders. A team risk assessment engagement tool has been developed to use alongside teams to consider their LRI risks, and how to apply controls. ORC currently has 40 InReach devices, and 4 users using an app version which are used by various teams; following the completion of the policy review use of this system is expected to increase to ensure that LRI risks are appropriately managed (for some device only and for others only use of the application).		
	Fatigue		
Risk Description	Fatigue related hazards pose significant health and safety risks. Fatigue occurs when individuals experience physical and or mental exhaustion, leading to impaired decision-making, and increased likelihood of accidents or errors.	Initial risk level	High
What we know about this risk in our business	ORC fatigue risk factors include long hours/shift work (emergency responses, flood etc), nature of work (physical or cognitive demands), personal factors (workload/work pace), and lone, remote, or isolated work.	Residual risk level	Moderate
How we manage this risk	Administrative: roster planning during emergency/flood response, fatigue management policy & toolbox, leave arrangements to be used to manage fatigue as needed. Wellbeing programme including EAP for all staff support and coping skills, workload management including managing long hours and work travel. Role-specific training, role-specific risk management and assessment, support from management, organisational return to work/ stay at work support pathways.		
Controls development	Mental Health Strategy (commencing 2025) Upcoming review of Fatigue Management Policy and toolbox		
	Violence & Aggression		

Risk Description	This risk refers to any behaviour or action that involves physical or verbal aggression, threats, harassment, intimidation, or any other form of violence, whether initiated by an employee, customer, or any other individual present in the workplace environment.	Initial risk level	High
What we know about this risk in our business	ORC staff interact with individuals and communities on a wide range of issues, including contentious matters such as policy decisions, enforcement actions, or public service delivery. These interactions, coupled with other factors, can potentially escalate into situations where violence and aggression become a significant concern. We've had 34 violence and aggression related since 2022, 82% of these incidents were minor, 15% moderate, 1% major. Most of the violence and aggression incidents are experienced within the Customer Experience, Compliance and Transport Teams. **the previous quarter reporting included contractor/consultant violence & aggression incidents.*	Residual risk level	Moderate
How we manage this risk	Occupational Violence and Aggression Policy, de-escalation training, duress and emergency management procedures, provision of fit for purpose workplace layout (e.g. wide and high customer service counters), Security and duress systems (e.g. duress alarms and CCTV at customer-facing points), EAP for staff support & debrief post-incident to reduce further harm, reporting and investigation, team/task specific safe operating procedures, support from management, reducing frustration points/known triggers for customers/ members of the public where possible.		
Controls development	Revision of duress procedures is in development (all customer facing sites) PLH duress procedure review completed – September Lockdown procedure currently being reviewed. Consultation of the lockdown procedure has been completed, the HSW team are currently working through feedback. Two bow-tie analyses have been completed for occupational violence and aggression: • Whare Runaka reception area • Violence and aggression during field activities		

Falls from height or between levels			
Risk Description	Working at height means working in a place where a person could be injured if they fell from one level to another, this can include when working on the ground near an excavation.	Initial risk level	High
What we know about this risk in our business	This risk is applicable to pump stations at weed screens and installation works completed by the Environmental Monitoring Team. Contributing factors include adverse working conditions (e.g., weather, housekeeping, terrain), unsafe practices/behaviour, unsafe/faulty equipment, and working at an exposed edge. No incidents have been related to this risk in the last 2 years.	Residual risk level	Moderate

4

How we manage the risk	Railing and fall arrest system installation and height safety training were completed in July/August, minor adjustments have now been completed. Pump station fall arrest engineering controls include unirail systems, fixed anchors, cable retractors, and fall arrest cable systems. Personal protective equipment and height safety training has been completed.
Control development	Safe operating procedures development alongside training. Ladder selection and use Safe Operating Procedure completed November 2023.

Psychosocial / Mental Health			
Risk Description	Mental health harm or mental ill-health is the significant cognitive, emotional, or behavioural impact arising from, or exacerbated by, work-related risk factors. Mental health harm may be immediate or long-term and can come from single or repeated exposure. Psychosocial risks can be grouped into four key areas; **task** (*demands, role clarity, workplace environment, remote and isolated work*), **individual** (*role autonomy, development opportunities, work-life balance, meaning and purpose*), **social** (*workplace culture, support, violence and aggression, workplace relationships*), **and organisational** (*psychological safety, organisational justice, reward and recognition, change*).	Initial risk level	High
What we know about this risk in our business	Psychosocial risk factors are present across the organisation, and current information on mental health is gathered via high-level (anonymous) reporting from EAP, Incident data, wellbeing survey data and engagement survey. The Health, Safety and Wellbeing Team have developed four Stay at Work plans in the last 2 years to support employee mental wellbeing. We have had x2 incident relating to mental health in the last 2 years, this incident was related to personal factors and was not directly work-related, while the other incident involved a team's involvement in psychosocial impact from reviewing sensitive incident reports.	Residual risk level	Moderate
How we manage the risk	Employee assistance programme, leave arrangements, flexible work options, manager support and leadership training, and communication from senior leadership regarding staying mentally well. Staff awareness training and workshops, staff wellbeing programme.		
Control development	Stay at work & return to work procedure Mental health strategy The 2024 wellbeing survey has recently been completed. Both ELT managers and ELT are reviewing the results and considering actions to further support mental health and wellbeing at ORC.		

Water Hazards			
Risk Description	Working around waterways is one of the most potentially hazardous activities that staff will encounter. The primary hazards associated with rivers, streams and oceans include drowning, slipping (losing footing and control), being caught by snags or whirlpool currents, polluted water, and hypothermia.	Initial risk level	High
What we know about this risk in our business	Working around water and the risks it presents occurs across Council operations and includes boating, flood response, environmental monitoring, pollution response, community education and infrastructure inspection and maintenance. Working around water has not been a contributing factor to incident reports in the past 2 years.	Residual risk level	Low
How we manage the risk	Role-specific training – RiverSafe, maintenance regimes, safe operating procedures for specific tasks. Assurance check regimes, personal protective equipment; custom waders, life jackets, footwear, thermal protection, and 2-way communication devices.		
Control development	Working around water guideline under development.		

Hazardous Substances			
Risk Description	Hazardous substances are substances that are explosive, flammable, oxidising, toxic, corrosive, or toxic to the environment. A hazardous substance may be a single chemical or a mixture of both hazardous and non-hazardous chemicals.	Initial risk level	Moderate
What we know about this risk in our business	The Engineering, Environmental Monitoring and Environmental Implementation Teams are the predominant users of hazardous substances. Hazardous substances that ORC use include agricultural substances for weed control (flood banks, monitoring stations), preservation chemicals (specimen and sample preservation), fuels, oils, aerosols, and general cleaning products. Minimum qualities are stored at sites. There has been 1 minor incident related to hazardous substances, and 1 near miss in the last 2 years. The incident relating to a broken hazardous substance container, and the near miss related to exposure to what was suspected to be asbestos (was tested and confirmed to be fibre glass).	Residual risk level	Low
How we manage the risk	Personal protective equipment including respirators, protective eyewear, coveralls, non-porous footwear, safety equipment such as eye wash stations and first aid equipment, health monitoring & respirator fit testing, safety/technical data sheets are maintained at each site, safety plans, emergency response plans and safe operating procedures. Training: Hazardous substance awareness training, GrowSafe training. Assurance check regimes during site visits, hazardous		

	substance policy & procedure, and elimination of hazardous substances from ORC depots where possible.
Control development	Upcoming review of hazardous substance policy & procedure Health monitoring procedure The team have been working with the Whare Runaka project team to ensure appropriate controls are in place for the management of hazardous substances.

Health, Safety & Wellbeing Plan 2024 -2027

Vision

ORC is a place of Health, Safety and Wellbeing excellence where we put our people including their health, safety & wellbeing first.

The below health, safety and wellbeing goals are designed to move us towards our vision and address areas for improvement, identified by our team, our health and safety representatives and through observing industry changes.

Information, visibility, reporting & analysis

Ensure seamless access to HSW information, promote ORC initiatives & lessons learned, and reinforce HSW measures throughout operations.

1. Improve HSW information & management.
2. Improve online safety management system.
3. Improve HSW recognition process.

Leadership & worker participation

Promote a culture of prevention and learning, fostering active leadership and worker participation while maintaining a positive HSW environment.

4. Build visible HSW leadership at ORC.
5. Improve processes and supports relating to the health and safety committee and representative functions.
6. Develop and implement a health, safety, and wellbeing due diligence programme.

Safe systems

Align HSW systems for ease of use, focusing on reducing harm, benchmarking safety performance, and prioritising assurance over critical risks.

7. Establish a safety training competency system.
8. Improve hazard & risk management system & incident management.
9. Improve existing safety policies, procedures, and guidelines.
10. Improve personal protective equipment system.
11. Establish approaches to managing new or changing risks.

Health & Wellbeing

Enhance workforce health and wellbeing through targeting programmes, ensuring equal access and delivering tangible outcomes for all employees.

12. Establish occupational health programmes.
13. Improve mental health supports.
14. Improve our annual wellbeing programme.

We will be successful when:

- HSW information is targeted, fit for purpose, and engaging for teams, individuals & those whom ORC work with. Shifts the system from how we do H&S to why we do H&S.
- HSW performance reviewed against consistent indicators and measures & set as a baseline for future annual reassessment. Performance is benchmarked against similar organisations to assess our performance.
- HSW achievements are celebrated through recognition programmes.

- ORC leaders regularly practice investing in, being involved with, and engaging with HSW. Leaders are actively managing risks and outcomes.
- Engagement and participation is evident and valued across the organisation. ORC is interested and responsive to workers' health and safety concerns.
- Shared and individual understanding and ownership of health, safety, and wellbeing throughout ORC.

- Safety training needs analysis is in place for all employees; system implemented for people leaders. TNAs used for effective management of safety competencies.
- Identification of ORCs critical HSW risks and controls, including implementation of critical risk profiles and action plans.
- Policies and procedures that are fit for purpose and reflect the risk profile of ORC.

- Increased use of initiatives and programme uptake.
- Reduction in workers' compensation claims and increased usage of early intervention programmes
- Organisational wide engagement on Health and Wellbeing including sharing health and wellbeing stories.
- Workforce health and wellbeing enhanced through the implementation of focused programmes.

Our plan for success

Health, Safety and Wellbeing Team Mission

Partnering across the organisation to consistently improve the health, safety & wellbeing of our workplace, people, and those who we work with.

Information, visibility, reporting & analysis

Core Services

A-Z Directory – HSW Induction Administration – Hazard, Near-Miss & Incident Reporting & Analysis – Site Safety Audits – ELT H&S Monthly Reporting – Quarterly Audit & Risk reports – Haumaru Administration – Safety Alerts

Goal 1: Improve Health, Safety & Wellbeing information, and management

Objective	*Activity*	*When*		
		2023-24	*2024-25*	*2025-26*
1.1	Review HSW all staff induction & implement improvements	**Complete**		
1.2	Build quarterly HSW newsletters	**Complete**		
1.3	Investigate HSW learning management approaches			
1.4	Present HSW segment of muffin talk	**Complete**		
1.5	Design and undertake HSW roadshows where relevant/beneficial			
1.6	HSW notice boards implemented across ORC staffed sites	**Complete**		
1.7	Design and implement an annual 'safe start' initiative			
1.8	Consolidate safe operating procedures across the Council & create an SOP register			

Goal 2: Improve online safety management system 'Haumaru'

Objective	*Activity*	*When*		
		2023-24	*2024-25*	*2025-26*
2.1	Haumaru 'back end' reviewed and improved: • Haumaru review form created and circulated with people leaders • Responses consolidated and analysed • Improvement areas identified & action plan created • Improvements actioned and communicated • Haumaru people leader training redeveloped and undertaken	**Part 1 complete**		
2.2	Haumaru 'front end' reviewed and improved: • Review form created and circulated with HSRs • Responses consolidated and analysed • Improvement areas identified & implemented where practicable • Improvements communication • Haumaru all staff Haumaru training redeveloped and undertaken	**Part 1 complete**		

Goal 3: Improve Health, Safety and Wellbeing recognition				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
3.1	Trial the development of HSW recognition through the health and safety committee			
3.2	Continue and/or adapt the process based on staff and HSR feedback			
3.3	Apply to external health, safety, and wellbeing recognition programmes where appropriate			

Leadership & worker participation

Core Services

Health and Safety Committee Coordination & Action Management – Health and Safety Representative Group Meeting Coordination - Coordination of Representative Development Opportunities - Review & Implementation of Ideas for Improvement

Goal 4: Build visible HSW leadership at ORC				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
4.1	Internal HSW for people leaders (induction, incident investigations)			
4.2	Formal HSW leadership training for people leaders			
4.3	Develop and deliver HSW due diligence leadership training (internally)			
Goal 5: Improve processes and supports relating to the health and safety committee and health and safety representatives.				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
5.1	Improve the worker engagement and participation procedure	**Complete**		
5.2	Establish additional health, safety & representative development opportunities: • Annual in-person workshop • Identification & communication of learning development opportunities & facilitating support for HSRs to uptake opportunities	**HSR summit completed**		
5.3	Set and review annual Health and Safety Committee objectives	**Complete**		
Goal 6: Develop and implement a health, safety, and wellbeing due diligence programme				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
6.1	Outline a schedule of health, safety & wellbeing regular activities such as meeting attendance, safety observations, interactions, and verification activities			
6.2	Establish targets for tracking effectiveness in implementing ORC's HSW objectives & goals		**Complete**	
6.3	Design a set of performance indicators alongside ELT & HSRs. Align indicators to other Councils where possible		**Underway**	
6.4	Undertake regular reporting and 'deep dive' sessions with ELT and the Audit and Risk Committee	**Ongoing**	**Ongoing**	
6.5	Undertake an external audit of our HSW system. Implement system improvements and realign performance indicators where required			

Safe Systems

Core Services

Lone worker system administration – Safety planning assistance – Emergency Preparedness – Contractor H&S Pre-Qualifications –Asbestos Management Plans – Safety Training Coordination – Safety Training Provider Review & Improvement – Safety Equipment Provision & Management – Personal Protective Equipment Advice and Procurement – Hazardous Substance Audits – General Hazard & Risk Management

Goal 7: Establish a safety training competency system

Objective	Activity	When		
		2023-24	2024-25	2025-26
7.1	Capture the H&S training/ competency for every team in Council	Complete		
7.2	Create a training needs analysis in Haumaru for every Council employee	Complete		
7.3	Design and implement TNA overview dashboards and reports for people leaders		Complete	
7.4	Develop a safety training guideline			
7.5	Design process for regular review of competencies for every team			

Goal 8: Improve hazard & risk management system & incident management

Objective	Activity	When		
		2023-24	2024-25	2025-26
8.1	Implement bow tie risk analysis for all critical risks		Underway	
8.2	Develop a process for reviewing critical controls and undertaking verification activities			
8.3	Work with all teams to develop team specific risk registers (where relevant)			
8.4	Develop a safety planning guideline for events and activities led by ORC staff			
8.5	Redevelop incident reporting process to ensure all work-related incidents, near miss and hazards are reported & managed appropriately		Underway	
8.6	Review & embed incident investigations as a key tool in supporting continuous improvement and preventing harm			

Goal 9: Improve existing safety policies, procedures and guidelines

Objective	Activity	When		
		2023-24	2024-25	2025-26
9.1	Improve contractor management processes • Review current contractor H&S processes through the establishment of a working group • Complete pre-qualification of all in-use contractors • Review H&S training for staff overseeing contractors; provide additional training if appropriate		Underway	

Objective	Activity	2023-24	2024-25	2025-26
	• Design or select a contractor platform • Design tools for inducting and regular review of contractors			
9.2	Improve lone, remote, and isolated worker policies & practices			
9.3	Review & improve occupational violence and aggression policy & related procedures			
9.4	Review & improve fatigue management policy, procedure and related tools			
9.5	Review & improve first aid guideline		Underway	
9.6	Review & improve hazardous substances policy and procedure			
9.7	Review & improve emergency procedures			
9.8	Develop a working around water guideline			
9.9	Review and redevelop HSW Policy Statement		Underway	
9.10	Review and improve Hazardous Manual handling policy	Complete		
9.11	Review and improve Smoke and Vape Free Policy	Complete		

Goal 10: Improve personal protective equipment system

Objective	Activity	When		
		2023-24	2024-25	2025-26
10.1	Create a matrix for PPE needed for every role in Council			
10.2	Create processes within Haumaru for reviewing the state of PPE			
10.3	Improve personal protective equipment guide			
10.4	Investigate and recommend options for PPE/ uniform online ordering system	Complete		

Goal 11: Establish approaches & effective controls to managing new or changing risks

Objective	Activity	When		
		2023-24	2024-25	2025-26
11.1	Develop and implement a Drug & Alcohol Policy	Underway		
11.2	Implement traffic management processes	Underway		

Health & Wellbeing

Core Services

Health monitoring coordination – Coordination & management of return to work, stay at work plans – Workstation assessment coordination and action management – Hazardous manual handling management & advice – Delivery of quarterly targeted initiatives – EAP reporting and service delivery.

Goal 12: Establish an occupational health programmes

Objective	Activity	When		
		2023-24	2024-25	2025-26
12.1	Establish a health monitoring programme			

12.2	Establish an occupational-related immunisation programme			
Goal 13: Improve mental health supports				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
13.1	Establish a mental health strategy for the organisation			
13.2	Review and implement initiatives and/or programmes identified within the mental health strategy			
13.3	Develop a wellbeing action plan (WAP) template		**Complete**	
13.4	Review employee assistance programme, service providers			
13.5	Add mental health training to regular training programme (mental health for people leaders and for all staff)			
Goal 14: Improve the annual wellbeing programme				
Objective	***Activity***	***When***		
		2023-24	***2024-25***	***2025-26***
14.1	Design and implement the annual wellbeing survey, analyse, and summarise results.	**Complete**		
14.2	Design and implement an annual wellbeing programme, designed from survey feedback	**Complete**	**Underway**	
14.3	Improve the Tiaki health and wellbeing platform to outline supports in place			
14.4	Investigate health insurance, or other health related supports and make recommendations for consideration as appropriate			
14.5	Support the implementation of an organisational travel plan, investigate and implement related initiatives as related and appropriate.			
14.6	Roll out an organisational-wide trial of sun safety skin checks		**Complete**	
14.7	Develop an injury, illness, and wellbeing support at work procedure			
14.8	Review & improve Wellbeing Policy	**Underway**	**Underway**	

Audit and Risk Incident and Near Miss Report

19 Feb 2025 13:00:07 Incident

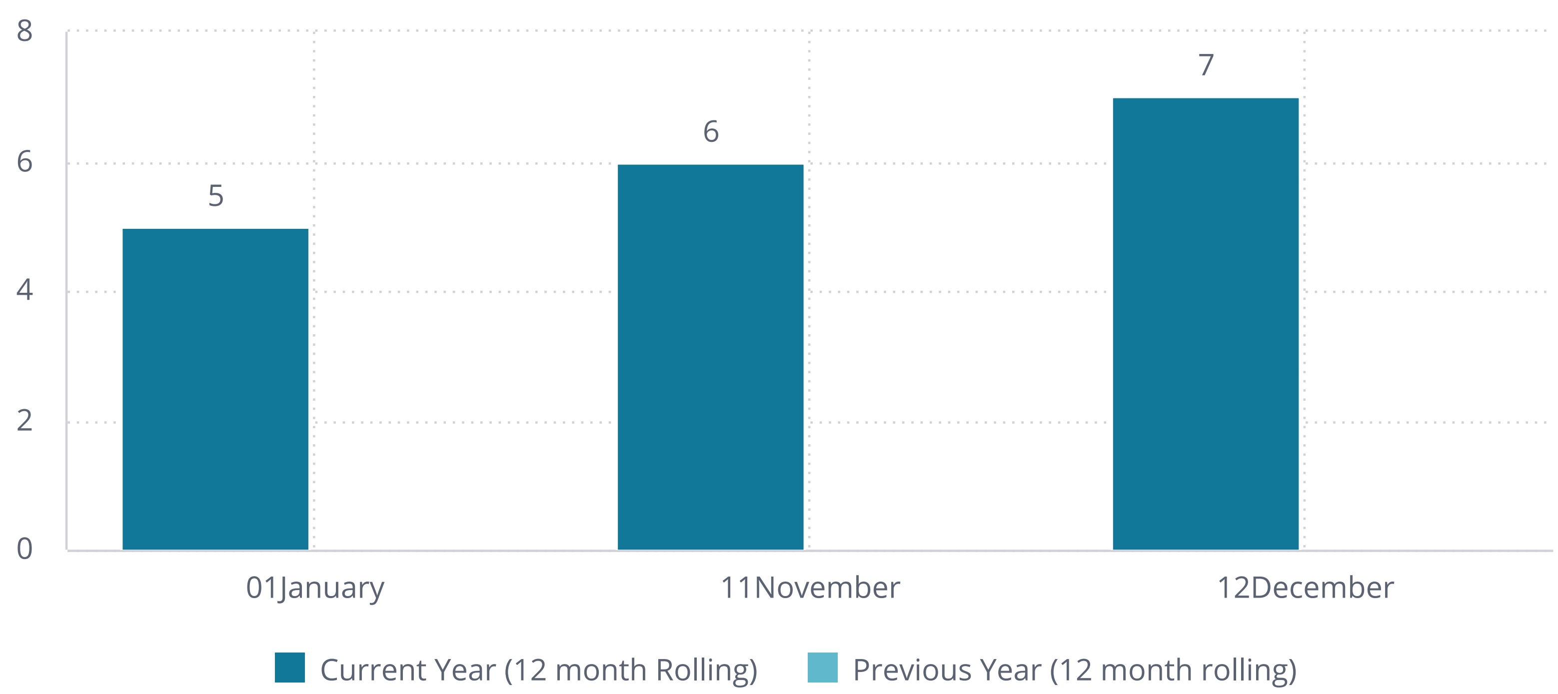
Filters **Incident Date** 11/11/24 to 1/31/25 | **TimeZone** New Zealand Standard Time

Incident / Near Miss Dashboard

- See bottom of screen for a list of records.
- Click on a graph segment to filter the rest of the dashboard based on that selection.
- To see other data relating to a segment right-click and 'Drill' to the desired field.
- Access other filters using the right-hand filters panel.
- NOTE: counters may be affected by any filters you apply.

Number of records	ORC Incidents	Contractor Incidents
18	10	5

No. of Incidents by Month

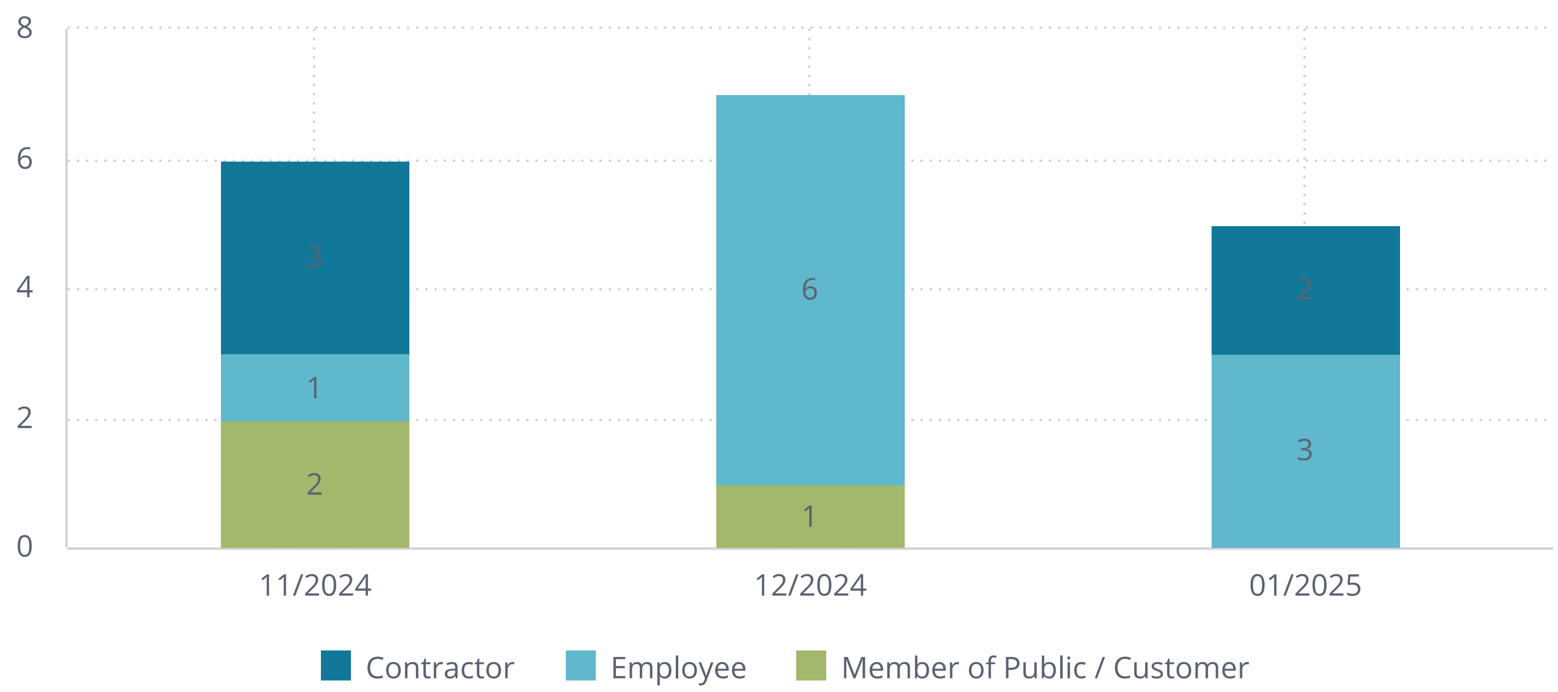


Audit and Risk Incident and Near Miss Report

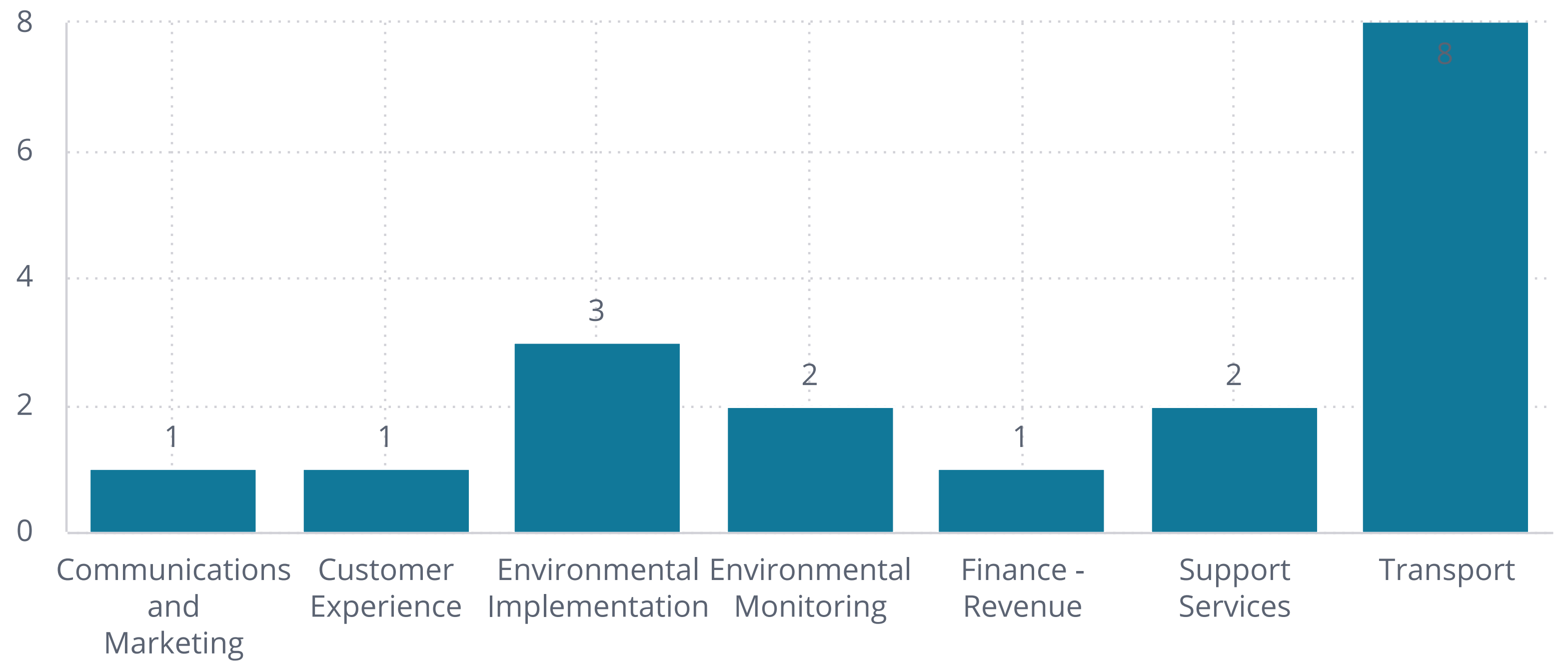
19 Feb 2025 13:00:07 Incident

Filters **Incident Date** 11/11/24 to 1/31/25 | **TimeZone** New Zealand Standard Time

No. of Incidents by Month and Who Was Involved



Incidents by Org Unit

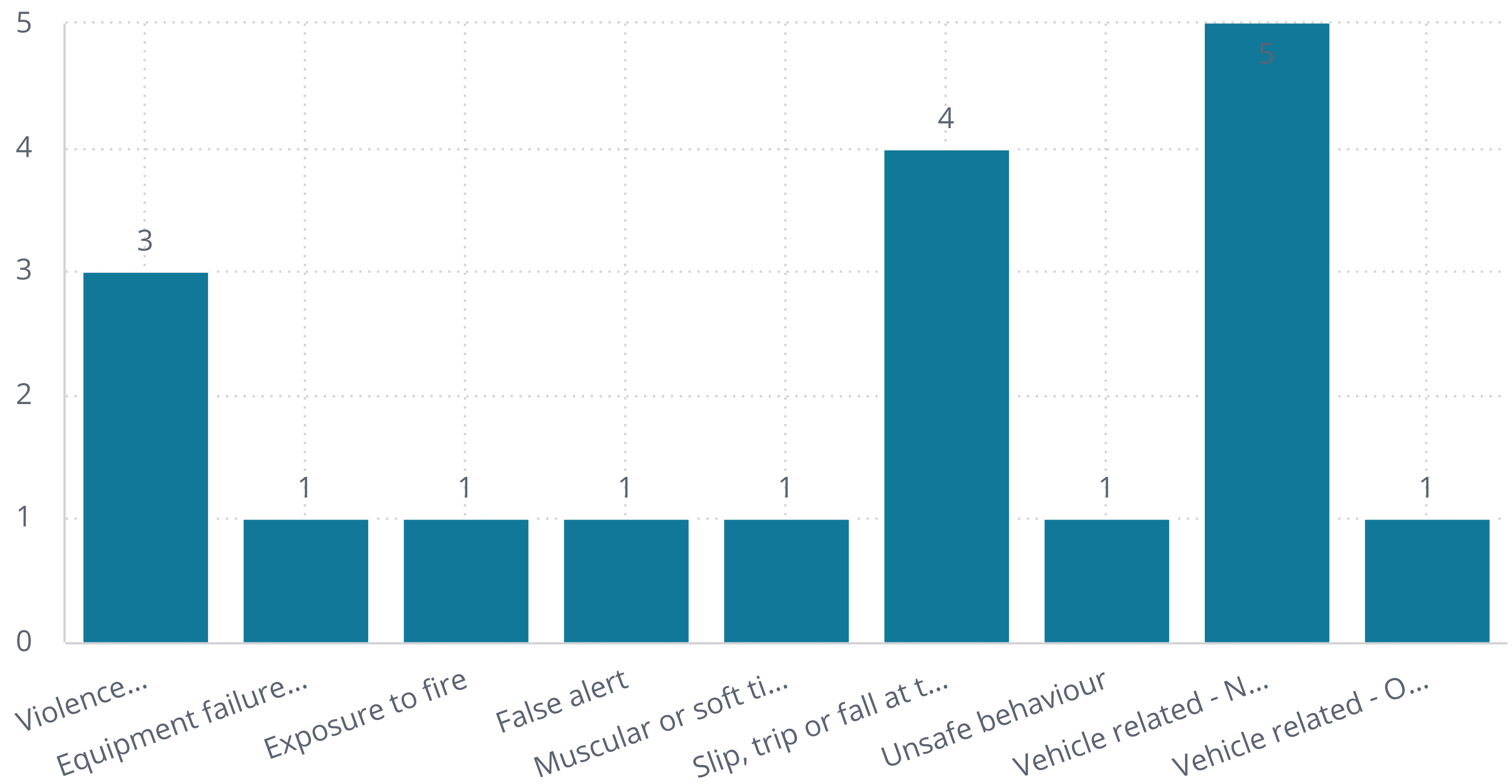


Audit and Risk Incident and Near Miss Report

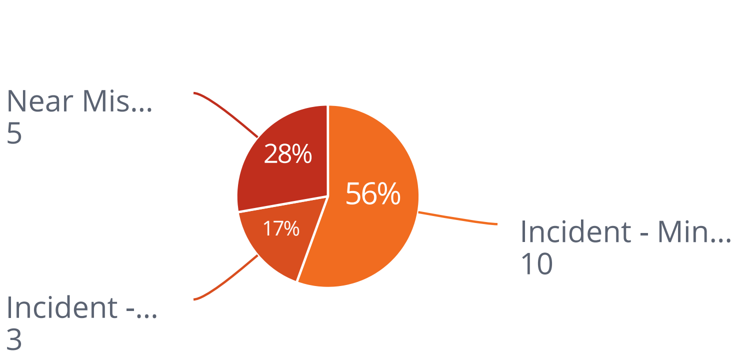
19 Feb 2025 13:00:07 Incident

Filters **Incident Date** 11/11/24 to 1/31/25 | **TimeZone** New Zealand Standard Time

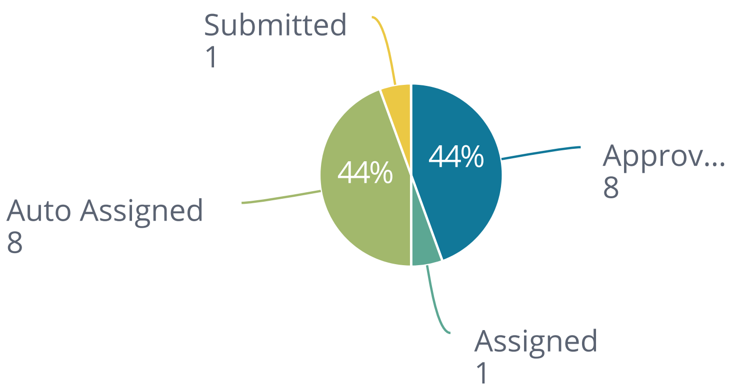
No. of Incidents by Type



Incidents by Severity



Incidents by Approval Stage



3/4

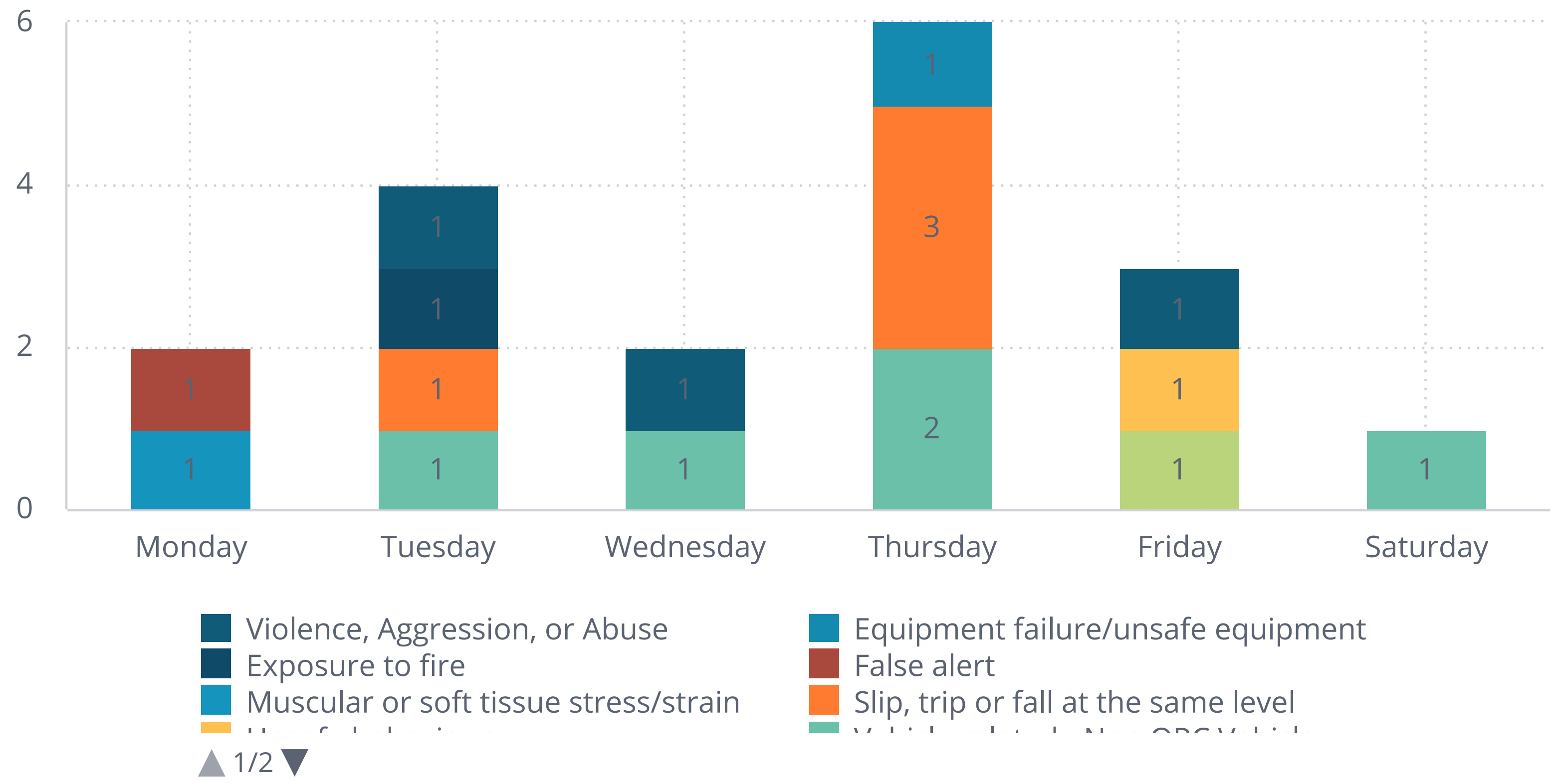
Audit and Risk Subcommittee - 6 March 2025

Audit and Risk Incident and Near Miss Report

19 Feb 2025 13:00:07 Incident

Filters **Incident Date** 11/11/24 to 1/31/25 | **TimeZone** New Zealand Standard Time

No. of Incidents by Weekday by Incident Type



The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under section 48(1) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
PE Minutes of the Audit & Risk Subcommittee meeting of 5 December 2024	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 – Section 7(2)(c)(i) 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 – Section 7(2)(b)(ii) To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j) To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To maintain legal professional privilege – Section 7(2)(g)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

3.1 Managed Fund Report	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 – Section 7(2)(b)(ii) 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 – Section 7(2)(c)(i) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
3.2 Insurance Updates	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) 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 – Section 7(2)(b)(ii) To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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 follows:

3.3 Managed Fund Report

I also move that _______________ be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the Managed Fund. This knowledge, which will be of assistance in relation to the matter to be discussed, and relevant to that matter because of their expertise of the matter.

Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:
(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.