

Audit & Risk Subcommittee Agenda 26 September 2024



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

26 September 2024 01:00 PM

Agenda Topic	Page
1. WELCOME	
2. APOLOGIES	
3. PUBLIC FORUM	
No requests from members of the public to address the Audit and Risk Subcommittee were received prior to publication of the agenda.	
4. CONFIRMATION OF AGENDA	
Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.	
5. DECLARATIONS OF INTEREST	
Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have. ORC Councillors Declarations of Interests are published on the website.	
6. PRESENTATIONS	
Currently there are no presentations scheduled for this meeting.	
7. CONFIRMATION OF MINUTES	3
That the minutes of the Audit and Risk Committee meeting held on 25 June 2024 be confirmed as a true and accurate record.	
8. ACTIONS (Status of Subcommittee Resolutions)	11
9. MATTERS FOR CONSIDERATION	12

9.1	Safety and Wellbeing Report	12
	This report summarises 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.	
9.1.1	Incident Near Miss Dashboard July and August 2024	24
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9.2.1	Treasury Reporting Dashboard 30 June 2024	40
9.3	Managed Fund Portfolio Performance Update	48
	To present the Q2 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 30 June 2024.	
9.3.1	JBWere Q2 2024 Portfolio Performance	50
9.4	Asset Management Internal Audit Update	55
	This report provides an update to the Audit and Risk Subcommittee on progress on an Internal Audit of Asset Management Practice at Otago Regional Council.	
9.5	Deep Dive - Statutory Compliance	58
	To facilitate a discussion, or 'deep dive', into Council's management of the strategic risks arising from Statutory Compliance.	
9.5.1	Strategic Risk - Statutory Compliance	60
10.	RESOLUTION TO EXCLUDE THE PUBLIC	62
	That the public be excluded from the following items under LGOIMA 48(1)(a):	
1.1	Confidential Minutes Audit and Risk Subcommittee 25 June 2024	
3.1	Annual Report 2023-2024 Audit Report	
3.2	Long-Term Plan 2024-2034 Audit Report	
3.3	Strategic Risk Register	
3.4	Managed Fund Report	
3.5	Insurance Renewals Update	
3.6	Review of ORC's Document Management System Privacy and Security Controls	
11.	CLOSURE	



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 Tuesday 25th June 2024, commencing at 2:00 PM.

PRESENT

Mr Andrew Douglas (Chair)
Cr Alexa Forbes
Cr Gary Kelliher (online)
Cr Kevin Malcolm
Cr Tim Mephram
Cr Gretchen Robertson (Ex officio member)
Cr Kate Wilson

1. WELCOME

Chair Douglas opened with a karakia and welcomed Councillors, members of the public and staff to the meeting at 2:00pm. Cr Lloyd McCall and Cr Somerville were in attendance. Staff present included Richard Saunders (Chief Executive), Nick Donnelly (GM Corporate Services), Joanna Gilroy (Acting GM Regulatory), Amanda Vercoe (GM Governance, Culture and Customer), Kylie Darragh (Governance Support), Andrea Howard, (Manager Executive Advice), Marianna Brook (Principal Advisor Mayoral Forum and Local Government Reform) Janet Ashcroft (Legal Counsel), Catriona Smith (Official Information & Legal Support Advisor), Finn Shaw (Official Information and Legal Support).

2. APOLOGIES

There were no apologies for this meeting.

3. PUBLIC FORUM

There were no requests to speak at this meeting.

4. CONFIRMATION OF AGENDA

It was moved by Cr Wilson, seconded by Cr Forbes

That the Audit and Risk Subcommittee:

1) Confirms the agenda as published.

MOTION CARRIED

5. DECLARATIONS OF INTERESTS

Councillors were reminded to advise of any conflicts of interest. No changes to Councillor Declarations of Interests were noted.

6. PRESENTATIONS

No presentations were held.

7. CONFIRMATION OF MINUTES

Recommendation: Cr Mepham Moved, Cr Forbes Seconded

That the minutes of the (public portion of the) meeting held on 21 March 2024 be received and confirmed as a true and accurate record.

MOTION CARRIED

8. ACTIONS (STATUS OF SUBCOMMITTEE RESOLUTIONS)

An update was provided to the subcommittee by Chief Executive, Richard Saunders.

9. MATTERS FOR CONSIDERATION

9.1. A&R2402 People and Safety report

(YouTube 00:10:45) This report summarised the year to date information on health, safety and wellbeing (HSW), and people and culture (HR) at ORC (Otago Regional Council). Gina Watts (Team Leader HSW) Kelly Stuart (People Services Lead) Mark Olsen (Manager People and Safety) and Amanda Vercoe (GM Governance, Culture & Customer) were available to respond to questions on the report.

Resolution AR24-109: Cr Wilson Moved, Cr Forbes Seconded

That the Audit and Risk Subcommittee:

- 1) Notes this report.**

MOTION CARRIED

9.2. GOV2411 Deep Dive - People

(YouTube 00:36:50) This report was presented to facilitate a discussion into management of the strategic risk in relation to people, outlining current risk prevention, existing controls and changes or improvements that the sub-committee may have recommended. Mark Olsen (Manager People and Safety) and Amanda Vercoe (GM Governance, Culture & Customer) were available to respond to questions on the report.

Resolution AR24-110: Cr Malcolm Moved, Cr Mepham Seconded

That the Audit and Risk Subcommittee:

- 1) Notes the attached deep dive on Council's 'People' strategic risk.**
- 2) Notes the attached one page summary of the People & Culture Strategy 2024 to 2027.**

MOTION CARRIED

9.3. GOV2410 Strategic Risk Deep Dive - External Change

(YouTube 00:53:29) This report was presented to the subcommittee to facilitate a deep dive discussion into Strategic Risk External Change. Marianna Brook (Principal Advisor Mayoral Forum and Local Government Reform) Andrea Howard (Manager Executive Advice), Amanda Vercoe, (General Manager Governance, Culture and Customer) were available to respond to questions.

Resolution AR24-111: Cr Forbes Moved, Cr Mepham Seconded

That the Audit and Risk Subcommittee:

- 1) Notes the attached deep dive on Councils 'External Change' strategic risk.**

MOTION CARRIED

9.4. CS2414 Annual Report Timetable and Matters Under Consideration

(YouTube 01:03:30) The purpose of this report was to outline the timetable and changes in the accounting standards for Council's Annual Report and Financial Statements for the year ending 30 June 2024. Sarah Munro (Finance Manager, Reporting) and Nick Donnelly (GM Corporate Services) were available to respond to questions.

Resolution AR24-112: Cr Malcolm Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

- 1) Notes this report.**

MOTION CARRIED

9.5. CS2406 Legislative Compliance

(YouTube 01:07:02) The purpose of this report was to receive Council's six-monthly legislative compliance report: ComplyWith survey – measuring Council's lawfulness; Local Government and Official Information and Meetings Act 1987 (LGOIMA) compliance; and Protected Disclosures (Protection of Whistleblowers) Act 2022. Janet Ashcroft (Legal Counsel) and Nick Donnelly (GM Corporate Services) were available to respond to questions on the report.

Resolution AR24-113: Cr Malcolm Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

1) Notes this report.

MOTION CARRIED

9.6. CS2405 Corporate Policy Overview Report

(YouTube 01:18:45) This report provided the Audit and Risk Subcommittee with an overview of the approximately 66 Council internal and external policies. Janet Ashcroft (Legal Counsel) and Nick Donnelly (GM Corporate Services) were available to respond to questions on the report.

Resolution AR24-114: Cr Mepham Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

1) Notes this report.

MOTION CARRIED

9.7. CS2418 Treasury Report

(YouTube 01:32:34) Nick Donnelly (GM Corporate Services and CFO) presented the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, on 31 March 2024 and took questions regarding the report.

Resolution AR24-115: Cr Malcolm Moved, Cr Wilson Seconded

That the Audit and Risk Subcommittee:

1) Notes this report and the attached Bancorp Treasury Reporting Dashboard – 31 March 2024.

MOTION CARRIED

10. NOTICES OF MOTION

None for this Committee.

11. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution: Cr Malcolm Moved, Cr Wilson Seconded

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

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
<p>Minutes of the PE Audit and Risk Committee Meeting 2024.03.21</p>	<p>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)</p> <p>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)</p> <p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)</p>	<p>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.</p>
<p>3.1 Strategic Risk Register</p>	<p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e)</p>	<p>Section 48(1)(a); Subject to subsection (3), a local authority may by resolution</p>

	<p>To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)</p>	<p>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.</p>
<p>3.2 Deloitte ORC Audit Plan</p>	<p>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)</p> <p>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)</p>	<p>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.</p>
<p>3.3 Insurance Disclosures</p>	<p>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)</p> <p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>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.</p>

<p>3.4 Insurance Renewals</p>	<p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>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)</p>	<p>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.</p>
<p>3.5 Managed Fund Report</p>	<p>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)</p> <p>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)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	<p>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.</p>

This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.:

3.2 Deloitte ORC Audit Plan

3.4 Insurance Renewals

It was moved also that consultants from Deloitte and Marsh Insurance Brokers be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of ORC Audit Plan and Insurance Renewals. This knowledge, which will be of assistance in relation to matters 3.2 Deloitte ORC Audit Plan, and 3.4 Insurance Renewals to be discussed, and relevant to those matters because of their experience and engagement to the ORC.

MOTION CARRIED

12. CLOSURE

There was no further business and Chair Douglas declared the public part of the meeting closed at 3:37pm.

Chairperson

Date

DRAFT

Document	Status	Action Required	Assignee/s	Action Taken	Due Date
Audit and Risk Subcommittee 2023.06.22	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	<p>28/11/2023 Governance Support Officer</p> <p>The Internal Audit will commence early 2024</p> <p>08/03/2024 Governance Support Officer</p> <p>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.</p> <p>20/06/2024 Governance Support Officer</p> <p>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.</p>	30/06/2024

9.1. CS2430 Safety and Wellbeing

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2430
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:	26 September 2024

PURPOSE

- [1] This report summarises 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.

EXECUTIVE SUMMARY

- [2] ORC is continuously advancing its approach to health, safety, and wellbeing. Our inaugural Health, Safety, and Representative Summit, Te Oranga Tū, marked a significant step forward including strengthening relationships among representatives, reviewing, and aligning with the Health, Safety, and Wellbeing Workplan, and identifying effective methods to recognise HSW excellence across ORC. We successfully conducted our first two bow-tie analyses on driving and occupational violence and aggression, and we discussed strategies for ongoing collaboration. Additionally, we have made strides in redeveloping the lockdown procedure in conjunction with Philip-Laing House building-wide tenant meetings and creating a new communication template for serious events. Our recent wellbeing survey also saw a notable 75% response rate, demonstrating strong engagement and feedback.
- [3] In the last quarter we have achieved good progress across a range of priority people and culture initiatives whilst maintaining service delivery. Highlights include the Employee Engagement Survey which had an 89% response rate, completion of Collective Bargaining with the PSA union, consultation with staff on the draft Recognition of Service Policy, coordinating and supporting the end of year performance review process, holding an inaugural People Leaders Forum and supporting the launch of ORC's new mission and values.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes this report.**

HEALTH, SAFETY AND WELLBEING

Health, Safety and Wellbeing Plan 2024 – 2027

- 4) The Health, Safety and Wellbeing Plan 2024-2027 outlines our strategic roadmap for fostering a culture of health, safety and wellbeing within our organisation and moving toward our vision '*ORC is a place of Health, Safety and Wellbeing Excellence where we put our people including their health, safety and wellbeing first*'.
- 5) Quarter one achievements included:
- **Smoke and Vape Free Policy:** Updated to enhance our commitment to a smoke and vape-free environment.
 - **Hazardous Manual Handling Policy:** Revised to ensure safer manual handling practices.
 - **Wellbeing Action Plan Tool:** Developed as supporting tools for individuals.
 - **Annual Wellbeing Survey:** conducted to gain valuable feedback and insights to enable improvements and focus areas.
 - **Health, Safety and Wellbeing Notice Boards:** Established to keep staff informed and engaged with key HSW information & resources.
- 6) Key projects and initiatives underway include:
- **Worker Engagement and Participation Procedure redevelopment:** This project focuses on revising the existing procedures to enhance worker involvement in health and safety matters, ensuring their voices are heard and integrated into decision-making processes.
 - **Drug and Alcohol Policy development:** We have presented to the ELT and H&S Committee on a planned approach for the development of a Drug & Alcohol policy with a genuine opportunity for people to have their say via initial staff and PSA engagement and then further consultation. Once implemented the policy will mitigate risks associated with impairment due to alcohol and drugs including prescription medicines.
 - **First Aid Guideline redevelopment:** The first aid guidelines are being updated to reflect current best practices and to ensure that all staff are equipped with the knowledge and resources to respond effectively to medical emergencies.
 - **Contractor Safety Management:** This project aims to improve the safety management of contractors working with the organisation by establishing clear guidelines, expectations, and oversight mechanisms.
 - **Lone, Remote, and Isolated Worker Policy & Procedure re-development:** The policy and procedures for managing the safety of workers operating alone or in remote and isolated environments are being revised to better address their specific risks and needs.
 - **Critical Risk Bow-Tie Analysis:** A comprehensive analysis is being conducted using the Bow-Tie method to assess and manage critical risks. This approach visually maps out a central hazard, identifying potential causes (threats) on the left side and potential outcomes (consequences) on the right side. Preventive controls are placed between threats and the hazard to reduce the likelihood of occurrence, while mitigating controls are placed between the hazard and consequences to minimise impact. By systematically evaluating these pathways, the Bow-Tie Analysis ensures all potential hazards are identified, evaluated, and effectively managed.

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	Contractor Safety Framework is currently under review. A Contractor Management Working Group was established in April 2024 and includes representatives from across the organisation. The group meets monthly to address current challenges, develop and implement an improvement plan, and identify contractor critical risks, supporting analysis for each.	2024/2025 financial year	No change to risk level
Vehicles	Moderate	Alcohol and drug policy to be developed over the next 6 months. A new fleet management system 'E-Road' was implemented in April. The new system offers enhanced features and includes an in vehicle 'drive buddy'; a visual, real-time feedback to help drivers avoid speeding, harsh braking, sharp cornering, and unnecessary engine idling. The HSW team are collaborating with Support Services to enhance vehicle procedures to positively reinforce desired behaviours and address areas of concern. Work is currently underway to develop training and procedures for roadside inspectors. This initiative stems 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 operation.	2024/2025 financial year	No change to risk level
Lone, Remote, or Isolated Work	Moderate	Lone Worker Safety Management – System Guide is under development; this is to replace the current Lone, Remote and Isolated Working	2024/2025 financial year	No change to risk level

		<p>Policy</p> <p>Consultation on the revised Lone, Remote and Isolated Worker Policy has been completed. The HSW team are now working through reviewing feedback.</p>		
Fatigue	Moderate	Upcoming review of Fatigue Management Policy and toolbox	2024/2025 financial year	No change to risk level
Violence and Aggression	Moderate	<p>Revision of duress procedures completed. Early development of duress procedures for Whare Runaka.</p> <p>Lockdown procedure currently being reviewed.</p> <p>Two bow-tie analyses have been completed for occupational violence and aggression:</p> <ul style="list-style-type: none"> • Whare Runaka reception area • Violence and aggression during field activities 	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	<p>Mental Health Strategy to be developed</p> <p>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.</p>	2025/2026 financial year	No change to risk level
Hazardous Substances	Low	<p>Recurring audit regime is in place</p> <p>The team have been working with the Whare Runaka project team to ensure appropriate controls are in place for the management of hazardous substances.</p>	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.

HEALTH AND SAFETY DASHBOARD ANALYSIS

2023-2024 Full Year Health and Safety Summary

[7] In the 2023-2024 year, there were 130 health and safety incidents reported. The most common incidents related to non-ORC vehicle-related (24%), violence and aggression (15%), muscular and soft tissue injuries (14%), and ORC vehicle-related (12%).

[8] In the 2022-2023 year, there were 106 reported health and safety incidents. There was a significant increase in non-ORC vehicle-related incidents, rising from 9% to 24%. This increase is particularly notable following the bus hub incident in May, which contributed to the increase in reported incidents. Violence and aggression incidents also increased from 13% to 15%. Muscular and soft tissue injuries, consistently among the most common incident types, accounted for 14% of the total incidents in 2023-2024. Meanwhile, ORC vehicle-related incidents decreased from 17% to 12% (figure 1). These trends highlight a need for targeted safety interventions, particularly in managing non-ORC vehicle-related incidents, while also indicating some success in reducing ORC vehicle incidents.

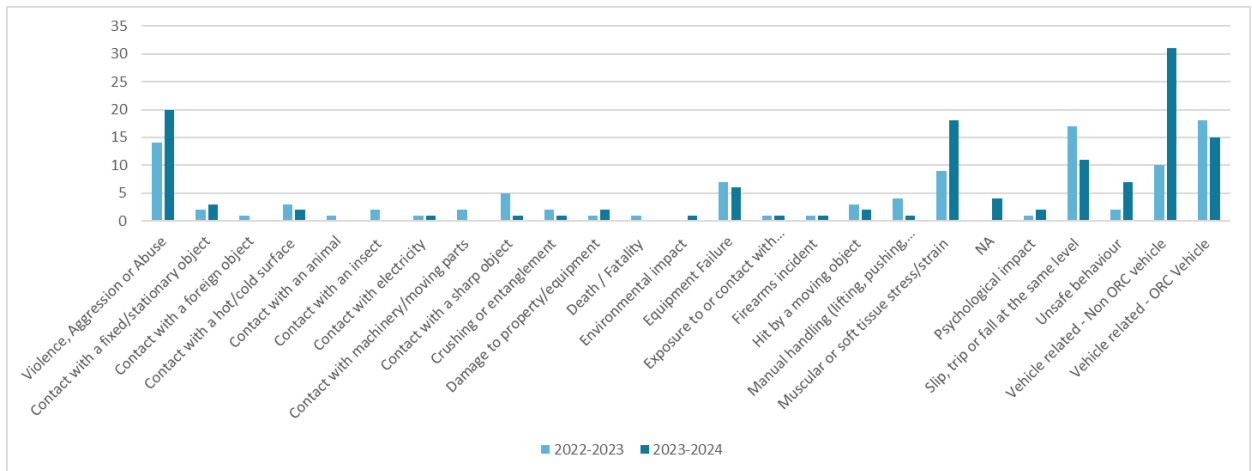


Figure 1: Number of Incidents by type 2022-2023 to 2023-2024 comparison

[9] In the 2023-2024 year, 22 hazard reports were completed, with 21 related to ORC and one related to a contractor. This is an increase from the 2022-2023 year, which saw 19 hazard reports completed. The increase in hazard reporting demonstrates improved awareness and proactive approach to identifying and addressing potential risks within the organisation. The contractor-related report highlights the importance of maintaining vigilance and effective communication about hazard identification across all parties working with ORC. This trend reflects ongoing improvements in safety and risk management practices in ORC.

[10]*Refer to the Audit and Risk Incident and Near Miss Dashboard 23 24 Summary

Current State – 2024-2025

[10] Between 1 July and 31 August 2024, 32 health and safety incidents have been reported, a 113% increase from the same period last year. Of these, 17 were ORC-

related, 12 involved contractors, and three are still being categorised. Five hazard reports were completed.

ORC Events

[11] Between 1 July and 31 August 2024, there have been 17 incidents and near misses involving ORC. Five incidents related to ORC vehicles, including minor vehicle damage, issues with seat setup and errors with equipment latching. Four incidents involved slips, trips, or falls on the same level; two were due to icy conditions in the field and on-site, and one was caused by a liquid spill on the floor. There have been two incidents of violence, aggression, or abuse, both occurring over the phone. Two incidents involved muscular or soft tissue stress and strain, both resulting from workstation configurations. Other incidents include one related to manual handling while lifting equipment from the back of a vehicle, one involving contact with a sharp object due to recent onsite works, one related to the use of unsafe equipment, one involving contact with a fixed object, and one incident with psychological impact.

[12] Post-incident controls and actions have included:

- ORC vehicle: team safety communication regarding pre-travel checks, team training for staff securing vehicle equipment, investigation into vehicle seating supports.
- Slip, trip, fall: De-icing of onsite footpath and walkway, liquid cleaned up from floor, review of field footwear and review of carrying equipment when icy.
- Violence, aggression, or abuse: Support was offered to both employees involved, with hazard profiles implemented for the related locations.
- Muscular or soft tissue stress/strain: Intervention by occupational health professionals and workstation adjustments.
- Manual handling: Team discussion on revised approach to moving equipment; including 2-person lift and removing equipment attachments prior to moving the equipment.
- Equipment failure / unsafe equipment: Team communication regarding appropriate use of equipment.
- Psychological impact: Team de-brief and discussion and offer of Employee Assistance Programme
- Contact with sharp object: Contractor education regarding post job procedures.

[13] Between 1 July and 31 August 2024, four hazards were reported. Three site hazards were recorded in the system 'Accella' and communicated with relevant teams who may visit the sites. One vehicle related hazard related to seat configuration, which is currently being assessed for ergonomic suitability.

Contractor/ consultant events

[14] Between 1 July and 31 August 2024, there have been 12 contractor incidents in Quarter 1. Ten of these incidents were related to bus operations, while the remaining two involved another contractor. Of the bus-related incidents, four involved violence, aggression, or abuse; one was due to unsafe behaviour; and four were vehicle-related, including two near misses and two instances of minor vehicle damage. Additionally, there was one incident of a slip, trip, and fall involving a passenger tripping while boarding the bus. Of the other two incidents, one involved contact with a sharp object, and there was one near miss of exposure to or contact with a hazardous substance.

- [15] Where investigations are completed, post incident controls and actions have included:
- Violence, Aggression and Abuse: Police action and reporting, youth aid referral. Wellbeing checks were conducted and Employee Assistance Programme offered
 - Unsafe behaviour: Police action and reporting
 - Contact with sharp object: Medical intervention
 - Vehicle related non-ORC: Training, insurance lodgement, incident de-brief and post incident support
 - Exposure to or contact with a hazardous substance: This near miss was investigated internally, with an array of actions identified for implementation.
- [16] 1 contractor hazard report was completed in quarter 1 and related to a potential weapon being found at the bus hub. Police were notified and responded, removing the item.

Legislative Compliance

- [17] Our obligations under the Health & Safety at Work Act were reviewed via the legislative compliance survey (ComplyWith), which is conducted across ORC. The review found no areas of non-compliance and identified two areas of partial compliance: lone, remote, and isolated work, and risks arising from workplaces with multiple tenants in the same building.
- [18] The lone, remote, and isolated worker policy has now completed staff consultation, and the HSW team is actively working through the feedback received. In the meantime, the online lone worker management system has been successfully trialled and is now operational for identified at-risk workers. Efforts are ongoing to review and update the related lone worker procedures and training. Once these updates are finalised, we will transition from partial to full compliance with this obligation.
- [19] Efforts are underway to implement effective control measures for multi-tenant leased sites, with a focus on Philip Laing House. To enhance safety communication between floors and enable timely activation of processes like lockdowns for other businesses, a meeting with other PLH building tenants has been conducted to discuss improvements. One of the proposed actions includes the creation of a building-wide distribution list and a communication template. Additionally, the lockdown procedure has been reviewed and will soon undergo staff consultation.

Worker Participation & Engagement

- [20] The Health and Safety Committee continues to meet quarterly to discuss any risk areas and ideas for improvement. The third Health and Safety Committee meeting of the year is to take place in September, some of the key agenda items are to include:
- Wellbeing survey
 - Partial lockdown procedure / recent lockdown
 - HSR coverage (new reps)
 - Recent Worksafe notifications relevant to ORC
- [21] In August, a new issue of the Health, Safety, and Wellbeing Newsletter was published, covering various important topics. These included segments on "Safeguards against violence and aggression" "Work-life balance: planning for safety and wellbeing," "Keeping your PPE up to scratch," as well as a highlight of recent safety alerts and

WorkSafe alerts. The HSW team is pleased with the ongoing engagement, as the newsletter reached 249 people, representing 70% of the organisation.

- [22] In early August, the Health and Safety Representatives (HSRs) participated in the inaugural Rep Summit ‘Te Oranga Tū’ hosted by the Health, Safety, and Wellbeing Team. This event provided an opportunity for personal connections, collaboration, and planning for the year ahead. Highlights included a review of the Health, Safety, and Wellbeing Workplan, discussions on committee objectives, and brainstorming sessions on recognising HSW excellence throughout ORC. HSRs also learned how to conduct Bow-Tie Analysis, completing the first two analyses on driving and occupational violence and aggression for field staff. Strategies for ongoing collaboration beyond representative meetings were also explored.
- [23] The Summit marks the beginning of a comprehensive approach to managing critical risks. HSRs and other staff will continue to be involved as all ORC critical risks undergo Bow-Tie Analysis this fiscal year to enhance our understanding and management of these risks.
- [24] The employee engagement survey was completed in August, which included a recurring question for Health, Safety and Wellbeing ‘I believe that health and safety of employees is integral in “how we do things here”’ which 81 percent of staff who responded agreed or strongly agreed with. This is a great reflection of the stability of health, safety and wellbeing practices and continued enhancement of HSW at ORC.

Training and Development

- [25] Training requirements have been established for all teams and employees within the organisation. This data is used for forecasting training and to ensure employees hold the appropriate safety competencies. Figure 2 below shows an individual example of how this data is displayed.

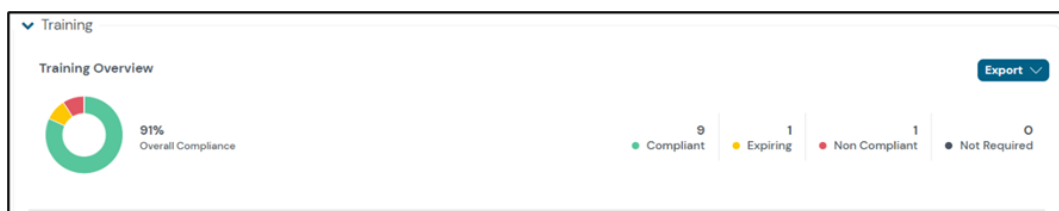


Figure 2: Individual Employee Safety Training Overview Dashboard

- [26] Individual safety training data pools to an overall dashboard which indicates the required training in a 6-month format as shown in figure 3 below. This enables the team to effectively plan for safety training and ensures that safety competencies are kept current.

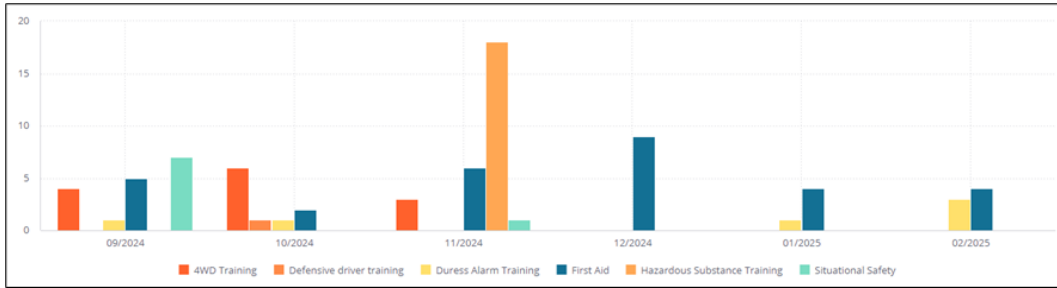


Figure 3: Safety Training Due in next 6 months by Course Name

[27] 89 staff have completed safety training course(s) within quarter 1 to date (30 August), consisting of roadside inspector training (30), 4WD (22), Defensive Driver Training (16), First Aid (10), Health, Safety and Wellbeing Induction (10), and Risk Assessment and Incident Investigation (1) (figure 4). Training completed reflects requirements as identified within individual training needs analyses.

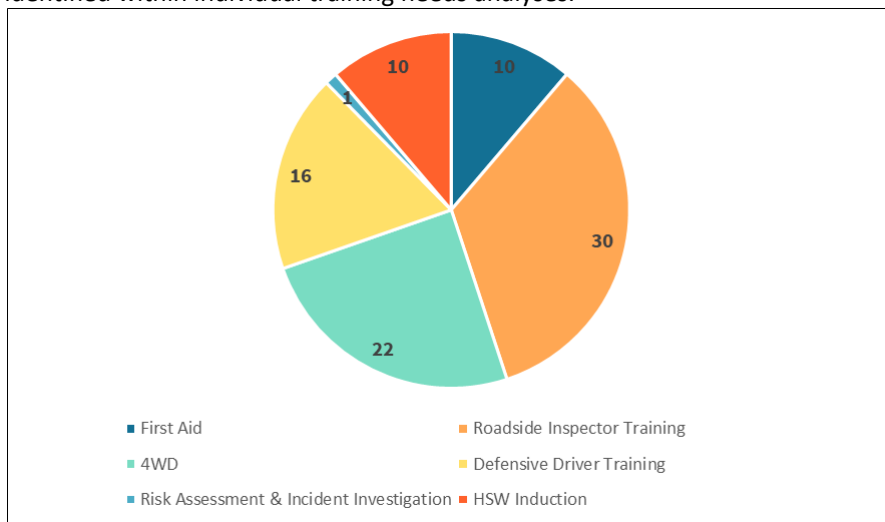


Figure 4: Completed Safety Training Quarter 1 to date (30th August)

Wellbeing

[28] The recent wellbeing survey saw a significant increase in participation, with 75% of staff sharing their views, compared to 35% in 2022. The overall wellbeing score was 68%. The results highlight both strengths and opportunities for improvement within our organisation. ELT and managers have received detailed reports for their areas to assess these findings and consider actions to enhance wellbeing support and culture within their teams. ELT considered the results are focussing on improvement actions and initiatives to support staff to feel less overstressed.

[29] Building on the survey insights, several initiatives are planned to enhance wellbeing across the organisation. A comprehensive Mental Health Strategy will be developed over the next two years, focusing on key components to support mental health at all levels. Additionally, a new wellbeing programme for 2024/2025 will be launched, specifically designed to address the areas highlighted in the survey. A review of the ORC Wellbeing Policy is also underway to ensure it aligns with best practices and meets the evolving needs of our organisation.

PEOPLE AND CULTURE

Key projects and activities for June to August 2024

- [30] Work on ORC's people and culture policies continued. Consultation was completed with staff on the draft **Recognition of Service Policy** and the feedback received is currently being collated and prepared for consideration by ELT prior to the policy being finalised and published.
- [31] **Collective Bargaining** was completed with a 2 year agreement now in place. This will assist with capacity in the People & Safety team and provide room for quarterly engagement meetings with PSA union to collaborate and get their input on key people frameworks and policies.
- [32] An inaugural **People Leaders Forum** was held on 15 August 2024. The key objectives were to: 1. Ensure ORC people leaders understand ORC's leadership context including the CE's direction and expectations; and 2. To start a co-design process for how we embed the new values and the role of people leaders in this process as role models, champions and facilitators. The day was very well attended with great engagement from everyone for the values discussion and a guest speaker in the afternoon shared some great practical tips for health work habits people leaders could apply to help look after their wellbeing.
- [33] The **Employee Engagement Survey** was undertaken, with a response rate of 89% and an overall employee engagement score of 60%. There were some very encouraging results in relation to: - alignment & involvement e.g. 89% of staff felt they understand what is required of them to do their job well; - enablement e.g. 85% of staff felt they have enough autonomy to perform their job effectively; and engagement e.g. 79% of staff would recommend ORC as a great place to work. ELT have considered the results and are focussing on improvement actions and initiatives to support staff to feel valued and appreciated for the contributions they make at ORC. Many of the areas covered by the questions in the survey will be directly targeted and addressed through implementation of the People Strategy over the next three years.

Other Highlights

- [34] End of year performance reviews were completed across all of ORC. Performance Planning – setting performance objectives and development actions, for the next 12 months is underway along with the annual salary review process for staff on an Individual Employment Agreement.

Human Resources Dashboard Reporting

- [35] Workforce snapshot information
- 356 total staff (headcount), 335 permanent / 21 fixed term
 - FTE of 345.3 (as at 16/8/2024)
 - 26 current vacancies (as at 11/09/2024)
 - Average tenure is 4.3 years
 - Average annual leave balance, 17.9 days
 - Average sick leave taken, 5.9 days (last 12 months)
 - Annual staff turnover of 10.5% (for the 12 months to 31 August 2024, excluding fixed term terminations)

- [36] Workforce mobility - Q4 2023/24
 - 0 Internal sideways moves
 - 6 Internal promotions/upwards moves
 - 0 Internal secondments commenced

- [37] Recruitment snapshot - Q4 2023/24
 - Roles that have been advertised: 24
 - Roles successfully filled: 17
 - 401 job applications received, an average of 17 applications per role

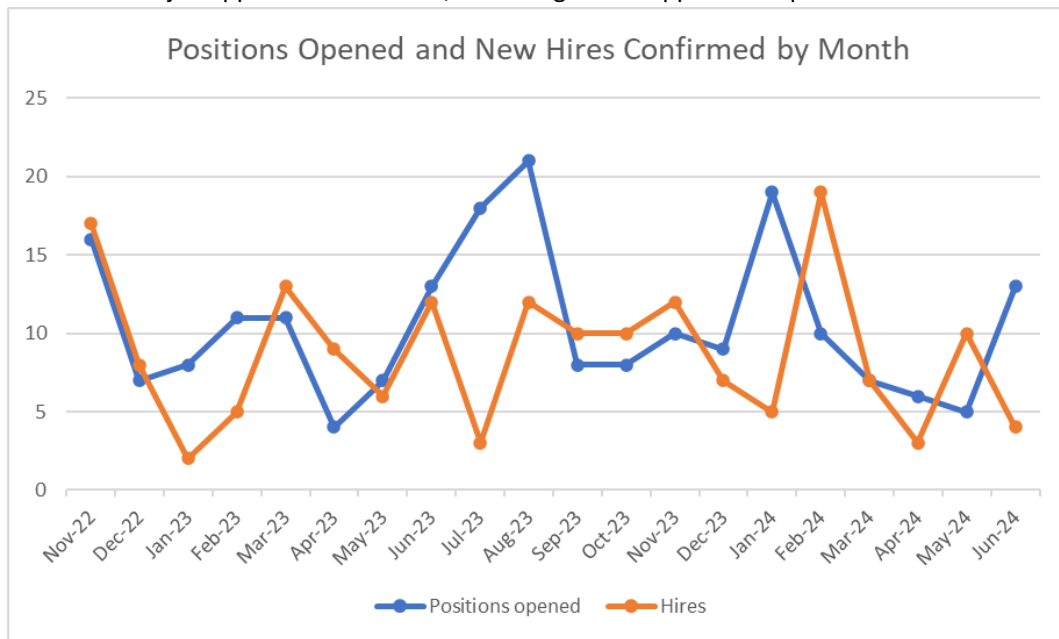


Figure 4: Monthly number of positions opened and new hires from November 2022 to June 2024

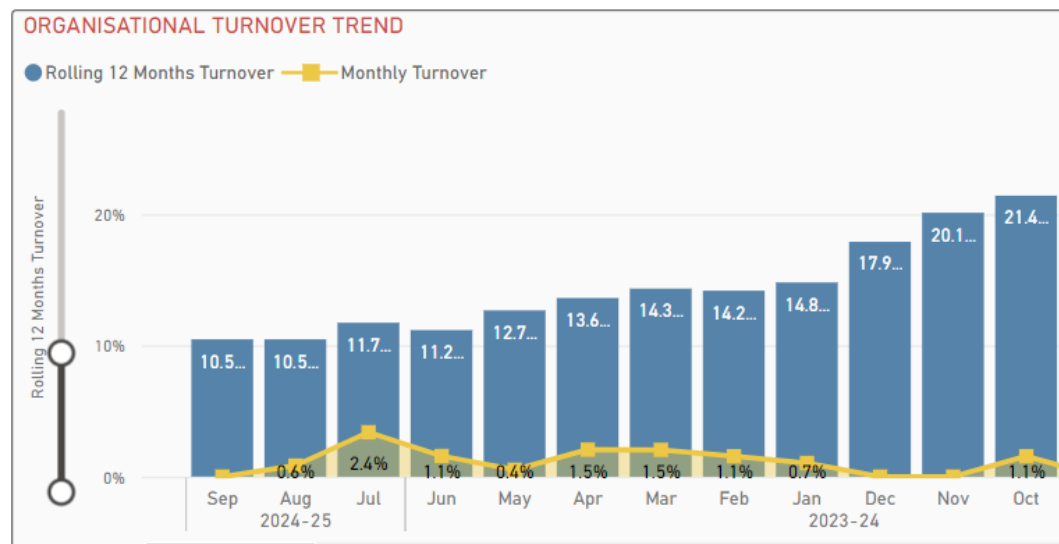



Figure 5: Staff Turnover Trend over the last 12 months

(Please note the graph reads from current month backwards)

[38] FTE Report



24/25 FTE Report as at pay period ending 16/08/2024
Report generated on 3 September 2024 at 1:11:39 PM

Directorate	Homebase Desc	Staff Name	Position Description	Employee Status	Location	FTE	Headcount	Bgt FTE
☐ Chief Executive						2.0	2.0	2.0
☐ Environmental Delivery						110.5	116.0	112.0
☐ Finance						24.2	26.0	23.5
☐ People & Corporate						42.4	43.0	42.6
☐ Regional Planning & Transport						30.4	31.0	35.3
☐ Science & Resilience						99.3	101.0	102.8
☐ Strategy & Customer						36.4	38.0	41.1
Total						345.3	357.0	359.3

Figure 6: FTE Report as at 16/8/2024

CONSIDERATIONS

Strategic Framework and Policy Considerations

[39] Nil.

Financial Considerations

[40] Nil.

Significance and Engagement

[41] Nil.

Legislative and Risk Considerations

[42] Nil.

[43] Nil.

Climate Change Considerations

[44] Nil.

[45] Nil.

Communications Considerations

[46] Nil

ATTACHMENTS

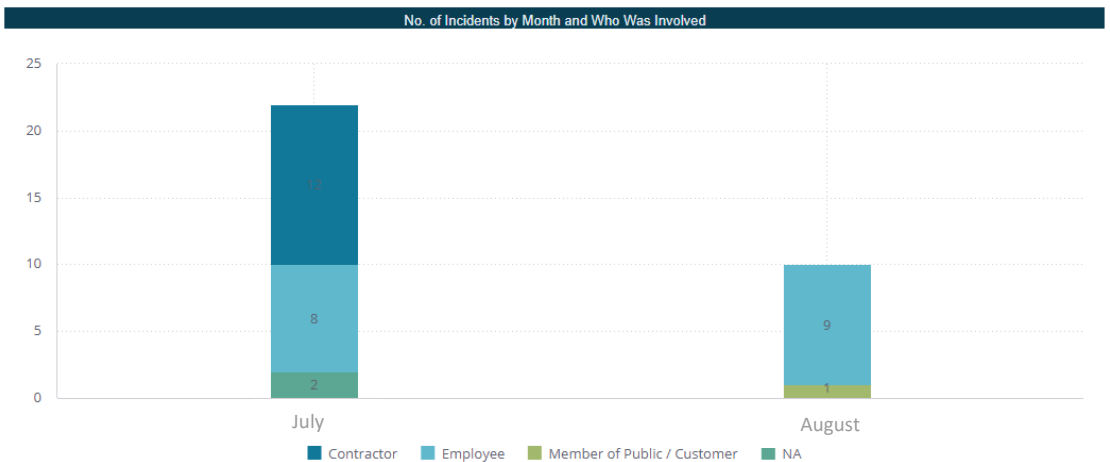
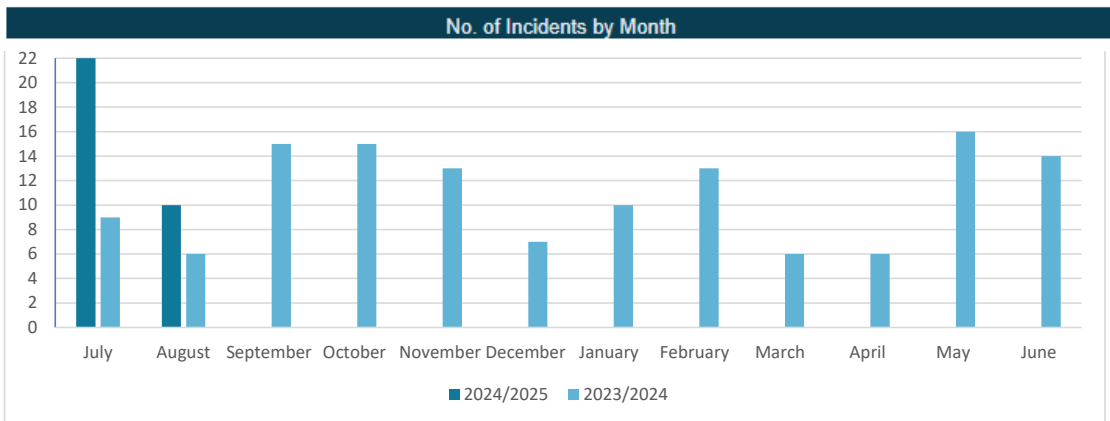
1. AR dashboard Q 1 2425 [9.1.1 - 3 pages]
2. HSW Critical Risks Profiles as of 30 August 2024 [9.1.2 - 7 pages]
3. 22.23 Full Year HS Incident Report Summary [9.1.3 - 4 pages]

Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 Incident

Filters Incident Date 01/07/2024 to 30/08/2024 | TimeZone New Zealand Standard Time | Root Otago Regional Council

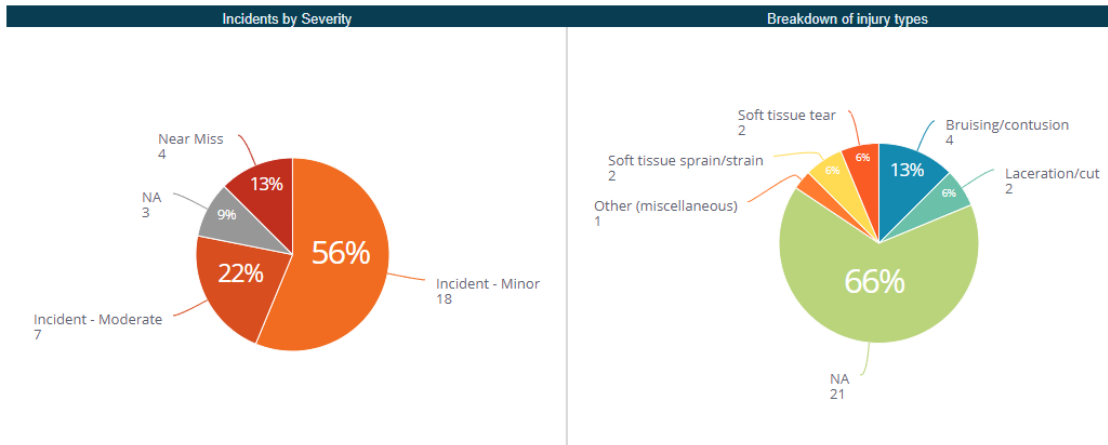
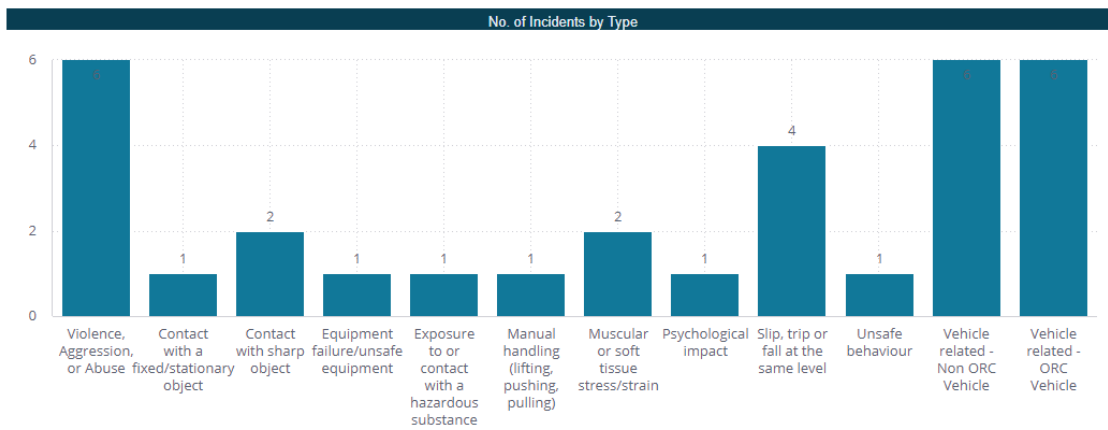
Incident / Near Miss Dashboard

- 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.



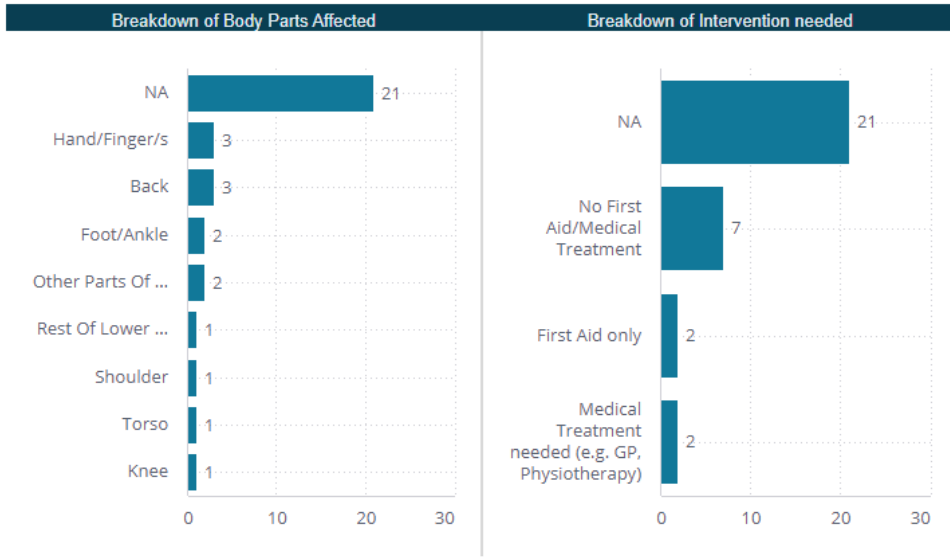
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Filters Incident Date 01/07/2024 to 30/08/2024 | TimeZone New Zealand Standard Time | Root Otago Regional Council

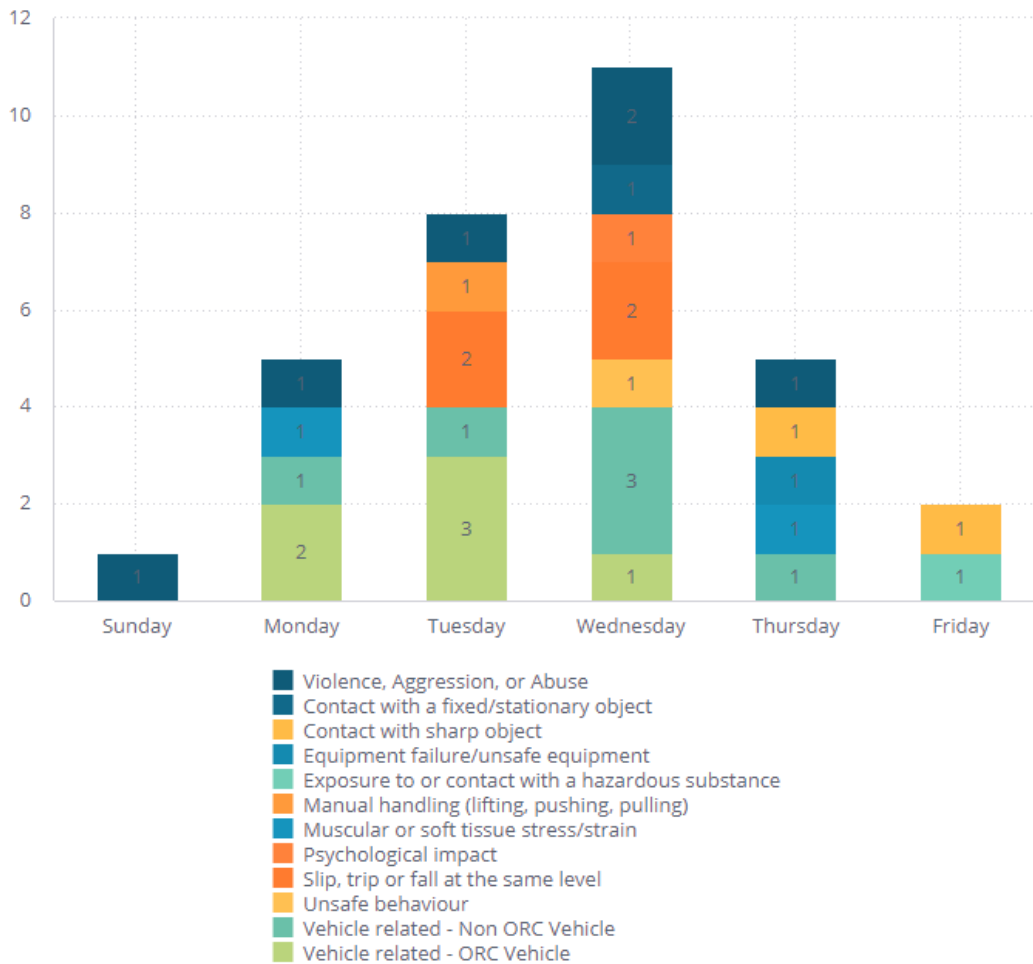


Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 Incident

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No. of Incidents by Weekday by Incident Type



Health, Safety & Wellbeing Critical Risk Profiles as of 30 August 2024

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	<p>Inadequate contractor management risks the health and safety of employees, contractors, visitors, and members of the public.</p> <p>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.</p> <p>A range of potential hazards and risks may arise from inadequate contractor prequalification, training, supervision, and communication.</p>	Initial risk level	High
What we know about this risk in our business	<p>Contractor engagement occurs across the Otago Regional Council including construction, maintenance, and specialised tasks such as aviation, public transport, and pest management.</p> <p><i>We've had 103 contractor related incidents since 2022. 53% percent of these incidents were minor, 23% moderate, 21% near miss occurrences and 3% major.</i></p>	Residual risk level	Moderate
How we manage the risk	<p>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.</p>		
Control development	<p>The contractor safety framework is currently under review.</p> <p><i>A Contractor Management Working Group was established in April and includes representatives from across the organisation. The group meets monthly to address current challenges, develop and implement an improvement plan, and identify contractor critical risks, supporting analysis for each.</i></p>		

Vehicles – Driving Operations

Risk Description	<p>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.</p> <p>Driving, therefore, requires on and off-road capability and involves the use of various types of vehicles.</p> <p>All staff who drive for work are exposed, particularly those who drive in remote locations or off-road.</p>	Initial risk level	High
What we know about this risk in our business	<p>We've had 47 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.</p>	Residual risk level	Moderate
How we manage this risk	<p>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</p>		
Control development	<p>Alcohol and Drug Policy to be developed</p> <p>A new fleet management system 'E-Road' was implemented in April. The new system offers enhanced features and includes an in vehicle 'drive buddy'; a visual, real-time feedback to help drivers avoid speeding, harsh braking, sharp cornering, and unnecessary engine idling. The HSW team are collaborating with Support Services to enhance vehicle procedures to positively reinforce desired behaviours and address areas of concern.</p> <p>Work is currently underway to develop training and procedures for roadside inspectors. This initiative stems 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.</p> <p>Additionally, a bow tie analysis was completed for on-road vehicle operation.</p>		

Lone, Remote or Isolated Work			
Risk Description	<p>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.</p> <p>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 emergency, accident, injury, etc. Given that there are a wide variety of situations where employees can be working alone with varying levels of risk.</p>	Initial risk level	High

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 not been a contributing factor to incident reports in the past 2 years.	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 Consultation on the revised Lone, Remote and Isolated Worker Policy has been completed. The team are now working through reviewing feedback.		

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 2024) 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,	Residual risk level	Moderate

	<p>coupled with other factors, can potentially escalate into situations where violence and aggression become a significant concern.</p> <p>We've had 31 violence and aggression related since 2022, 84% of these incidents were minor, 13% moderate, 3% major. Most of the violence and aggression incidents are experienced within the Customer Experience, Compliance and Transport Teams.</p>		
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	<p>Revision of duress procedures is in development (all customer facing sites)</p> <p>PLH duress procedure review completed – September</p> <p>Lockdown procedure currently being reviewed.</p> <p>Two bow-tie analyses have been completed for occupational violence and aggression:</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>No incidents have been related to this risk in the last 2 years.</p>	Residual risk level	Moderate
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	<p>Safe operating procedures development alongside training.</p> <p>Ladder selection and use Safe Operating Procedure completed November 2023.</p>		

Psychosocial / Mental Health			
Risk Description	<p>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.</p> <p>Psychosocial risks can be grouped into four key areas; task (<i>demands, role clarity, workplace environment, remote and isolated work</i>), individual (<i>role autonomy, development opportunities, work-life balance, meaning and purpose</i>), social (<i>workplace culture, support, violence and aggression, workplace relationships</i>), and organisational (<i>psychological safety, organisational justice, reward and recognition, change</i>).</p>	Initial risk level	High
What we know about this risk in our business	<p>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.</p> <p>The Health, Safety and Wellbeing Team have developed four Stay at Work plans in the last 2 years to support employee mental wellbeing.</p> <p><i>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.</i></p>	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	<p>Stay at work & return to work procedure</p> <p>Mental health strategy</p> <p><i>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.</i></p>		

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	Working around water and the risks it presents occurs across Council operations and includes boating, flood response, environmental	Residual risk level	Low

this risk in our business	<p>monitoring, pollution response, community education and infrastructure inspection and maintenance.</p> <p>Working around water has not been a contributing factor to incident reports in the past 2 years.</p>		
How we manage the risk	<p>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.</p>		
Control development	<p>Working around water guideline under development.</p>		

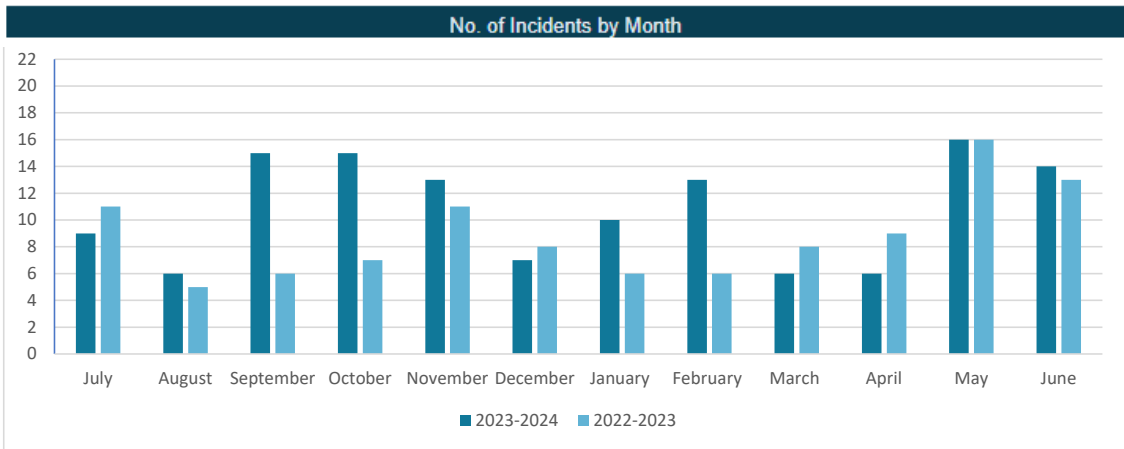
Hazardous Substances			
Risk Description	<p>Hazardous substances are substances that are explosive, flammable, oxidising, toxic, corrosive, or toxic to the environment. A hazardous substance may be a single chemical or a mixture of both hazardous and non-hazardous chemicals.</p>	Initial risk level	Moderate
What we know about this risk in our business	<p>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 quantities are stored at sites.</p> <p>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).</p>	Residual risk level	Low
How we manage the risk	<p>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.</p>		
Control development	<p>Upcoming review of hazardous substance policy & procedure</p> <p>Health monitoring procedure</p> <p>The team have been working with the Whare Runaka project team to ensure appropriate controls are in place for the management of hazardous substances.</p>		

Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 Incident

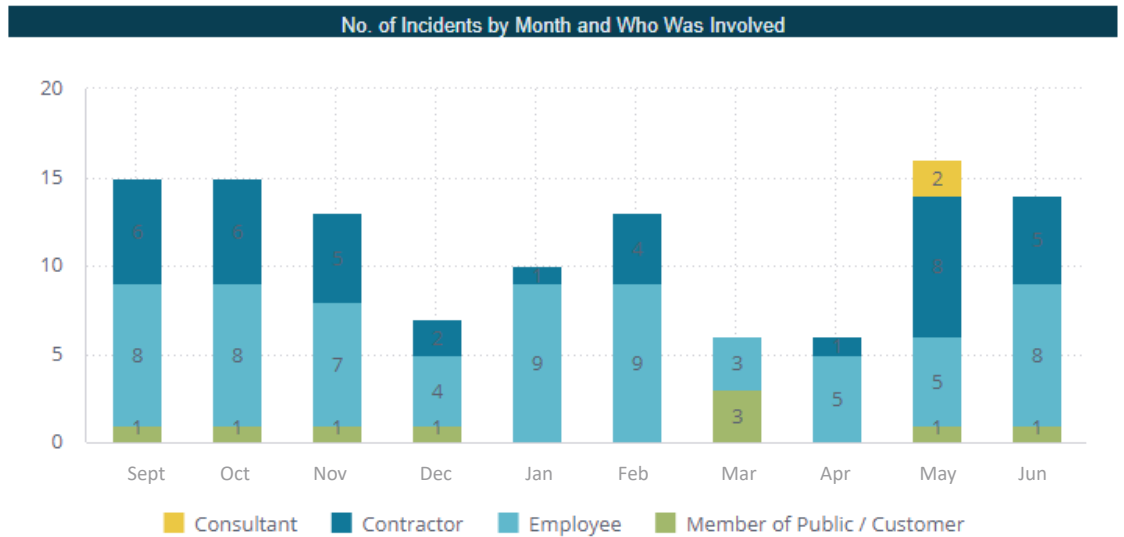
Filters Incident Date 01/07/2023 to 30/08/2024 | TimeZone New Zealand Standard Time

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.
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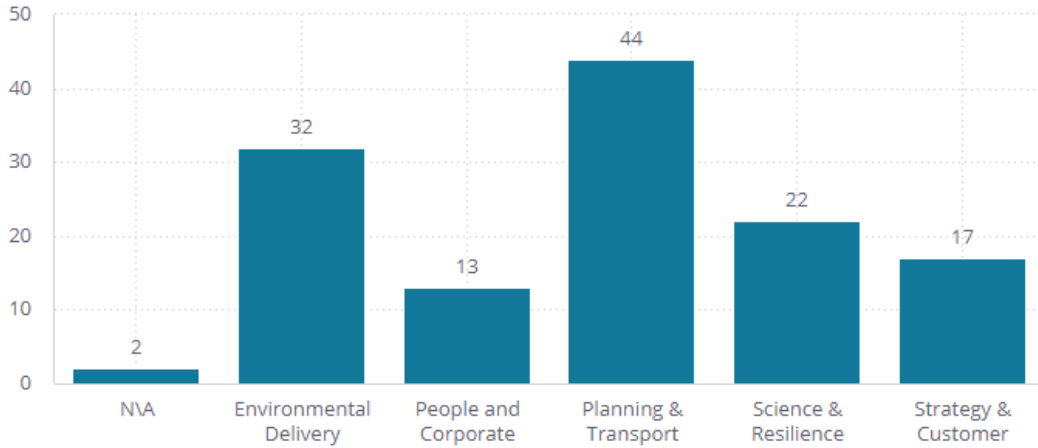
* 2022 – 2023 Incident total 106



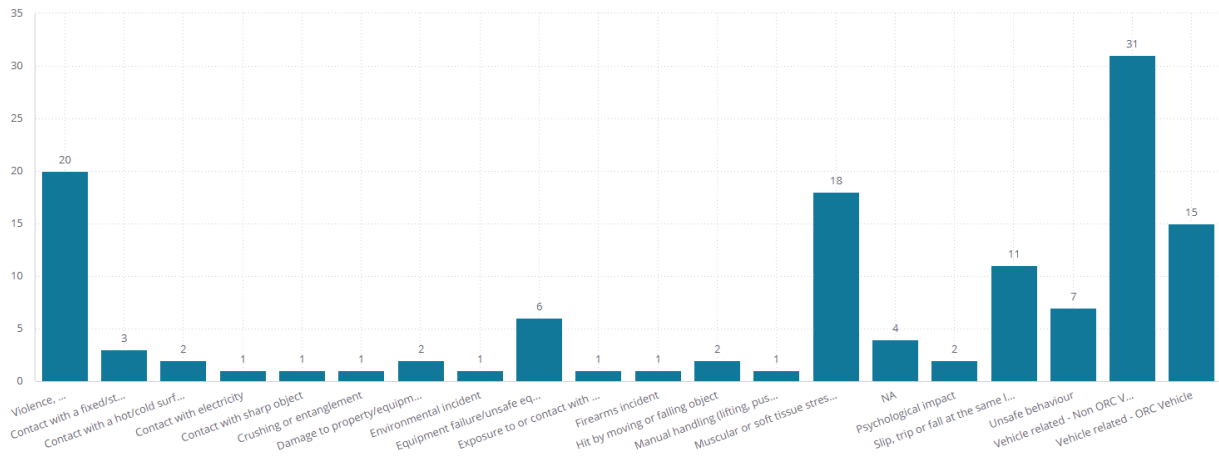
Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 Incident

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Incidents by Org Unit

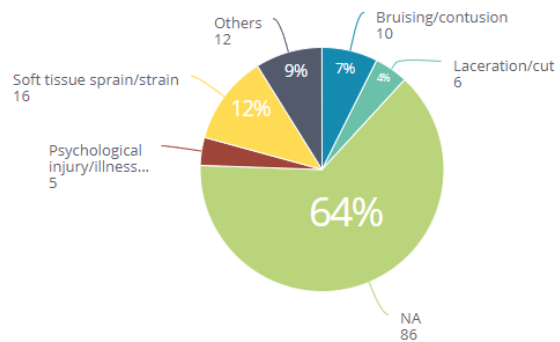
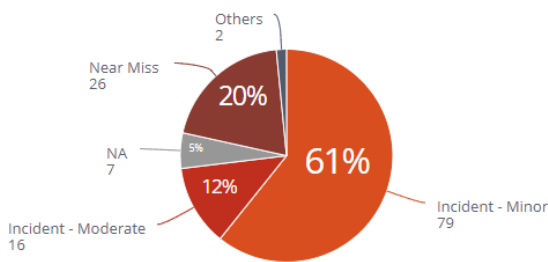


No. of Incidents by Type



*N/A Refers to other type of incident

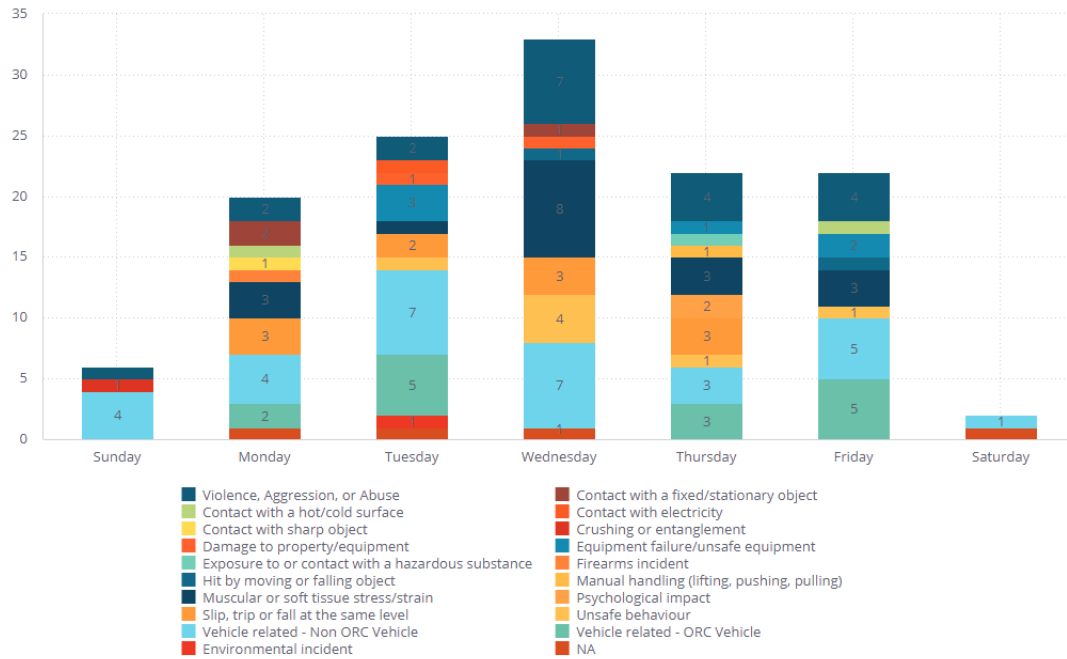
Incidents by Severity
Breakdown of injury types



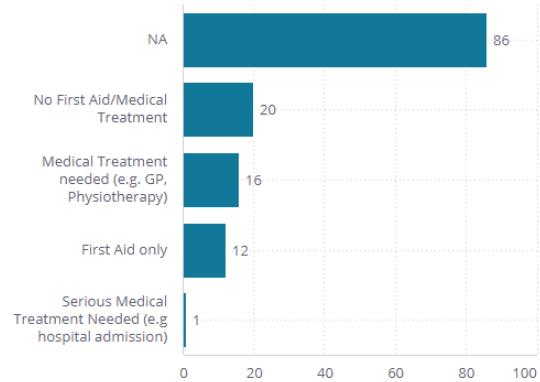
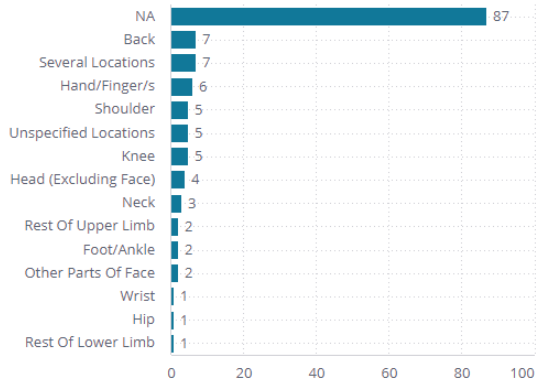
Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 Incident

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No. of Incidents by Weekday by Incident Type



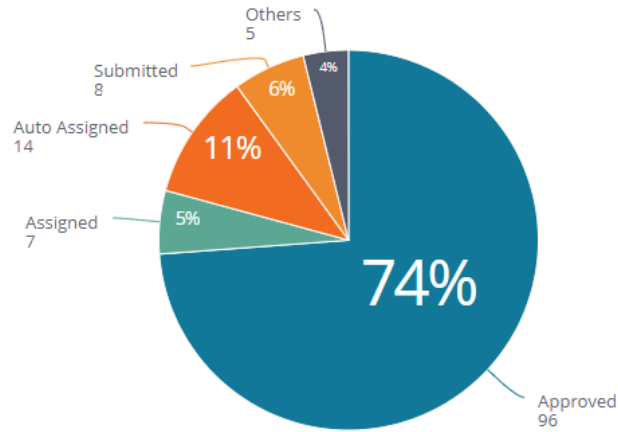
Breakdown of Body Parts Affected | **Breakdown of Intervention needed**



Audit and Risk Incident and Near Miss Report 30 Aug 2024 12:00:08 [Incident](#)

Filters Incident Date 01/07/2023 to 30/08/2024 | TimeZone New Zealand Standard Time

Incidents by Approval Stage



9.2. CS2431 Treasury Report

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2431
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	26 September 2024

PURPOSE

- [1] To present the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 30 June 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). All borrowing is compliant with Council's Treasury Management Policy.
- [4] Total LGFA debt is \$139.92M which includes on-lending to Port Otago of \$114.92M.
- [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 – 30 June 2024.

BACKGROUND

- [6] Council borrows core debt through the Local Government Funding Agency (LGFA). As at 30 June 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 30 June 2024 Council had \$25.0M of core debt funded by the LGFA across 5 tranches of \$5M each (as outlined on page 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 5.94% as at 30 June 2024 is in line with the assumption used in the Annual Plan 2023-34 of 6.0%.
- [13] An interest rate swap was executed in June 2024. This was a 3 year forward swap commencing on 15 April 2026 at a fixed rate of 4.115%.
- [14] Port on-lending is \$114.92M which is \$35.08M 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. 2024.06.30 Bancorp Treasury Reporting Dashboard June 2024 [9.3.1 - 8 pages]



Treasury Reporting Dashboard

30 June 2024

STRICTLY PRIVATE AND CONFIDENTIAL



BANCORP

BANCORP TREASURY SERVICES LIMITED

Audit and Risk Subcommittee - 26 September 2024



Economic Commentary

2

Global (for the June 2024 quarter)

It was another bumpy ride for the benchmark US bond market in the June quarter, with the 10-year treasury starting at 4.20%, rising to 4.72% on 27 April, declining back to 4.22% on 20 June, and finishing the quarter at 4.40%. While progress has been made in taming inflation, the progress has been slower than the market and, importantly, what the Federal Reserve ("Fed") had been hoping for, creating concerns that the Fed may keep interest rates higher for longer than anticipated.

The Fed has continued to signal it would begin easing this year, while forecasting higher growth and inflation for 2024. From pricing in 6-7 rate cuts at the start of the year, market pricing currently reflects two cuts by the end of the year, complicated by the 5 November US election.

While progress has been made in the battle against inflation globally, that progress has been uneven across different geographies. Persistent core inflation pressures in several developed countries, including the UK, U.S., and Eurozone, contributed to overall inflation rates exceeding central bank targets. Australia remains an outlier and, based on market pricing, faces a real possibility of further interest rate hikes after a poor May CPI release.

In early June, the European Central Bank ('ECB') 'hawkishly' cut its key interest rates by 25bps to lower its main refinancing operation rate to 4.25% and its deposit facility rate to 3.75%. The move did come with a warning after ECB President Christine Lagarde announced, *"Domestic inflation remains high, and wages are rising at an elevated pace. We will need more data to constantly confirm the disinflationary path. We cannot confirm that the dialling back process is underway."*

It was a different story in Switzerland, though, after the Swiss National Bank ("SNB") reduced its key interest rate by 25bps to 1.25% following its March cut. The rate cut caught the market off guard, which saw the Swiss franc fall sharply, although officials sought to provide comfort, announcing they remain prepared to intervene if required.

China increased the pace of monetary, fiscal, and regulatory easing measures to support growth. These efforts have contributed to some cyclical stabilisation, but whether they will translate into a full-blown economic reacceleration remains uncertain.

Looking ahead to the US elections in November, the election result will determine who decides on the roughly \$3.5 trillion of 2017 personal income tax cuts scheduled to expire at the end of 2025. Based on projections, the fiscal deficit is expected to remain relatively large over the next several years (5%-6% of GDP), partly due to rising interest-rate payments on federal debt. The election result could see materially different approaches to tariffs, global trade, immigration, taxes and even the shape of monetary policy.

Economic Commentary

New Zealand as at 30 June

3

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
31 March 2024	5.50%	5.63%	4.80%	4.51%	4.38%	4.38%	4.46%
30 June 2024	5.50%	5.63%	4.96%	4.68%	4.45%	4.44%	4.50%
Change	0%	0%	+0.16%	+0.17%	+0.07%	+0.06%	+0.04%

The June 2024 quarter saw a continuation of the poor economic data that has characterised 2024, with a growing chorus of ‘*survive until 25*’ being heard. New Zealand is undergoing a painful reset, with economic indicators suggesting the economy has weakened further over the last quarter. Further forward-looking indicators for the remainder of 2024 show an economy stuttering at ongoing near or actual recessionary levels. Evidence continues that the Reserve Bank of New Zealand (“RBNZ”) has largely done its job in suppressing aggregate demand, and the labour market is clearly softening.

While the signs of a faltering economy are clear, the timing of when this will lead to lower inflation and, more importantly, when the RBNZ can ease its grip on the economy by reducing rates remains uncertain. Another variable is whether the RBNZ starts cutting rates when inflation falls back within its target range of 1%-3% or when the RBNZ is confident that inflation will fall back to the target midpoint of 2%

At the 22 May *Monetary Policy Statement* (“MPS”), the RBNZ maintained the OCR at 5.50%, stating that while annual consumer price inflation is expected to return to the Committee’s 1%-3% target range by the end of 2024, monetary policy needed to remain restrictive to ensure that the inflation rate returns to the middle of the range within a reasonable timeframe. Of particular note, the RBNZ focused on annual non-tradable inflation, which has only slightly declined to 5.8%, higher than the 5.3% forecast.

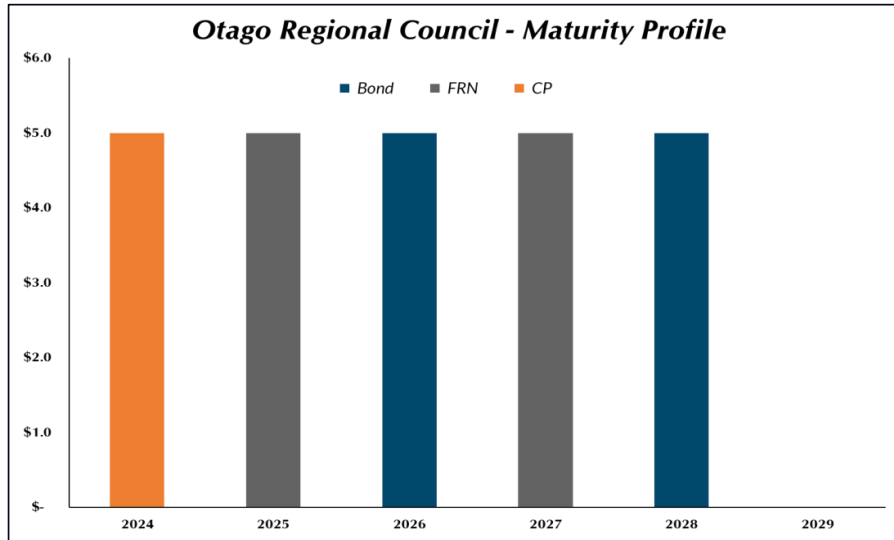
RBNZ projections have the first OCR cut in Q4 2025, with most banks forecasting cuts in February 2025 and Kiwibank forecasting a November 2024 rate cut. By contrast financial market pricing is assigning an 80% probability that the first 25 basis point cut will occur in October 2024 and a 100% probability of it happening in November 2024.

There is an increasing amount of anecdotal evidence backed up by many recent data releases of a rapidly slowing economy. These releases include business and consumer confidence declining sharply as well as construction activity, residential building consents and retail sales all falling markedly. This suggests that the RBNZ should cut sooner than the May MPS review indicated.

Swap rates had a volatile quarter. The 2-year and 5-year swap rates declined from highs of 5.22% and 4.80%, respectively, down to lows of 4.89% and 4.33% before retracing some of the moves down, closing the quarter at 4.96% and 4.45%, respectively.

Funding and Liquidity

4



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
\$139.92m
 Funds Drawn from LGFA, including on-lending to Port Otago

Liquidity = cash deposits, term deposits and managed fund
\$40.8m

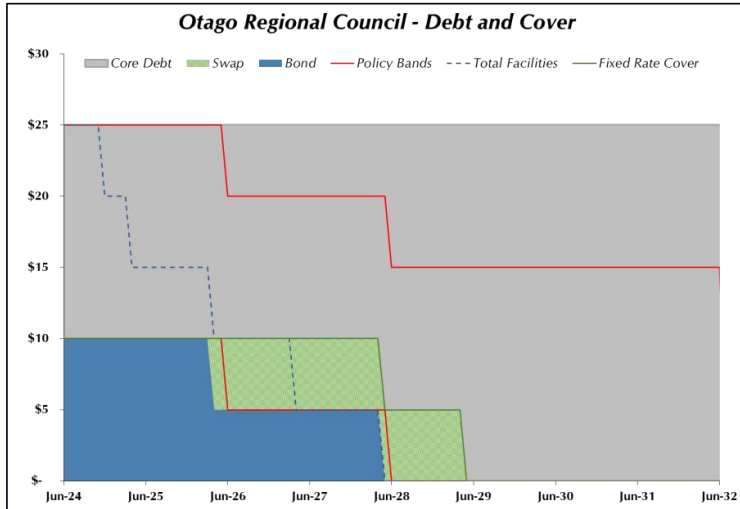
Liquidity Ratio based on total Council debt which includes the on-lending to Port Otago
128.73%

Cost of Funds as at 30 June
5.94%

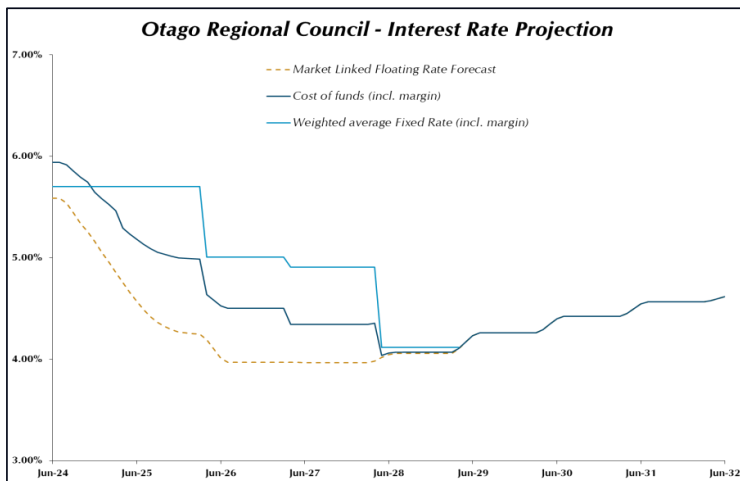
ORC's cost of funds is projected to fall to approximately 4.50% by June 2026 and 4.00% by June 2028 (see chart bottom left next slide)

Interest Rate Risk Management

5



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	5.58%
Current Floating Rate (incl margin)	6.10%
All Up Weighted Average Cost of Funds Including Margin	5.94%
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

LGFA lending

As at 30 June 2024

6

As at 30 June 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 30 June is as follows.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	09-Dec-24	5.81%	0.20%	\$5,000,000
LGFA FRN	15-Apr-25	6.21%	0.56%	\$5,000,000
LGFA FRB	15-Apr-26	5.70%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	6.35%	0.70%	\$5,000,000
LGFA FRB	15-May-28	5.70%	N/A	\$5,000,000

LGFA Borrowing Rates

As at 30 June 2024

7

Listed below are the credit spreads and applicable interest rates as at 30 June 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%	5.82%	N/A
6 month CP	0.20%	5.81%	N/A
April 2025	0.49%	6.11%	5.99%
April 2026	0.52%	6.14%	5.54%
April 2027	0.62%	6.24%	5.31%
May 2028	0.74%	6.36%	5.24%
April 2029	0.81%	6.43%	5.22%
May 2030	0.88%	6.50%	5.25%
May 2031	0.97%	6.59%	5.33%
April 2033	1.03%	6.65%	5.42%
May 2035	1.12%	6.74%	5.54%
April 2037	1.20%	6.82%	5.68%

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9.3. CS2435 Managed Fund Portfolio Performance Update

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2435
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	26 September 2024

PURPOSE

- [1] To present the Q2 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 30 June 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 30 June 2024 was \$27,284,414 an increase of \$2,023,854 for the financial year. This includes an increase over the quarter of \$134,893.
- [5] The portfolio's performance increased 0.7% during the quarter, outperforming the benchmark by 1.0%. Over the past 12 months the portfolio has gained 8.7% against a benchmark return of 7.1%, implying an outperformance of 1.7%.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes** this report and the attached Q2 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 30 June 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 - 2 Q 24 Update [9.4.1 - 5 pages]

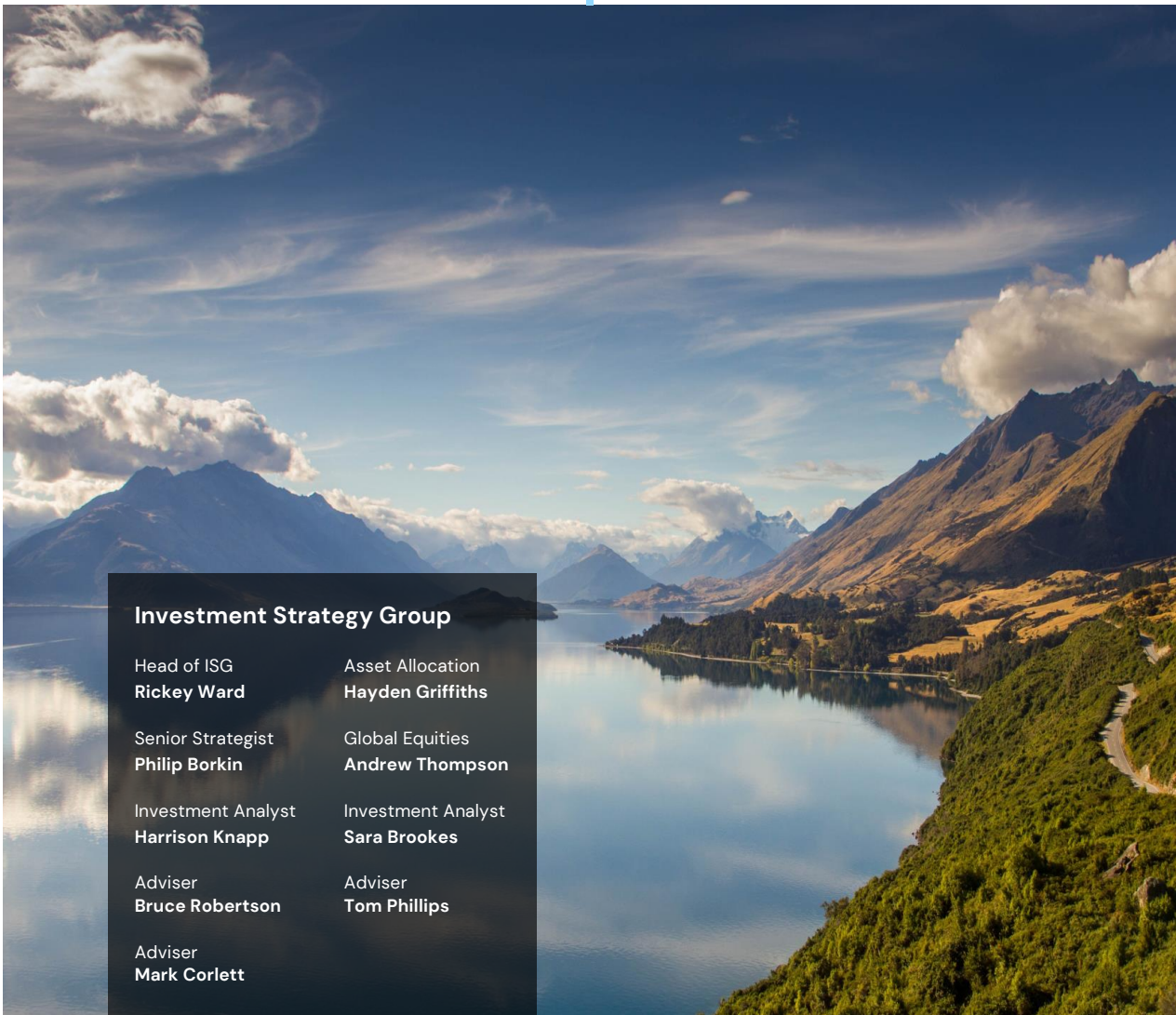
JBWere

Q2 2024 Portfolio Performance



Prepared by JBWere New Zealand

22 July 2024





Market Commentary

Outside of the continued optimism around the AI thematic, the macro backdrop (and central bank policy specifically) remains the dominant market driver

The June quarter was mixed, with global equities continuing to push higher (driven once again by the Tech sector – and tech-like stocks), whereas the New Zealand and Australian equity markets had a more challenging time. Outside of the continued optimism around the AI thematic, the macro backdrop (and central bank policy specifically) remains the dominant driver of financial markets. While the quarter began with rate cut expectations in the US being pared back, as time rolled on, some better-behaved inflation data gave investors renewed confidence that cuts were indeed on the cards for later this year, fuelling another leg higher in global equity markets. It was difficult to observe a clear trend around the relative performance of cyclicals vs. defensives – it was very much sector – and market – dependant. However, what is clear is that markets remain ‘narrow’, with the level of market concentration (predominantly within large tech-like names) remaining high.

Portfolio Summary

The portfolio’s performance increased 0.7% during the quarter, outperforming the benchmark by 1.0%. Over the past 12 months the portfolio has gained 8.7% against a benchmark return of 7.1%, implying an outperformance of 1.7%.

The NZ fixed interest component of the portfolio outperformed its benchmark during the quarter. We continue to have a preference to remain overweight bonds, seeking suitable new issues and secondary market investment opportunities when opportunities present themselves. The NZ fixed interest portfolio is positioned long duration, meaning it should benefit as interest rates decrease.

Profit warnings and interest rates overshadow an extension to NZAS, and better performance from ATM & FPH

The NZ equities component of the portfolio decreased -2.2% during the quarter, however the portfolio was more resilient than the market which fell by -3.2%. The outperformance continues to build on earlier gains and sees yearly relative outperformance extend to 1.3%. The portfolio continues to benefit from remaining defensive and avoiding exposures linked to the consumer discretionary sector. The portfolio was impacted by further downgrades to Fletcher Building because of ongoing cyclical headwinds and an unexpected downgrade from Spark due to lower government expenditure. However, strong performance from A2 Milk and Fisher & Paykel Healthcare were more than enough to offset any negative contribution these might have had. Supporting electricity companies proved beneficial given a decision by NZAS to extend its operations beyond 2024, while REITs struggled due to the prospect of limited dividend growth.

Financials and insurers led gains while domestic cyclicals and resource exposures weighed on the market

Australian equities were a standout, increasing by 2.0% against a benchmark which fell by -0.6%. Our decision to support Financials was an out-of-consensus view. It was a key point of difference which has helped drive relative performance. ANZ, National Australia Bank and Westpac provided portfolio resilience and stability during a period where uncertainty gained momentum. They became “safe haven” propositions despite an expectation for shrinking margins. A benign claims environment saw insurers rally with Suncorp also benefiting from regulatory approval to divest their banking operations to ANZ. With weight loss drugs occupying headlines (GLP-1’s), ResMed saw any earlier gains evaporate. While clearly helpful, the debate on whether these drugs will lead to the end of OSA is questionable, especially when we consider the side effects, cost, lack of funding, and current drop off rate. The quarter though was a period which rewarded defensive and defensible growth with the portfolio benefitting from having both attributes.

Global equities resumed their march higher during May and June

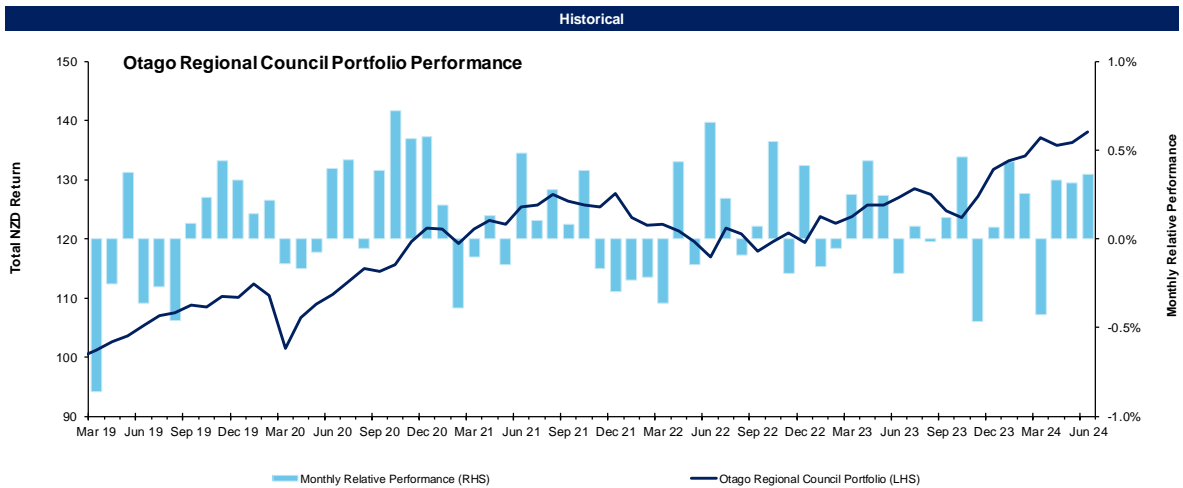
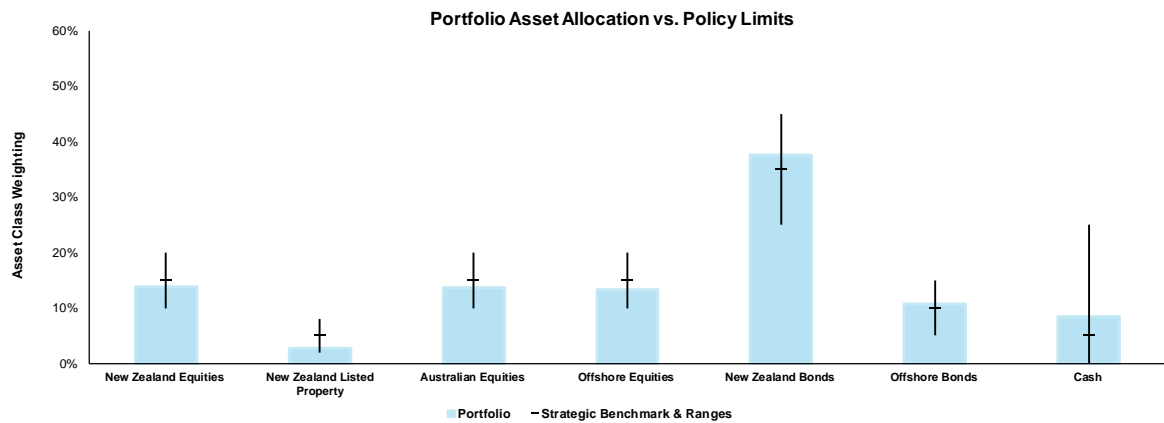
The global equities component of the portfolio increased 2.1%, compared to the index return of 1.1%, outperforming the benchmark by 1.1%. The Technology sector exposures such as Alphabet, Apple, Micron and Taiwan Semiconductor were once again the top performers during the quarter. This was on the back of continued excitement (broadly backed by strong fundamentals) around the AI theme. Outside of this, the Utilities, Financials and Healthcare sectors all rose (in USD terms), with select Healthcare exposures in the portfolio such as AstraZeneca and Vertex helping to add value during the quarter.



Portfolio Performance Otago Regional Council

Period End: 30-Jun-24

Asset Class <i>(Before Fees)</i>	Strategic Allocation %	Benchmark Index	By Asset Class ¹								
			3 Months			1 Year			3 Years		
			Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
Cash	5	S&P 90 Day Bank Bill Index	1.54	1.41	+0.13	5.50	5.80	-0.30	12.02	11.06	+0.96
NZ Bonds	35	S&P Corporate A Grade Bond Index	1.33	1.19	+0.14	8.10	6.30	+1.80	4.13	1.03	+3.10
Global Bonds	10	Barclays Capital Global Aggregate Index SNZ Hedged	0.21	0.08	+0.13	3.78	3.82	-0.04	-6.56	-5.61	-0.95
NZ Listed Property	5	S&P/NZX All Real Estate Industry Group Index	-8.48	-8.67	+0.19	-7.70	-8.29	+0.59	-19.23	-21.38	+2.15
NZ Equities	15	S&P/NZX 50 Gross Index	-2.16	-3.20	+1.04	-0.35	-1.67	+1.32	3.02	-7.41	+10.43
Australian Equities	15	S&P/ASX 200 Accumulation Index	1.97	-0.62	+2.59	19.56	12.86	+6.70	29.46	22.77	+6.69
Global Equities	15	MSCI AC World Index	2.12	1.06	+1.06	21.86	20.16	+1.70	35.31	34.46	+0.85
Total	100		0.66	-0.36	+1.02	8.74	7.08	+1.66	10.09	6.23	+3.86



General Notes:

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



Overview			
	3 Months	1 Year	3 Years
Opening Value	\$27,149,521.25	\$25,260,560.03	\$25,312,493.21
Cash Deposits	-	-	-
Cash Withdrawals	-	-	-
Other Cash Movements	-	-\$15.76	-\$15.76
Stock Transfers In	+\$1,045.63	+\$4,084.80	+\$10,354.17
Stock Transfers Out	-	-	-
Other Stock Movement	-	-	-
Net Adjustments	+\$1,045.63	+\$4,069.04	+\$10,338.41
<i>Investment Return</i>			
Capital Change	-\$121,067.19	+\$1,144,162.52	-\$144,753.52
Gross Income	+\$299,315.82	+\$1,055,421.68	+\$2,649,412.77
Gross Closing Value	\$27,328,815.51	\$27,464,213.27	\$27,827,490.87
Tax & Expenses	-\$35,318.85	-\$139,867.60	-\$416,320.80
Imputation / Tax Credits	-\$9,082.68	-\$39,931.68	-\$126,756.08
Net Closing Value	\$27,284,413.99	\$27,284,413.99	\$27,284,413.99
<i>FX Hedging Positions (from last rollover)</i>			
Profit & Loss	-	-	-
Grand Total	\$27,284,413.99	\$27,284,413.99	\$27,284,413.99

Market Outlook

As we enter the second half of 2024, we see several factors determining how likely markets are to deliver another solid half of performance for balanced portfolios. There are four key elements that we will be closely watching regarding the prospects of markets over the second half of this year:

Expectations around the timing and magnitude of central bank rate cuts continues to be the main driver of global interest rate markets

1. Firstly, we think both the US and Australian economies are at interesting junctures. The former finally looks to be slowing, with the labour market likely holding the key to whether this slowing morphs into something a little more concerning for equity markets, while the latter is showing signs of a reacceleration in inflation that could force the Reserve Bank of Australia's hand into resuming its tightening cycle (something we don't believe the Australian equity market is priced for).
2. Secondly, the stellar performance of a handful of mega-cap stocks has been a defining feature of global equity market performance recently. Can it continue? Potentially. Given their dominance, it is hard to have a view on broader market direction without a view on these large companies. The ongoing delivery on expectations will be key.
3. Thirdly, the RBNZ has surprised of late with its doggedness in maintaining restrictive (if not more restrictive) monetary policy settings. How long can this last in the face of clear economic weakness? We believe they will capitulate at some point, and the longer they resist, the more aggressive the subsequent easing cycle will likely need to be in our view.
4. Last, but certainly not least, there is plenty of political uncertainty ahead, with key elections occurring in France and the UK. But it is the US' November election that has the potential to cause the most market disruption, especially as it appears set to be a close-run thing, not just for the presidency, but also the control of Congress.



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9.4. GOV2428 Asset Management Internal Audit Update

Prepared for: Audit and Risk Subcommittee
Report No. GOV2428
Activity: Governance Report
Author: Tom Dyer, General Manager Science and Resilience
Endorsed by: Tom Dyer, General Manager Science and Resilience
Date: 26 August 2024

PURPOSE

- [1] This report provides an update to the Audit and Risk Subcommittee on progress on an Internal Audit of Asset Management Practice at Otago Regional Council.

EXECUTIVE SUMMARY

- [2] The Audit and Risk Subcommittee have sought to establish an internal audit programme. The first audit will focus on asset management practice within the major asset owning business units; Engineering, Environmental Monitoring, Fleet and Facilities and Information Technology.
- [3] A consultant has been commissioned to carry out the audit using a 'Asset Management Maturity Assessment' methodology that aligns with the International Infrastructure Management Manual and ISO 55000. The maturity assessment process will be facilitated by Rationale Ltd, an independent infrastructure management consultancy with extensive experience in infrastructure management systems and investment decision making.
- [4] A report with findings and recommendations will be presented at the Audit and Risk Subcommittee meeting on 5 December 2024.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes** this report.

BACKGROUND

- [5] The Audit and Risk Subcommittee have sought to establish an internal audit programme. The first audit will focus on asset management practice within the major asset owning business units; Engineering, Environmental Monitoring, Fleet and Facilities and Information Technology.
- [6] The Engineering Team manage extensive flood and drainage infrastructure such as flood banks, spillway structures pump stations and associated civil structures.

- [7] The Environmental Monitoring Team manage around 200 monitoring sites across the region. Many sites include continuous monitoring instrumentation and associated civil structures.
- [8] The Fleet and facilities team procure and maintain a wide range of assets on behalf of the business such as vehicles, buildings and other small plant and equipment.
- [9] The Information Technology team manage all hardware, software and information assets to support the wider organisation.

DISCUSSION

- [10] In the planning stage of this audit consideration was given to several asset management audit processes. An internationally recognised ISO55000 aligned asset management maturity assessment process was chosen on the basis that the approach:
 - a. is standardised, clear and repeatable, enabling demonstration of progress through future audits;
 - b. aligns with internationally recognised standards for infrastructure asset management;
 - c. is widely used in the infrastructure sector, so interagency benchmarking is an achievable next step;
 - d. easily aligned goal setting, improvement planning and implementation processes exist and are widely used within the infrastructure sector;
 - e. The process has relevance and utility for any asset base or type.
- [11] Rationale Ltd, and infrastructure asset management consultancy based in Otago were selected to complete the work. They have a strong history of supporting infrastructure owners to deliver continuous improvement work nationally, particularly in the areas of asset management and investment decision making.
- [12] Work to complete this audit is underway. Interviews, and workshops were undertaken in mid-September. A report with findings and recommendations will be presented at the Audit and Risk Subcommittee meeting on 5 December 2024.

OPTIONS

- [13] No options are proposed for this report.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [14] There are no strategic framework or policy implications that are relevant to this report.

Financial Considerations

- [15] There are no financial considerations that are relevant to this report. The forthcoming audit report may contain findings that have financial impact.

Significance and Engagement

- [16] The forthcoming audit report may contain findings that are relevant to the significance and engagement policy.

Legislative and Risk Considerations

- [17] The forthcoming audit report may contain findings that highlight legal risk.

Climate Change Considerations

- [18] The forthcoming audit report may contain findings that are relevant to climate change.

Communications Considerations

- [19] Relevant internal communications work has been completed to initiate the asset management audit. The forthcoming audit report may contain findings that require further communication work.

NEXT STEPS

- [20] The next steps are:
- a. Complete the audit.
 - b. A report with findings and recommendations will be presented at the Audit and Risk Subcommittee meeting on 5 December 2024.
- [21] Staff will prepare a report for the December Audit and Risk meeting outlining the steps to be taken to implement a full internal audit programme.

ATTACHMENTS

Nil

9.5. CS2426 Deep Dive - Statutory Compliance

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2426
Activity:	Governance Report
Author:	Janet Ashcroft, Legal Counsel
Endorsed by:	Tami Sargeant, General Manager People and Corporate
Date:	26 September 2024

PURPOSE

- [1] To facilitate a discussion, or ‘deep dive’, into Council’s management of the strategic risks arising from Statutory Compliance.

EXECUTIVE SUMMARY

- [2] The Strategic Risk – Statutory Compliance document included with this report provides an overview of the risk environment, causes, and consequences. It outlines current risk preventions, existing controls, an assessment of those controls and Council’s risk improvement plan.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- 1) **Notes** the attached deep dive on Council’s Strategic Risk – Statutory Compliance.

BACKGROUND

- [3] Risk management is the act of identifying, evaluating, planning for, and then ultimately responding to threats. The goal is to be prepared for what may happen and have a plan in place to respond appropriately.
- [4] Council has been working on refreshing its Strategic Risk Register and has begun the process to take a ‘deep dive’ into each of the 18 strategic risks.
- [5] The Strategic Risk Register provides information to assist Audit & Risk to carry out its oversight of high-level risk management including:
- a. Critiquing the strategic risk profile and considering if the appropriate strategic level risks have been included and correctly described.
 - b. Considering if the assessment of the risks appropriately reflects the strategic risk profile of ORC.
 - c. Ensuring updates to the Risk Register where discussions with management identify these are appropriate.

DISCUSSION

- [6] Statutory Compliance was last reviewed by Audit & Risk as a strategic risk in April 2022.

- [7] As noted in the Executive Summary, the Strategic Risk – Statutory Compliance document provides an overview of the risk environment, and the risk drivers (causes) and consequences. It outlines current risk preventions, existing controls, an assessment of controls and the risk improvement plan.
- [8] This overview will allow the Audit & Risk Subcommittee to understand how Council is currently managing the risks posed by statutory compliance and to facilitate discussion or any changes or improvements that the subcommittee may wish to recommend.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [9] There are no strategic or policy decisions required.

Financial Considerations

- [10] There are currently no financial considerations. There may be depending on how the risk improvement plans are progressed.

Significance and Engagement

- [11] There are no significance or engagement considerations

Legislative and Risk Considerations

- [12] These risks are considered in the attached Strategic Risk – Statutory Compliance document.

Climate Change Considerations

- [13] There are no climate change considerations.

Communications Considerations

- [14] There are no communication considerations.

NEXT STEPS

- [15] Any changes made to the risk descriptions, preventions, assessment of controls or risk improvement plan will be captured and implemented.

ATTACHMENTS

1. Strategic Risk Deep Dive Statutory Compliance [9.5.1 - 2 pages]

Strategic Risk – Statutory Compliance

Risk Description: Not delivering statutory functions and maintaining statutory compliance.

Risk Category: Performance & Delivery

Executive Sponsor: Chief Executive

Last Update: April 2022

Risk Name: Statutory Compliance

Executive Oversight: General Manager People and Corporate

This Update: September 2024

Assessment Date	April 2022			September 2024		
Assessment	Likelihood	Impact	Inherent risk rating	Likelihood	Impact	Residual risk rating
	Likely	Moderate	High	Possible	Moderate	Medium

Risk Environment

Council derives its functions, duties, and responsibilities from a range of Acts, Regulations and other legislative instruments. Non-compliance with legislation is a strategic risk. Council must ensure that it is compliant with statute to avoid and/or mitigate risk. Risks arise from not identifying or understanding the statutory functions that Council must deliver or lacking appropriate processes and capability to ensure effective delivery of those statutory functions (this is a significant risk due to the volume, complexity and ongoing monitoring of our statutory functions).

To address these risks Council’s Legislative WoF and Mandatory Documents Register was replaced with an on-line legislative platform ComplyWith in August 2022.

ComplyWith

ComplyWith creates an obligations register which enables Council staff to clearly understand what the law requires by mapping and allocating 920 unique legislative obligations to staff roles from Team Leader and above. It provides an effective process to identify and track legal risks and manage statutory compliance risk. We use ComplyWith to train staff on their responsibilities, to keep abreast of changes to the law that impact Council’s statutory functions, and to identify areas where improvement or action is required. Complywith surveys are used twice yearly to demonstrate compliance.

External Risks

There has been significant legal change following the change of Government and uncertainty continues. Legislative change creates a constantly moving goal post.

Internal Risks

As a Council we prioritise legislative compliance and work to mitigate human error all of which is critical to our success, however a level of residual risk will always remain.

Causes/Consequences

Because of the extent of Council’s statutory functions, the potential for risk to be caused is extensive.

The consequences of risks not being managed effectively span from complaints and breaches to investigations and/or censure from monitoring bodies such as the Ombudsman (LGOIMA), the Privacy Commissioner, the Auditor General, and Crown Ministers including Ministers for Local Government, Environment and Primary Industries.

Consequences could include environmental damage, health and safety risks, financial losses, loss of reputation, loss of accreditation, court proceedings, and liability.

Not all losses are insured or insurable.

Consequences

If we do not manage statutory compliance we risk failing to perform our statutory functions, legal challenge and penalties, intervention by Central Government, reduced funding and confidence in Council, reputational risk, and negative public perception.

<i>RISK PREVENTIONS</i>	<i>EXISTING CONTROLS</i>	<i>ASSESSMENT OF CONTROLS</i>	<i>RISK IMPROVEMENT PLAN</i>
Annual assessment of ORC compliance with statutory requirements.	Comply With – twice yearly surveys of compliance with statutory obligations.	Effective	Continue to train staff, and support new staff to understand requirements. Continue to monitor and report.
Policies and Procedures	ORC has a suite of approximately 66 policies, which set rules and guidelines that establish clear expectations, reduce risk, and achieve statutory compliance. Decisions and actions undertaken in accordance with Delegations Manual. Policy Review Process.	Partially Effective	Continued review of existing and new policies alongside managers to ensure they are current, relevant, and fit for purpose and in use across Council. A comprehensive refinement of our policies to embed ORC values.
People knowledge and understanding	Policies LGOIMA and Privacy Act: mandatory new starter training, refresher training, and team specific focused training. RMA: mandatory warrant training and refresher courses.	Effective	Continue to provide training to staff. Consider need for additional training on matters, and deliver as needed.
Reporting and monitoring	Opal Reporting. Monthly reports to ELT on compliance. Six-monthly reports to Audit and Risk Committee on ComplyWith. Auditing and investigation by Ombudsman and notifications to Privacy Commissioner.	Effective	Continuous process improvement
Environmental scan / legislation updates	Automated Complywith updates on legislation and requirements. Westlaw (Thomson Reuters) resource automated updates. Local Governemnet Lawyers and Taituarā forums. NZ Gazette & Mercantile Gazette. Regional Council legal counsel Huis. Actively involved with relevant Ministries (eg, MFE, MPI, DIA and understanding changes). Submissions on bills and presenting at Select Committee processes. New Zealand Law Society membership updates and continuous education.	Effective	Continue to scan the horizon and be proactive, keep abreast of activity in the local government sector, and monitor and submit on legislative change to keep ahead of the curve.

Related Risks: Procedural Adherence (4), Internal Processes (5), External Change (7), People (8), Health, Safety & Wellbeing (13)

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
<p><i>PE Minutes of the Audit & Risk Subcommittee meeting of 25 June 2024</i></p>	<p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>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)</p> <p>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)</p> <p>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)</p> <p>To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)</p> <p>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)</p>	<p>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:</p> <p>(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.</p>

<p><i>3.1 Annual Report 2023-2024 Audit Report</i></p>	<p>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)</p> <p>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)</p>	<p>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.</p>
<p><i>3.2 LTP 2024-2034 Audit Report</i></p>	<p>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)</p> <p>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)</p>	<p>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.</p>
<p><i>3.3 Strategic Risk Register</i></p>	<p>To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e)</p> <p>To prevent the disclosure or use of official information for improper gain or improper advantage - 7(2)(j)</p>	<p>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</p>

		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.
<i>3.4 Managed Fund Report</i>	<p>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)</p> <p>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)</p>	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.
<i>3.5 Insurance Renewals Update</i>	<p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>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)</p>	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.
<i>3.6 Review of ORCs Document Management System Privacy and Security Controls</i>	<p>To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)</p> <p>To maintain legal professional privilege – Section 7(2)(g)</p>	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.
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This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

3.4 Managed Fund Report

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