

Audit & Risk Subcommittee Agenda 5 December 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 Mephram, 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

05 December 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. CONFIRMATION OF MINUTES	
That the minutes of the Audit and Risk Committee meeting held on 26 September 2024 be confirmed as a true and accurate record.	
7. ACTIONS (Status of Subcommittee Resolutions)	
8. PRESENTATION	
JBWere will present on Fund Management.	
9. MATTERS FOR CONSIDERATION	4

9.1	Managed Fund Portfolio Performance Update	4
	To present the Q3 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 30 September 2024.	
9.1.1	JBWere Q3 2024 Portfolio Performance	6
9.2	Asset Management Internal Audit Update	11
	This paper reports back to the Audit and Risk Subcommittee on the findings of an Internal Audit of Asset Management Practice at Otago Regional Council.	
9.2.1	ORC Asset Management Maturity Assessment 2024	14
9.3	Deep Dive - Natural Hazards	41
	To facilitate a discussion, or 'deep dive', into Council's management of the Natural Hazards strategic risk.	
9.3.1	Strategic Risk Deep Dive Natural Hazards	43
9.4	Rates Strike Corrections 2024/25	45
	The purpose of this paper is to outline the cause of two errors in the rates strike for the 2024-25 rating period.	
9.5	Safety and Wellbeing	51
	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.	
9.5.1	ORC Vehicle Speed Management Overview	63
9.5.2	AR dashboard Q2 2425	65
9.5.3	HSW Critical Risks Profiles as of 11 November 2024	68
9.5.4	Employee Engagement Survey Results 2024 - Summary for Audit & Risk	75
9.6	Legislative Compliance	84
	To receive Council's six-monthly legislative compliance report; being the ComplyWith survey results which measure Council's compliance with legislative requirements. Also to provide an overview of our compliance with Local Government and Official Information and Meetings Act 1987 (LGOIMA) official information requests; and The Privacy Act 2020.	
9.6.1	Comply With Report 11.2024	88
9.6.2	LGOIMA Requests 01.06.2024-19.11.2024	97
9.7	Treasury Report	101
	To present the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 30 September 2024.	
9.7.1	2024.09.30 Bancorp Treasury Reporting Dashboard September 2024	104
9.8	Te Tiriti o Waitangi Audit	112
	To provide Audit and Risk with the outcome of the Te Tiriti o Waitangi Audit (the Audit) ¹ undertaken by Te Kura Taka Pini Limited ² (TKTP) in 2023/2024, along with a deep dive analysis of our strategic risk, Partnership effectiveness.	
9.8.1	Appendix 1 Otago Regional Council Te Tiriti o Waitangi Audit Report	118
9.8.2	Appendix 2 Terms of Reference	132
9.8.3	Appendix 3 Strategic Risk - Deep Dive Partnership Effectiveness	139

10. **RESOLUTION TO EXCLUDE THE PUBLIC**

142

That the public be excluded from the following items under LGOIMA 48(1)(a):

Confirmation of the Minutes of the Confidential Audit and Risk Subcommittee Meeting of 26 September 2024

CS2444 Audit Management Letter and Initial Response

CS2449 Insurance Disclosure

CS2445 Managed Fund Report

CS2446 Managed Fund Performance Review

CS2450 Strategic Risk Register

A&R2406 ORC Response Plan to Document Management System Privacy and Security Controls Review.

11. **CLOSURE**

9.1. CS2443 Managed Fund Portfolio Performance Update

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2443
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	5 December 2024

PURPOSE

- [1] To present the Q3 2024 Portfolio Performance Report from Council's Investment Manager, JB Were (JBW), for the period ended 30 September 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 September 2024 was \$28,472,673 an increase of \$1,188,259 for the financial year to date. This includes an increase over the quarter of \$1,188,259.
- [5] The portfolio's performance increased 4.5% during the quarter, slightly lower than the benchmark by 0.1%. Over the past 12 months the portfolio has gained 15.6% against a benchmark return of 14.1%, implying an outperformance of 1.5%.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes** this report and the attached Q3 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 September 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 - 3 Q 24 Update [9.1.1 - 5 pages]

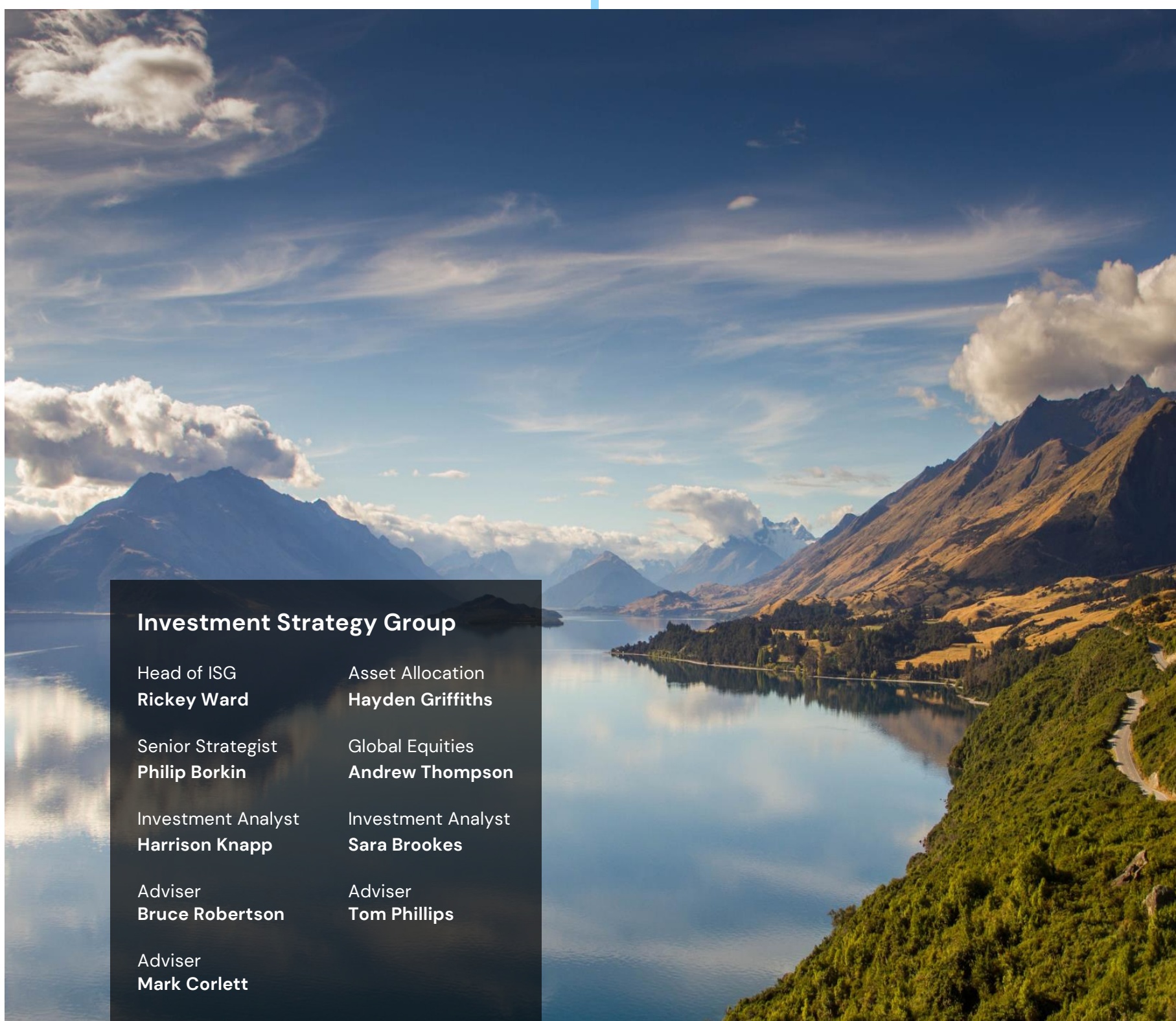
JBWere

Q3 2024 Portfolio Performance



Prepared by JBWere New Zealand

24 October 2024



Investment Strategy Group

- | | |
|---|---|
| Head of ISG
Rickey Ward | Asset Allocation
Hayden Griffiths |
| Senior Strategist
Philip Borkin | Global Equities
Andrew Thompson |
| Investment Analyst
Harrison Knapp | Investment Analyst
Sara Brookes |
| Adviser
Bruce Robertson | Adviser
Tom Phillips |
| Adviser
Mark Corlett | |

Market Commentary

Increased confidence in a soft landing in the US led market returns to broaden out during the quarter

The September quarter saw global equities broadly, including the New Zealand and Australian equity markets, continue to push higher with solid returns. While the macro backdrop (and central bank policy specifically, with the Fed delivering a much-anticipated 50bp cut later in the quarter) remains the dominant driver of financial markets, investors also remain keenly focussed on the earnings prospects of AI-linked companies, the upcoming US election, as well as escalating geopolitical tensions. While defensive sectors, as a rule, performed well during the quarter, select cyclicals did too, as increased confidence in a soft landing in the US led market returns to broaden out into beneficiaries of a stronger economy, beyond the tech-like names that have been the key market driver of late.

Portfolio Summary

The portfolio's performance increased 4.5% during the quarter, while the benchmark returned 4.6%. Over the past 12 months, the portfolio has gained 15.6% against a composite benchmark return of 14.1%, providing a strong outperformance of 1.5%.

Fixed interest benefitted as central banks began their easing cycles

During the quarter both the Global and NZ fixed interest components of the portfolio performed well, as central banks both in NZ and offshore began their easing cycles. This was particularly true in the NZ fixed interest component of the portfolio, which provided the largest contribution to relative performance, a result of remaining long duration ahead of the RBNZ easing cycle. We have retained an overweight position to fixed interest and remain positioned long duration.

Bond sensitive exposures benefited from a surprise cut to the OCR

The NZ equities component of the portfolio increased 5.2% during the quarter, against a benchmark that returned 6.0%. Despite facing a difficult period highlighted by M&A, capital raises, and a mixed reporting season, over the past 12-months, NZ equities have outperformed the benchmark by 1.1%. Key events during the quarter included the Auckland Airport and Fletcher Building capital raises which were both well supported. On the other hand, Contact Energy's proposal to acquire Manawa Energy which also benefited Infratil, detracted from portfolio performance as neither are owned in the portfolio. Furthermore, a lack of ownership in aged care operator Arvida, which received and accepted an acquisition offer, was not compensated for by other investments which share similar attributes. REIT exposures and other bond sensitive names benefitted from a surprise cut to the OCR, albeit support was not universal. Gentailers and Spark surrendered to potential regulatory concerns and a downgrade respectively. A solid result from Port of Tauranga and an upgrade from Fisher and Paykel Healthcare were further positive highlights.

Interest rate sensitive sectors, particularly those with offshore earnings, benefited from the continued decline in global bond yields

Australian equities increased significantly during the period, with the portfolio increasing 8.1%, while the benchmark returned 7.1%. Investments with an offshore growth bias, such as James Hardie and Xero, saw significant gains, while ResMed's strong result quelled concerns around potential structural challenges relating to weight loss drugs. Stimulus measures announced in China reinvigorated resource exposures which the portfolio has limited exposure to. Banks and other financial exposures enjoyed a "flight to safety" following a view that local interest rates will remain higher for longer. General insurers were particularly strong given the benign claims environment.

A busy September quarter saw global equities continue their march higher

The global equities component of the portfolio increased 0.4%, compared to the index return of 2.2%. Over the quarter, underperformance was mainly due to sector allocation: the portfolio has a defensive tilt (Health Care) while being underweight capital intensive and cyclical sectors. The top performing sectors in Q3 were Real Estate and Utilities, which benefitted from lower bond yields and expectations of a more aggressive Fed rate cutting cycle. Cyclical sectors (Materials, Financials and Industrials) were also strong. The portfolio holds no Utilities or Real Estate and was underweight the top six performing sectors in the quarter. Individual stock returns varied widely across sectors. Within consumer discretionary, the portfolio boasted a



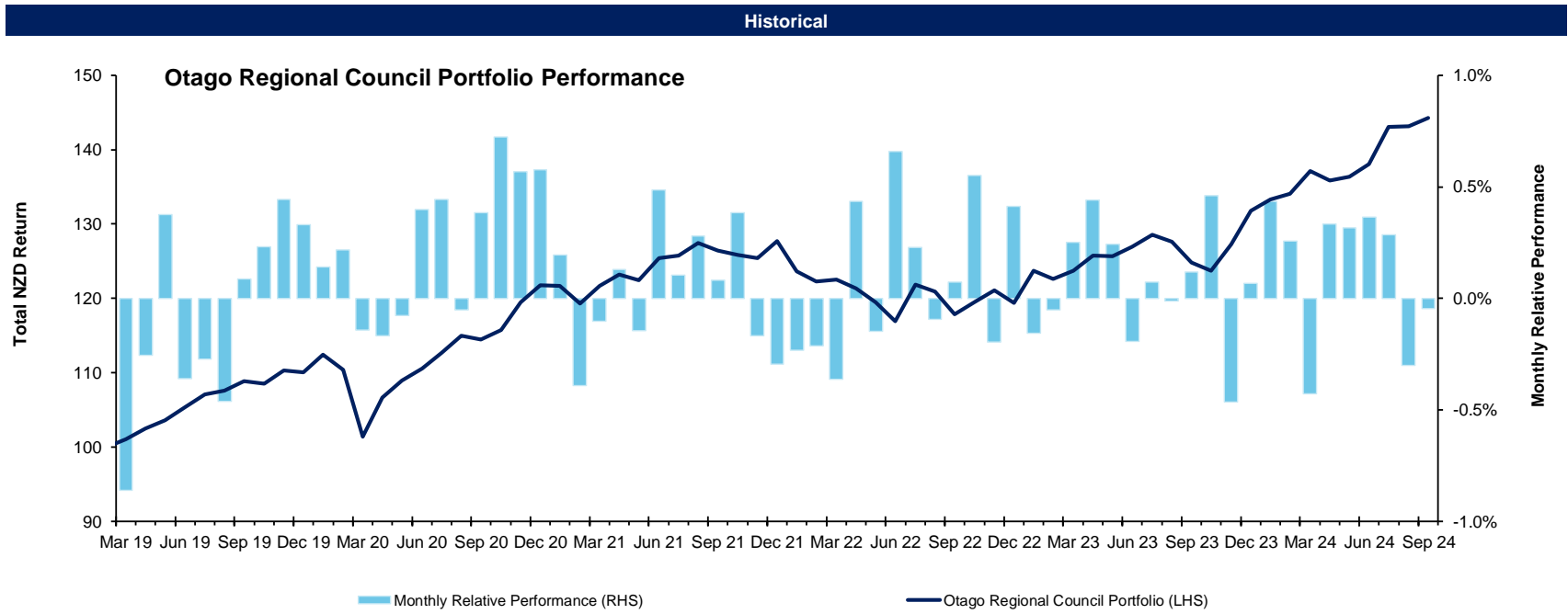
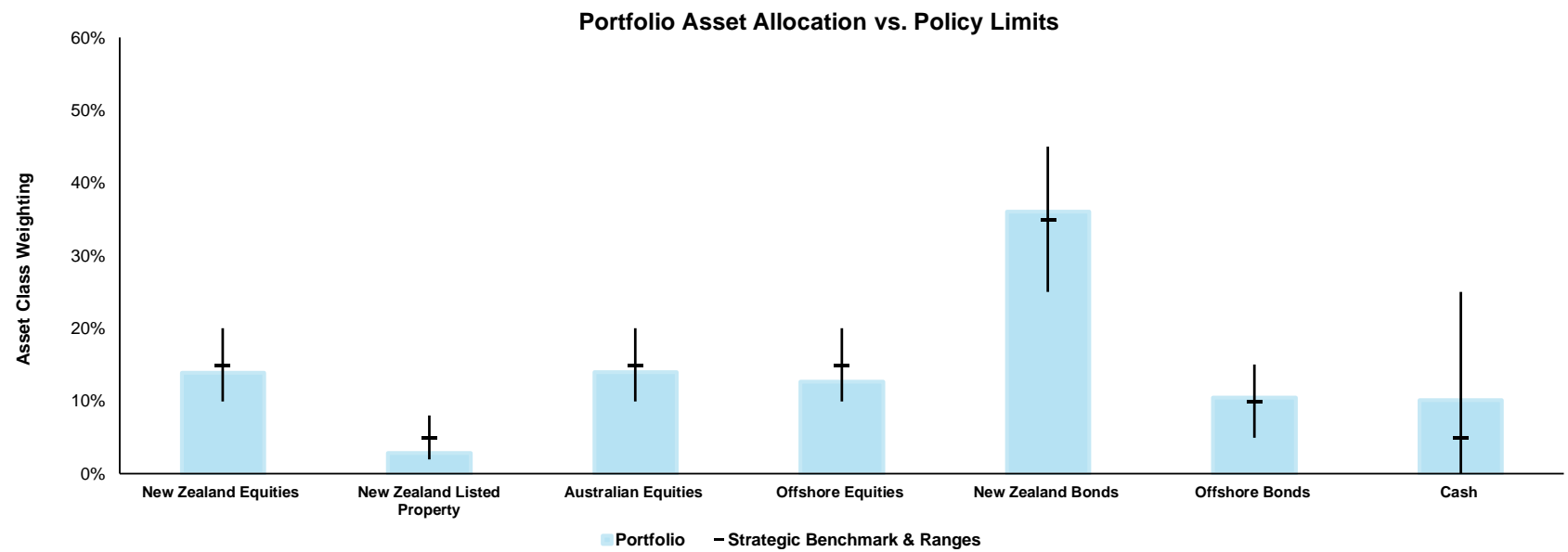
very strong return from Alibaba and Home Depot, while PayPal was a standout in financials. Communication Services was mixed (Meta +9%, but Alphabet -13%).

Portfolio Performance

Otago Regional Council

Period End: 30-Sep-24

Asset Class	Strategic Allocation	Benchmark Index	By Asset Class ¹								
			3 Months			1 Year			3 Years		
			Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative	Portfolio	Benchmark	Relative
<i>(Before Fees)</i>	%		%	%	%	%	%	%	%	%	%
Cash	5	S&P 90 Day Bank Bill Index	1.33	1.43	-0.10	4.94	5.81	-0.87	14.18	12.55	+1.63
NZ Bonds	35	S&P Corporate A Grade Bond Index	5.05	3.77	+1.28	13.90	10.89	+3.01	10.68	6.18	+4.50
Global Bonds	10	Barclays Capital Global Aggregate Index \$NZ Hedged	3.57	4.22	-0.65	10.81	10.20	+0.61	-2.24	-1.71	-0.53
NZ Listed Property	5	S&P/NZX All Real Estate Industry Group Index	8.80	8.45	+0.35	6.41	5.43	+0.98	-15.37	-17.37	+2.00
NZ Equities	15	S&P/NZX 50 Gross Index	5.22	6.03	-0.81	11.06	9.98	+1.08	2.75	-6.42	+9.17
Australian Equities	15	S&P/ASX 200 Accumulation Index	8.12	7.13	+0.99	31.51	23.57	+7.94	40.12	32.57	+7.55
Global Equities	15	MSCI AC World Index	0.35	2.20	-1.85	23.02	24.45	-1.43	34.01	37.22	-3.21
Total	100		4.50	4.57	-0.07	15.60	14.09	+1.51	14.11	10.66	+3.45



General Notes:

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



Overview			
	3 Months	1 Year	3 Years
Opening Value	\$27,289,942.56	\$24,790,455.71	\$25,483,940.94
Cash Deposits	-	-	-
Cash Withdrawals	-	-	-
Other Cash Movements	-\$31.27	-\$31.27	-\$47.03
Stock Transfers In	+\$1,214.85	+\$4,449.43	+\$10,654.21
Stock Transfers Out	-	-	-
Other Stock Movement	-	-	-
Net Adjustments	+\$1,183.58	+\$4,418.16	+\$10,607.18
<i>Investment Return</i>			
Capital Change	+\$961,379.27	+\$2,747,357.50	+\$797,709.46
Gross Income	+\$267,228.05	+\$1,112,078.25	+\$2,729,380.86
Gross Closing Value	\$28,519,733.46	\$28,654,309.62	\$29,021,638.44
Tax & Expenses	-\$33,882.35	-\$140,422.88	-\$416,985.38
Imputation / Tax Credits	-\$13,178.44	-\$41,214.08	-\$131,980.39
Net Closing Value	\$28,472,672.67	\$28,472,672.67	\$28,472,672.67
<i>FX Hedging Positions (from last rollover)</i>			
Profit & Loss	-	-	-
Grand Total	\$28,472,672.67	\$28,472,672.67	\$28,472,672.67

Market Outlook

As we approach the final months of 2024, and look towards 2025, there are several issues that investors are grappling with. Previous concerns over excessive inflation have now been replaced by worries over slowing growth. Central banks in the likes of the US, Europe and NZ (and authorities more broadly in China) are now more clearly responding to these growth risks. But whether policy stimulus can avert more meaningful economic slowing remains an open, but important, question. In China, the pain threshold for authorities looks to have been breached, and a clear shift in stance has occurred. The stimulus announced so far certainly helps reduce downside economic risks, but we are not yet convinced it helps reflate the economy and property market, which is important for determining the longevity and broadness of any market moves.

In the US, the fabled 'soft landing' for the US economy remains very much alive, and the odds of one occurring have perhaps even risen recently now that the Fed has begun to ease, but risks within the labour market remain. Through all this, the prices for risk assets (equities) and more defensive assets (bonds) have both risen of late, adding a few more challenges for portfolio positioning. Throw into the mix the troublesome geopolitical backdrop and what is shaping up to be a highly competitive and consequential US election, and we expect market volatility to remain elevated over the final quarter of this year.

We expect market volatility to remain elevated over the final quarter of this year



Disclaimer

This research has been prepared by JBWere (NZ) Pty Limited ("JBWere") which holds a licence issued by the Financial Markets Authority to provide a financial advice service.

Any advice provided in this document solely relates to the investment opportunities identified in it. In preparing this document, JBWere's Investment Strategy Group did not take into account the specific investment objectives, financial situation, goals or needs ("financial circumstances") of any particular person. Accordingly, before acting on any advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances or contact your adviser.

The content of this document is of a general nature and is intended as a source of general information only. To the extent that any views expressed in this document constitute financial advice, the scope of that financial advice is limited to JBWere's views on the identified investment opportunities based on our research and has not been personalised for any recipient.

This document is being furnished to you solely for your information and may not be copied or redistributed to any other person. It is provided on the condition that you keep it confidential and do not copy or circulate it in whole or in part. In particular, the information may not be redistributed outside of Australia and New Zealand via e-mail or otherwise.

JBWere and its respective related entities distributing this document and each of their respective directors, officers and agents ("the JBWere Group") believe that the information contained in this document is correct and that any estimates, opinions, conclusions or recommendations contained in this document are reasonably held or made as at the time of compilation. However, no warranty is made as to the accuracy or reliability of any estimates, opinions, conclusions, recommendations (which may change without notice) or other information contained in this document. To the maximum extent permitted by law, (but, in respect of our clients, subject to the applicable terms and conditions of our engagement with them), the JBWere Group disclaims all liability and responsibility for any direct or indirect loss or damage which may be suffered by any recipient through relying on anything contained in or omitted from this document.

No fees, expenses, or other amounts are payable for the provision of financial advice in this document. However, if you act on any information or advice contained in this document, a brokerage or other fees may be payable.

For information about the financial advice services provided by JBWere, including an overview of our complaints and dispute resolution process, and the statutory duties applicable to us and our advisers, please see our publicly available disclosure statement, which is available at <https://jbwere.co.nz/about-us/important-disclosures/>.

JBWere NZ uses the 'JBWere' brand under licence from JBWere Limited (ACN 137 978 360), a subsidiary of National Australia Bank Limited (ABN 12 004 044 937) ("NAB"). JBWere is not a member of the NAB group of companies ("NAB Group"). No member of the NAB Group guarantees, or supports, the performance of JBWere's obligations to any party.

Copyright JBWere (NZ) Pty Ltd ABN 13 138 488 418. All rights reserved. No part of this communication may be reproduced without the permission of JBWere.

JBWere Offices

Auckland	TF: 0800 555 555	Level 38, Vero Centre, 48 Shortland Street, Auckland, 1010
Wellington	TF: 0800 555 554	Level 4, NZX Centre, 11 Cable Street, Wellington, 6011
Christchurch	TF: 0800 555 553	Level 6, Anthony Harper Tower, 62 Worcester Boulevard, Christchurch, 8013

9.2. GOV2477 Asset Management Internal Audit Update

Prepared for: Audit and Risk Subcommittee
Report No. GOV2477
Activity: Governance Report
Author: Tom Dyer, General Manager Science and Resilience
Endorsed by: Tom Dyer, General Manager Science and Resilience
Date: 5 December 2024

PURPOSE

- [1] This paper reports back to the Audit and Risk Subcommittee on the findings of 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 focused on asset management practice within the major asset owning business units; Engineering, Environmental Monitoring, Fleet and Facilities and Information Technology has now been delivered.
- [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] The resulting report is attached to this paper. Next steps include staff to consider the report and to prepare Asset Management Improvement Plans for each business unit.

RECOMMENDATION

That the Audit and Risk Subcommittee:

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

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 ORCs service delivery.

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, an infrastructure 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] Interviews and workshops were undertaken in mid-September. The attached report was finalised in November 2024.
- [13] The attached report considers the asset management maturity of 4 business units with asset management responsibility at ORC and suggests target asset management maturity states aligned with internationally recognised standards. Staff will utilise the assessments and recommendations within this report to develop asset management improvement plans for each business unit.

OPTIONS

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

CONSIDERATIONS

Strategic Framework and Policy Considerations

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

Financial Considerations

- [16] The attached report sets a baseline and targets for asset management performance. Appropriate asset management performance enables appropriate consideration and management infrastructure investment.
- [17] Future asset management improvement plans may include actions that have financial implications.

Significance and Engagement

- [18] There are no special significance and engagement considerations relevant to this report.

Legislative and Risk Considerations

- [19] The attached report sets a baseline and targets for asset management performance. Appropriate asset management performance enables appropriate consideration and management of risk.

Climate Change Considerations

- [20] The attached report sets a baseline and targets for asset management performance. Appropriate asset management performance will enable effective management of infrastructure.

Communications Considerations

- [21] Relevant internal communications work has been completed to initiate the asset management audit. Findings will be communicated with interested parties such as required.

NEXT STEPS

- [22] The next steps are:
- a. Staff will consider the findings of the attached audit report;
 - b. Staff will develop and implement asset management improvement plans for each business unit.

ATTACHMENTS

1. ORC Asset Management Maturity Assessment 2024 [9.2.1 - 27 pages]

Asset Management Maturity Assessment

Otago Regional Council

November 2024



Document Title:

Asset Management Maturity Assessment

Prepared for:

Otago Regional Council

Quality Assurance Statement

Rationale Limited	Project Manager:	Chris Bowie
5 Arrow Lane	Prepared by:	Chris Bowie
PO Box 226	Reviewed by:	Jimmy Sygrove
Arrowtown 9351	Approved for issue by:	Edward Guy
Phone: +64 3 442 1156	Job number:	J001652

Document Control History

Rev No.	Date	Revision Details	Prepared by	Reviewed by	Approved by
0.1	OCT 2024	First Draft	CB	JS, EG	
1.0	OCT 2024	Client Draft	CB	Otago RC	EG

Current Version

Rev No.	Date	Revision Details	Prepared by	Reviewed by	Approved by
2.0	NOV 2024	Final	CB	EG	EG

Table of Contents

1	BACKGROUND	5
2	OBJECTIVES	5
3	APPROACH TO THE ASSET MANAGEMENT MATURITY ASSESSMENT	5
3.1	Outline	5
3.2	Assessment Methodology	5
3.3	Approach	6
4	RESULTS OF THE ASSET MANAGEMENT MATURITY ASSESSMENT	7
4.1	Overview	7
4.2	Organisation	7
4.2.1	Understanding and Defining Requirements	7
4.2.2	Developing Asset Management Lifecycle Strategies	7
4.2.3	Asset Management Enablers	7
4.3	Engineering	9
4.3.1	Understanding and Defining Requirements	9
4.3.2	Developing Asset Management Lifecycle Strategies	9
4.3.3	Asset Management Enablers	9
4.3.4	Maturity Assessment Results	10
4.4	Environmental Monitoring	12
4.4.1	Understanding and Defining Requirements	12
4.4.2	Developing Asset Management Lifecycle Strategies	12
4.4.3	Asset Management Enablers	13
4.4.4	Maturity Assessment Results	13
4.5	Fleet and Facilities	15
4.5.1	Understanding and Defining Requirements	15
4.5.2	Developing Asset Management Lifecycle Strategies	15
4.5.3	Asset Management Enablers	16
4.5.4	Maturity Assessment Results	16
4.6	Information Technology	18
5	CONCLUSION & RECOMMENDATION	19
6	ASSET MANAGEMENT IMPROVEMENT RECOMMENDATIONS	20
	APPENDIX A: IIMM ASSET MANAGEMENT MATURITY ASSESSMENT	23
	APPENDIX B: SUMMARY MATURITY ASSESSMENT RESULTS	25

1 Background

Rationale has been engaged to provide an independent audit of Otago Regional Council's (ORC) Asset Management (AM) functions to identify the current state and provide a platform for improvement, where required.

Edward Guy and Chris Bowie of Rationale have extensive AM planning expertise, including supporting development of AM plans for local and central government organisations, undertaking AM maturity assessments, and implementing AM improvement plans to enable progressive change towards desired maturity.

Otago Regional Council's main asset owning departments are:

- **Engineering:** flood protection, land drainage, and river management schemes.
- **Environmental Monitoring:** many dispersed assets monitoring environmental conditions, particularly water quality and quantity.
- **Fleet and Facilities (F&F):** vehicles, boats, powered plant, buildings, property, furnishings, etc.
- **Information Technology (IT):** hardware, licensed services, and maintenance and provision of ORC's data and information internally and to external audiences.

2 Objectives

1. Benchmark ORC's current AM maturity and capabilities and identify the appropriate future state.
2. Assess the potential issues / risks associated with any maturity gap for the organisation, individual departments, and the assets.
3. Enable ORC to prepare action plans for progressive improvement, and to monitor and report on AM improvement over time.

3 Approach to the Asset Management Maturity Assessment

3.1 Outline

AM maturity assessments are a tool that enables continuous improvement for an organisation's AM governance, people, systems, and processes. They provide a means to objectively assess current maturity, and benchmark this against a target maturity level that is appropriate to the scale, scope, and complexity of the organisation, its assets, and the services it provides.

A core output of the assessment is to identify improvement opportunities and provide a consistent way to monitor and report improvements over time, assisting continuous improvement. The assessment provides governance and leadership with evidence of AM capability and practices, and operational teams with improvement actions toward the target maturity.

3.2 Assessment Methodology

For this assessment we applied the AM Maturity Assessment Tool available from Āpōpō.¹ This assessment tool is based on the 2020 International Infrastructure Management Manual (IIMM) AM Maturity Framework table. The tool contains 16 targeted questions for evaluation (Appendix A), with each assessed on a 0-100 scale aligning to five levels of AM maturity, summarised below.²

Broadly, as an organisation's AM maturity increases across the scale we expect to see a transition from informal people-based AM practices toward formal and consistent policy, plans, data, systems, and processes. At Core and above levels of maturity, an organisation's governance and leadership are

¹ <https://apopo.co.nz/product/asset-management-maturity-assessment-tool-xlsx/>

² Scale and descriptions adapted from IIMM AMMT and Commerce Commission AMMAT guidance.

involved in establishing policy/objectives, resourcing, communicating, monitoring, supporting cross-functional collaboration and promoting continual improvement.

Table 1: AM Maturity Levels

Aware 0-20	Basic 21-40	Core 41-60	Intermediate 61-80	Advanced 81-100
<p>The organisation is aware of AM practices and recognises the benefits. But the elements of this are not in place and are inconsistent.</p> <p>AM is likely to be led by individuals and is disconnected from organisational objectives and strategic environment.</p>	<p>The organisation has a basic understanding of AM.</p> <p>Some information and practices are collected and monitored but the organisation likely relies on knowledgeable staff.</p> <p>AM is not integrated with strategic planning.</p>	<p>The organisation, including governance and leadership, has a good understanding of AM.</p> <p>AM policy and objectives are aligned to organisational objectives and strategic context.</p> <p>Data and information, supported by systems and processes, informs robust decision making.</p>	<p>As for Core, plus:</p> <p>AM decisions are driven by analysis of the strategic context and asset portfolio.</p> <p>Levels of service, risk management, and demand forecasts are integral to decision making and business planning.</p> <p>Long-term projects are supported by formal options analysis and prioritisation, with cost estimates available.</p>	<p>As for Intermediate, plus:</p> <p>Sophisticated decision-making frameworks (predictive techniques, multi-criteria analysis, cost-benefit analysis, business cases) are used for programme development, and for future major projects.</p> <p>The organisation meets ISO 55002 and is pushing the boundaries of AM to develop new concepts and ideas.</p>

3.3 Approach

Rationale facilitated workshops with key staff involved in AM from four teams: Engineering, Environmental Monitoring, F&F, and IT. The workshops:

- Assessed current maturity and the rationale / evidence to support the score.
- Agreed appropriate targets for AM maturity.
- Discussed where there are gaps between current and target maturity to identify:
 - Issues / risks being experienced because of this gap.
 - Initial ideas of improvement actions to achieve target maturity over time.

Where possible the views of staff were supplemented by evidence / documentation, though as discussed in the following sections the availability of documentation varied widely between departments and assets.

4 Results of the Asset Management Maturity Assessment

4.1 Overview

This section presents the results and findings of the ORC AM Maturity Assessment (2024). While the assessment was undertaken for each department separately, there is many items that are common to all departments and/or organisational in nature so are discussed from this perspective.

The summary assessment for each department is provided in Appendix B, with the full assessment available separately in the excel-based assessment tool, proved alongside this report.

4.2 Organisation

4.2.1 UNDERSTANDING AND DEFINING REQUIREMENTS

- The Long-Term Plan and Infrastructure Strategy both reference asset management and provide a link between strategic goals / objectives and community outcomes, and reference, at a high level, the role of infrastructure groups in delivering these.
- ORC lacks an AM Policy and/or AM Strategy which would provide clear and consistent organisational direction ensuring assets achieve / deliver on levels of service and effectively plan for future demand.
- Currently individual teams and staff are providing strategic direction at a portfolio level in response to the Long-Term Plan and direction of governance / leadership, however this is inconsistent across the organisation.
- There is a high level of asset knowledge and capability within the departments engaged for the assessment. Even without formal / consistent AM systems and processes, staff are aware of key risks and issues. They are actively monitoring and mitigating risk, ensuring asset performance and condition to ensure level of service is maintained, and prioritising operations and capital works within available budgets.
- ORC does not have a Strategic Asset Management Plan (SAMP), however some of this is included across a range of documents including the LTP, Infrastructure Strategy, and Engineering AMP. While development of a stand-alone SAMP may not be necessary, through development of an AMP Policy and improvement to portfolio Asset Management Plans (AMP), much of the SAMP items can be achieved including linking organisational and AM objectives, strategic context and issues, evidence-informed decision making, and improvement planning.

4.2.2 DEVELOPING ASSET MANAGEMENT LIFECYCLE STRATEGIES

- The Long-Term Plan and Annual Plans contain 10-year financial forecasts, and the Infrastructure Strategy contains 30-year financial forecasts. The Infrastructure Strategy also provides a detailed overview of key risks to the organisation, and at a high-level, for individual activities.
- Operational Planning beyond the short term (1-2 years) appears to be largely financially driven and not needs based or informed by asset performance and condition data. This has led to a reactive approach to maintenance with limited ability to proactively determine the best whole-of-life approach to balance maintenance and renewals activities.
- ORC lacks a predictive approach to forward programmes, asset renewals forecasting / programmes should be developed from a combination of asset age and asset condition / performance data (see Asset Data & Information). Asset inspections / periodic scheme reviews are used to identify deficiencies in levels of service and identify capital works.
- Asset owning departments are often reliant on data, information, and decisions made by other parts of the organisation. If this information is not delivered in a way that enables forward planning, or decisions are not made in a timely manner, then the ability to plan beyond the immediate term is challenged.

4.2.3 ASSET MANAGEMENT ENABLERS

- AM functions are dispersed across multiple staff and teams, with little consistency / coordination across the organisation. This has led to individual departments doing things differently (though not necessarily poorly) and with varying levels of AM maturity. AM consistency is further challenged by budgets and decisions about capital projects often being driven / made by other ORC departments. ORC would benefit from having AM processes documented to ensure the AM system is consistent across teams, ORC management systems, and with other organisations where relevant.
- ORC does not have strong leadership / governance involvement in AM, this is likely the result of many asset-owning activities that have a strong focus on maintaining and operating the existing asset base, and limited planning for major new capital projects. If AM improvement and target maturity is to be achieved this will require visible ownership and support of AM by governance and leadership, and awareness of AM purpose across the organisation.
- ORC's Asset Information System, Conquest, was a common area of frustration from each asset-owning department. Conquest is primarily a financial system and used for asset valuations but does have functionality to be used for infrastructure asset management, however it is not yet utilised in this way. Data held in Conquest is not currently stored at the right level of componentisation (particularly for Engineering) to be useful for asset management.
- Staff discussed that a review of this system has been ongoing for many years with no decision agreed to across different departments (AM teams, IT, Finance) and with ORC leadership. Options might include continued use of Conquest in its current form, an upgrade of Conquest to increase functionality, or a full replacement with a fit-for-purpose AMIS.
- There is a clear need to decide on this so staff are clear on what AMIS ORC will use into the future and move forward with this. This will require agreement on core business requirements, longer-term needs, integration requirements between different software/teams, and resources required to implement and maintain new system.
- Currently the lack of a decision, exacerbated by staff perceiving Conquest to be a poor system, appears to have led to a lack of any improvement being made to asset data and information. Staff do not want to invest time in improving the data held in Conquest if a replacement is coming.
- The ORC Procurement & Contract Management Policy (2022) sets out the core framework for procurement of goods and services with practical guidance for staff.
- It was evidenced through discussions with staff that procurement is not consistently applied across the organisation, and that clarity on roles and responsibilities between teams would add benefit. Particularly where there is overlap between departments (e.g. one department tasked with managing assets that are utilised by another) to ensure good procurement planning and decision-making.

4.3 Engineering

4.3.1 UNDERSTANDING AND DEFINING REQUIREMENTS

- Flood protection and drainage schemes have level of service performance measures and targets included in the Annual Plan and reported on in the AMP and Annual Report. However, these are 'corporate' in nature relating to delivery of work programmes and meeting specified standards, and do not set specific 'customer' (defines the service the customer receives) and 'technical' (the service the organisation provides) measures and targets.
- The AMP identifies drivers of demand but does not include forecasting for potential future demand change, such as in response to climate change induced weather and flood events and land use change. Engineering is reliant on other departments (e.g. Science) to inform this, but there is currently no documentation evidence is being used to inform risk, strategies to manage demand, and capital project decisions.

4.3.2 DEVELOPING ASSET MANAGEMENT LIFECYCLE STRATEGIES

- The Flood Protection, Land Drainage and River Management Infrastructure AMP has been updated to 2024. This plan follows the IIMM structure covering most sections a best practice AMP should have.
- Engineering has a draft risk register ready to engage with ORC leadership. This is a significant step toward more formal identification, management, and strategic planning for risk and resilience, and will enable better engagement / communication with ORC governance and communities.
- Capital works planning is relatively short-term, beyond 1-2 years the forecast is financial only with few capital projects programmed. The current programme is largely renewal of existing assets and delivery of projects that have been planned for some time. There has been no recent development of a master forward works programme that shows 1-3, 5, and 10+ year programmes. Where projects have been identified these are supported by summary briefs including description, justification, cost estimate, and priority.
- Engineering does not directly undertake a valuation of their assets, though there is a value included in the Annual Report. It is not clear (to Engineering Staff) how these assets are valued, and while many flood protection and land drainage assets cannot be insured and are not valued for depreciation purposes, ORC does self-insure these assets. Having a realistic estimated replacement cost for each scheme and asset is critical to ensuring appropriate reserves are held in the event of an emergency (e.g. as experienced in North Island following Cyclone Gabrielle).
- Financial forecasts appear to be based on historic expenditure, and not based on actual renewal and capital works required in response to asset age, condition / performance, and future demand. Given the scale and criticality of Engineering's asset portfolio, this approach presents a risk by not planning for major capital expenditure over the next 10-30 years.

4.3.3 ASSET MANAGEMENT ENABLERS

- Engineering has a dedicated Asset Management Engineer who is delivering ongoing AM and AM improvement. This role is supported by a strong culture / recognition of the importance of AM in the wider Engineering team.
- Engineering asset data held in Conquest is not stored at the right level of componentisation to be useful for asset management. Examples include very long lengths of flood protection schemes (e.g. >20km) that are not useful to inform asset performance and condition at specific locations, or multi-asset sites being recorded as a single asset prohibiting data on sub-components (e.g. concrete outfalls with mechanical gates recorded as one item).
- An AM improvement plan was developed following the previous asset management maturity assessment in 2020, and the 2024 Engineering AMP includes an updated list of improvements.
- The Asset Management Engineer, and wider Engineering Department, have made some progress, but the recommendations from the previous maturity assessment have largely not

been commenced, particularly where actions are required across multiple teams and/or with involvement and direction from ORC leadership.

4.3.4 MATURITY ASSESSMENT RESULTS

An 'Intermediate' (61-80) level of AM Maturity is considered an appropriate long-term target for OCR's Engineering Department and assets. This target is consistent with the 2020 assessment carried out for Engineering. The rationale for this level and the individual targets presented here is:

- Scale, complexity, and criticality of assets spread across a wide geographic area providing risk and resilience mitigation to people and property.
- Multiple external stakeholders across local and central government, communities and businesses.
- Need for a formal approach to managing risks and emergency events associated with the assets, as well as the risks these assets mitigate / protect from.
- Changing demand, including weather-related rainfall / flood events as well as land-use patterns impact the level of service required from existing assets, and potential for new / improved assets in the future.
- Need to detail the long-term capital programme that aligns to ORC's strategic objectives and manage risk in an effective manner.
- Need for robust financial projections that show the true picture of opex and capex requirements and help to prioritise individual projects to ensure financial sustainability.
- ORC self-insures the majority of these assets, so ensuring sufficient reserves are held for an emergency event is important to continuity planning.
- Inter-dependency across other ORC teams, requiring clear asset management objectives, and planning and documentation to ensure the organisation delivers the agreed requirements.

In general, Engineering is currently assessed as having 'Basic' (21-40) AM Maturity, with some elements at 'Core' (41-60) (Figure 1 & Table 2).

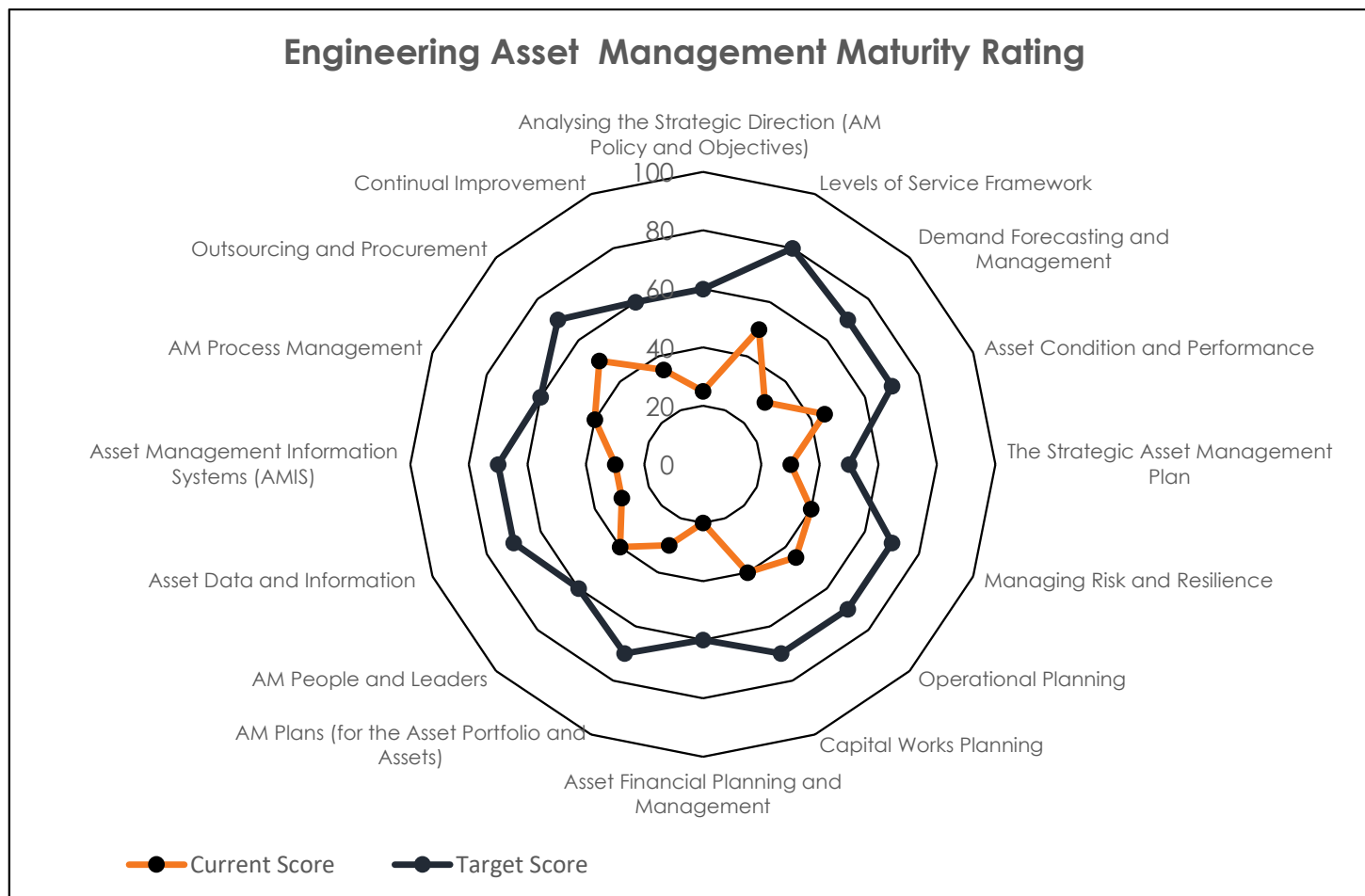


Figure 1: Engineering Asset Management Maturity Ratings

The assessment is summarised below across the three key IIMM areas. There is a significant gap in all areas between current and target. At the 2020 Engineering Department assessment the current score was 42 and the target was 68.

Based on feedback from Engineering, the 2020 current score of 42 is seen as generous and likely overstated Engineering's maturity in several areas (e.g. Levels of Service and Performance Measurement, Asset Register Date etc.).

If the 2020 score more accurately reflected Engineering's asset management maturity at the time, we would expect the 2024 assessment to better show areas where Engineering has advanced. We expect that this improvement is mostly confined to Engineering, with relatively less improvement made by the wider organisation.

Table 2: Engineering Summary Scores

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Summary Results					
2	1-5	Understanding and Defining Requirements	40	60	-20
3	6-10	Developing Asset Management Lifecycle Strategies	30	70	-40
4	11-16	Asset Management Enablers	30	70	-40
		Overall Score	40	60	-20
		Variance from Target			45%

4.4 Environmental Monitoring

4.4.1 UNDERSTANDING AND DEFINING REQUIREMENTS

- Environmental Management (EM) has level of service performance measures and targets included in the Annual Plan, and reported on in the AMP and Annual Report. These relate to the percentage of data from the water monitoring and land-use monitoring networks that is captured quarterly (target $\geq 95\%$).
- The nature of EM activities means investment in new / improved monitoring networks is highly reactive and in response to requests from other ORC teams (e.g. Science, Regulatory).
- The EM team itself has a limited forward view of demand, but with potential for external drivers (e.g. climate change, regulatory requirements) to impact demand the team's services and assets some basic demand management strategies may add value to medium term financial planning and to understand resource requirements.
- Given the IT nature of the EM asset group (sensors and communication technology) asset condition is generally 'good' until it is not, and an issue presents itself. EM has a team of approximately 20 field staff across the region who are responsible for individual sites and assets and who have strong working knowledge of asset performance and condition. There is a formal process of routine monthly, annual, and biannual inspections in place with data recorded for all assets and used to inform operation and maintenance activities.

4.4.2 DEVELOPING ASSET MANAGEMENT LIFECYCLE STRATEGIES

- As Environmental Monitoring lacks an Asset Management Plan (AMP) there is no consolidated documentation that links strategic direction, demand, risk and resilience with forward work programming and financial forecasts. Instead, ORC is reliant on the EM team and staff who demonstrate strong knowledge and capability regarding the assets and their operation and maintenance.
- Environmental Monitoring does not have a comprehensive risk management framework for these assets and services. However, staff are aware of key risks and issues and are actively monitoring and mitigating them. There is also a focus on risk in the design of critical assets to enhance resilience / redundancy to improve likelihood of continued service during major events (e.g. flood warnings).
- Operational planning is largely reactive in response to the needs of other teams in ORC, or in response to issues / outages of field monitoring equipment. Operational planning beyond the short term (1-2 years) appears to be largely financially driven based on historic patterns, and not informed by a detailed understanding of future demand, or by asset performance and condition data.
- Similarly, no medium to long term capital works programme is available, with budgets set as part of Annual Plan and Long-Term Plan processes. Environmental Monitoring staff then work with other departments to fit works into available budgets. This reactive approach means requests for new assets from other departments can, and has, exceeded available budgets and prioritisation of works is needed. The EM team also needs to work with these teams to ensure good decision making around investment at specific sites.
- Asset condition, performance, and age data is not currently used to forecast asset renewals. A risk of this is 'lumpy' annual expenditure not accounted for in the LTP budgets. A recent example was the need to upgrade multiple monitoring sites from 3G to 5G technology. Now that these sites have been installed at the same time it is likely there will be a similar lump in the future when they reach the end of their useful lives. Basic predictive forecasting would account for this.
- There is a critical relationship between Environmental Monitoring's assets and the communication technology and networks needed to transmit data back to ORC which are overseen by the ORC IT Department. This service is a core part of Environmental Monitoring's asset management and risk management decision making, so should be included more formally in a future AMP or related document. The IT department may have existing

documentation relating to these systems; however this was not presented during the maturity assessment.

- Given the scale of the activity, the current approach to financial forecasts appears to work fine in practice, however it does present a risk by not planning for major capital expenditure over the next 10-30-years. Particularly as the monitoring network grows and current technologies are replaced by advanced processes.

4.4.3 ASSET MANAGEMENT ENABLERS

- EM staff deliver ongoing AM and AM improvement, though largely on an informal basis and supported by a culture / recognition of the importance of AM in team management.
- EM has many assets that do not meet financial threshold (<\$1,000) so are not recorded in the financial register but should be captured in an asset register. Combined they have a moderate value, but often it is the criticality of the asset itself that is important to capture from an AM perspective, even with low financial value. ORC should agree an appropriate data structure for EM assets that has the right level of componentisation / segmentation to enable this data to be more effectively used for asset management purposes.
- Critical operations and maintenance processes are identified and documented, and the EM Department undertakes monitoring and review as part of the regular asset inspection programme. Staff have strong working knowledge of the assets, though the interface with other teams appears less well defined.
- A core aspect of EM's activity is delivery of data to ORC, external stakeholders, and the community. While EM is responsible for the monitoring assets the ORC IT team is responsible for the systems and some infrastructure critical to this service. Engagement with the EM and IT teams suggested that the two teams are working together to ensure IT progressively meets the needs of EM.

4.4.4 MATURITY ASSESSMENT RESULTS

A 'Core' (41-60) level of AM Maturity is considered an appropriate long-term target for OCR's EM Department and assets, with some organisational elements targeting 'Intermediate' (61-80) as for Engineering. The rationale for this level and the individual targets presented here is:

- Large number of diverse assets across a wide geographic area will benefit from more formal asset data and information management.
- Multiple external stakeholders and users of data across local and central government, communities and businesses, including use of data for real-time warning systems.
- Changing technologies and requirements from internal and external users of monitoring data and information requiring some forward planning to ensure efficiency and effectiveness of investment.
- Need for more robust financial projections that show the true picture of opex and capex requirements and help to prioritise individual projects to ensure financial sustainability.
- Heavy dependency on other ORC teams to inform capital investment would benefit from medium-term planning to ensure the organisation delivers to agreed expectations.
- Use of IT systems and processes to capture, store, and communicate data and information to internal and external users.

In general, EM is currently assessed as having 'Basic' (21-40) AM Maturity, with some elements at 'Core' (41-60) (Figure 2 & Table 3Figure 1).

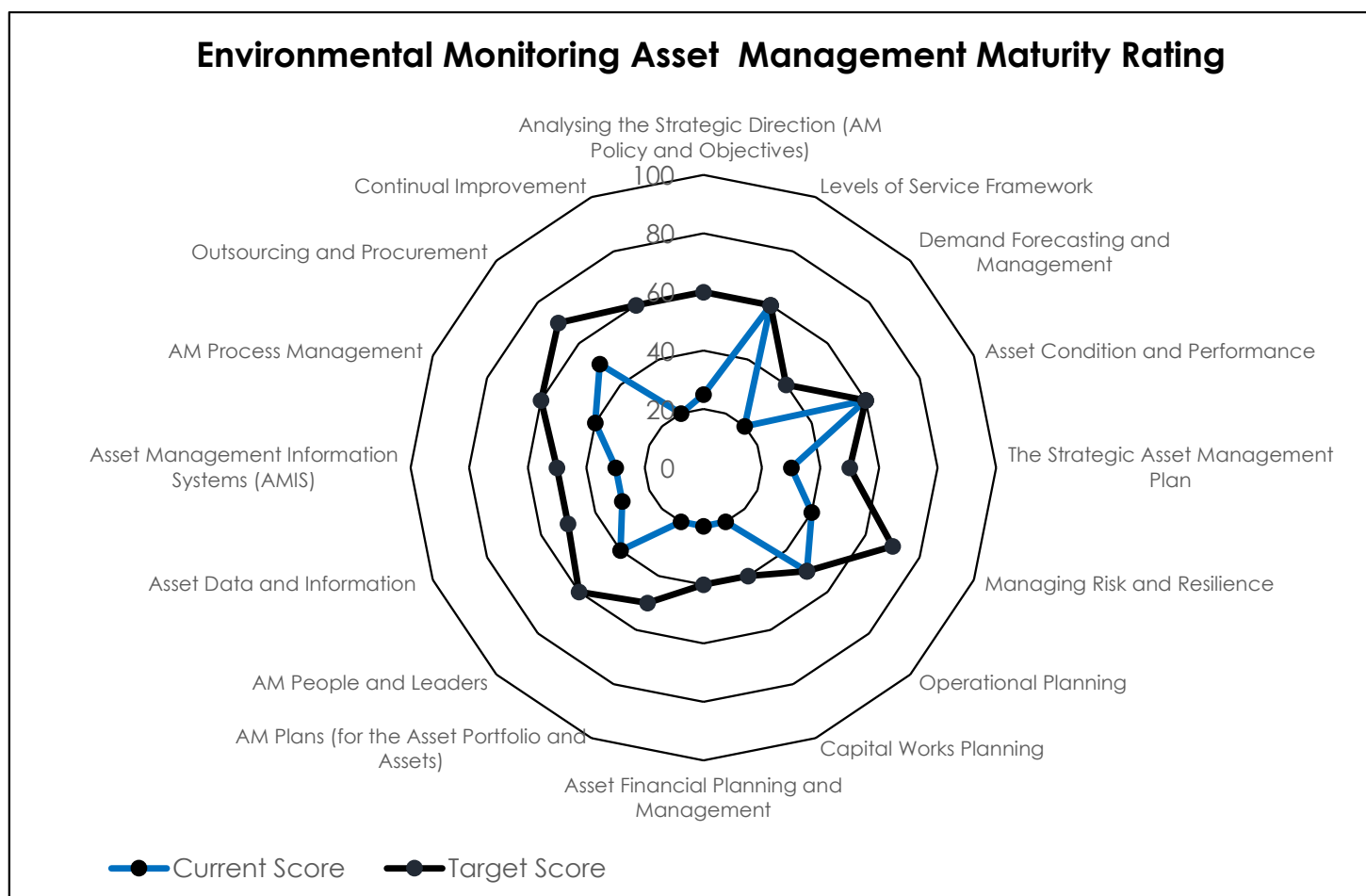


Figure 2: Environmental Monitoring Asset Management Maturity Ratings

Key areas of focus for the Environmental Monitoring Department are:

- Asset and financial planning have potentially been a low priority due to the relatively low value of individual assets, taking a finance-led instead of asset-led approach. This does not recognise the value of data collected both to ORC and to external stakeholders and the public.
- A lack of an AMP limits the ability to understand the strategic, regulatory, and environmental context in which the Environmental Monitoring Department operates, and in turn the ability to undertake longer term operational and capital works planning.

Table 3: Environmental Monitoring Summary Scores

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Summary Results					
2	1-5	Understanding and Defining Requirements	39	54	-15
3	6-10	Developing Asset Management Lifecycle Strategies	33	50	-18
4	11-16	Asset Management Enablers	33	57	-24
		Overall Score	35	54	-20
		Variance from Target			36%

4.5 Fleet and Facilities

4.5.1 UNDERSTANDING AND DEFINING REQUIREMENTS

- F&F cover a wide range of asset types for multiple user groups including internal teams and external parties such as landlords of properties ORC occupies, and tenants of properties ORC owns. Engagement with F&F showed that where level of service, or similar, standards are needed, these are in place and actively managed. These range from internal policies such as vehicle and equipment replacement programmes, to contractual agreements with third parties.
- Fleet activities are highly reactive purchasing assets in response to demand. Vehicles are a relatively high-cost activity to purchase new and there are challenges optimising useful life and kms travelled for the existing fleet, installation of EROAD on vehicles will assist with this and improve the department's maturity.
- Facilities are primarily reactive to ORC's future staff numbers and their geographic location. The dispersed nature of the organisation and teams makes it difficult to plan well in advance as staff may be hired into one of several locations. Staff discussed the benefit of a 10-year view to where ORC's people will sit and what facilities are needed.
- Condition and performance information is based on a mix of staff knowledge with some data captured for key assets, e.g. inspections of building assets by staff in ORC's landlord capacity, these are visual and not technical / structural inspections.
- Fleet assets do not have condition data formally captured. Vehicles adhere to regular service intervals and checks, and staff are relied on to inspect assets they are using and ensure there are no condition or performance issues that require attention or might create a health and safety risk.
- This process appears to be working well in practice and is generally fit-for-purpose, though a process with clear roles and responsibilities for monitoring condition and performance of fleet and powered plant assets would ensure consistency and further help to mitigate potential health and safety risk.

4.5.2 DEVELOPING ASSET MANAGEMENT LIFECYCLE STRATEGIES

- F&F does not have an AMP for the activity. Discussions with staff show that while a detailed AMP is not likely to be required, there is value in a basic document which contains information on the strategic drivers and future demand, the assets and service levels, roles and responsibilities, planned investments, and financial forecasts. This would support a stronger asset-focus in financial planning and help the department to engage with other parts of ORC in a consistent manner.
- There is no formal risk framework and risk management strategy. This would add value to the activity given the wide range of potential risks arising from the range of assets and services: health and safety, legal, compliance, staff satisfaction, external stakeholder satisfaction.
- The operational planning approach varies across the activity. Vehicles appear to have the most formal and comprehensive planning, which is based on historic practices supplemented by forward planning. Other fleet assets including boats, tractors, motorbikes, trailers, and powered plant tend to be more unique / specialist in nature, so operational planning is based on staff and contractor knowledge with some formal planning in place for critical assets. This is working well in practice.
- The management of Facilities is largely based on historic practices and tends to be reactive in response to a maintenance need once identified. Critical assets are serviced as required to ensure good practice, but there is no formal maintenance and renewal programme to optimise expenditure over the long-term.
- F&F does not have a formal capital expenditure programme, other than replacement of fleet vehicles. Instead, capital projects are largely reactive in response to an identified organisational need. F&F seeks to fit these within annual budgets which are set separately to a formal capex investment programme.

- This is further complicated in some instances where other ORC teams will purchase an asset themselves with little / no involvement of the F&F Department. Once purchased, this asset may become the responsibility of F&F to maintain, or it may not be captured in the F&F inventory at all and risk falling through the cracks of formal processes, such as ensuring good condition is maintained to mitigate health and safety risk.
- Without a schedule of proposed capital investments, F&F and ORC are challenged to ensure good decisions are made that achieve value for money and meet strategic direction / broader outcomes. An example given was purchase of a boat by another team which led to substantial additional investment required to provide a suitable trailer and towing vehicle. If this had been properly considered up front a different decision may have been made, or at least all relevant parties would have been aware of the decision and whole of life cost.
- Given the type of activity the current approach to financial forecasts appears to work adequately in practice, but it does present a risk by not planning for major capital expenditure over the next 10-30-years, particularly as property assets age and may require investment to maintain standards and meet legal requirements.
- Staff identified a lack of agreed roles and responsibilities for some assets which results in an inconsistent approach. There is a draft allocation for facilities to agree where responsibility may fit across F&F, Legal, and Engineering (for example), but this has not been completed or agreed.

4.5.3 ASSET MANAGEMENT ENABLERS

- F&F staff deliver ongoing AM and AM improvement, though largely on an informal basis.
- F&F have a role / responsibility for procuring a wide range of assets. This role and how they engage with other teams was identified as a key challenge by the F&F team that has in some isolated examples led to poor purchasing decisions that do not achieve value for money. A clearly defined organisational policy for purchasing fleet and plant assets, and the role of F&F in decision making would help to ensure consistency and achieve value for money in purchasing decisions.
- F&F has a simple excel-based asset register recording core asset attributes, this works well and there is unlikely to be a need to move to a more formal AMIS unless ORC implements a system for other purposes that happens to meet F&F requirements and can be easily used by the team. F&F are working with IT to utilise their existing system for service requests.
- Over time asset data is improving as new assets have key data and information recorded (e.g. warranty information). Data has been captured on most assets at the main ORC office in Dunedin in preparation for the move to a new building. Older assets and assets at regional offices do not have the same level of detail, though staff broadly know what is where and the cost of completely inventorying all assets likely outweighs the benefits, particularly for furniture.
- There are likely to be multiple assets not recorded by F&F that have been purchased by other teams over time. The core concern is the state of the assets themselves and ensuring they remain fit-for-purpose and safe to use.
- The lack of a full inventory creates potential that ORC has excess / under-utilised assets that could be relocated and put to better use, as well as potential for dishonesty / theft of assets not recorded and checked up on. This is not perceived to be a major issue and the cost of mitigating this likely outweighs the actual risk / benefit gained. Over time data will improve as new assets are recorded.

4.5.4 MATURITY ASSESSMENT RESULTS

A lower end of 'Core' (41-60) AM Maturity is considered an appropriate long-term target for OCR's F&F Department and assets, with some organisational elements targeting 'Intermediate' (61-80) as for Engineering & EM. The rationale for this level and the individual targets presented here is:

- Large number of diverse assets across a wide range of geographic area and with highly differentiated asset management requirements (e.g. vehicles v property v furnishings) will benefit from more formal asset data and information management.

- Responsibility for purchasing decisions and maintenance of assets on behalf of multiple internal stakeholders across the organisation.
- Limited external stakeholders, and where there are these are already documented via formal agreements e.g. property leases and do not require advanced asset management practices.
- While the individual assets may be relatively straightforward to manage over their useful lives, the total value of the assets is large relative to ORC's total asset value.
- Opportunity to optimise utilisation and life of these assets as data improves over time.

In general, F&F is currently assessed as having 'Basic' (21-40) AM Maturity, with some elements at 'Core' (41-60) (Figure 2 & Table 3Figure 1).

Broadly we expect F&F to benefit from AM improvements made primarily for other teams, so F&F may not be a driver of AM improvement but should be a follower / user. That is not to say the portfolio is not important, and in fact the value of these assets is substantial from an organisation perspective, but that the nature of the assets and services lend themselves to more flexible solutions that are in many ways already being implemented.

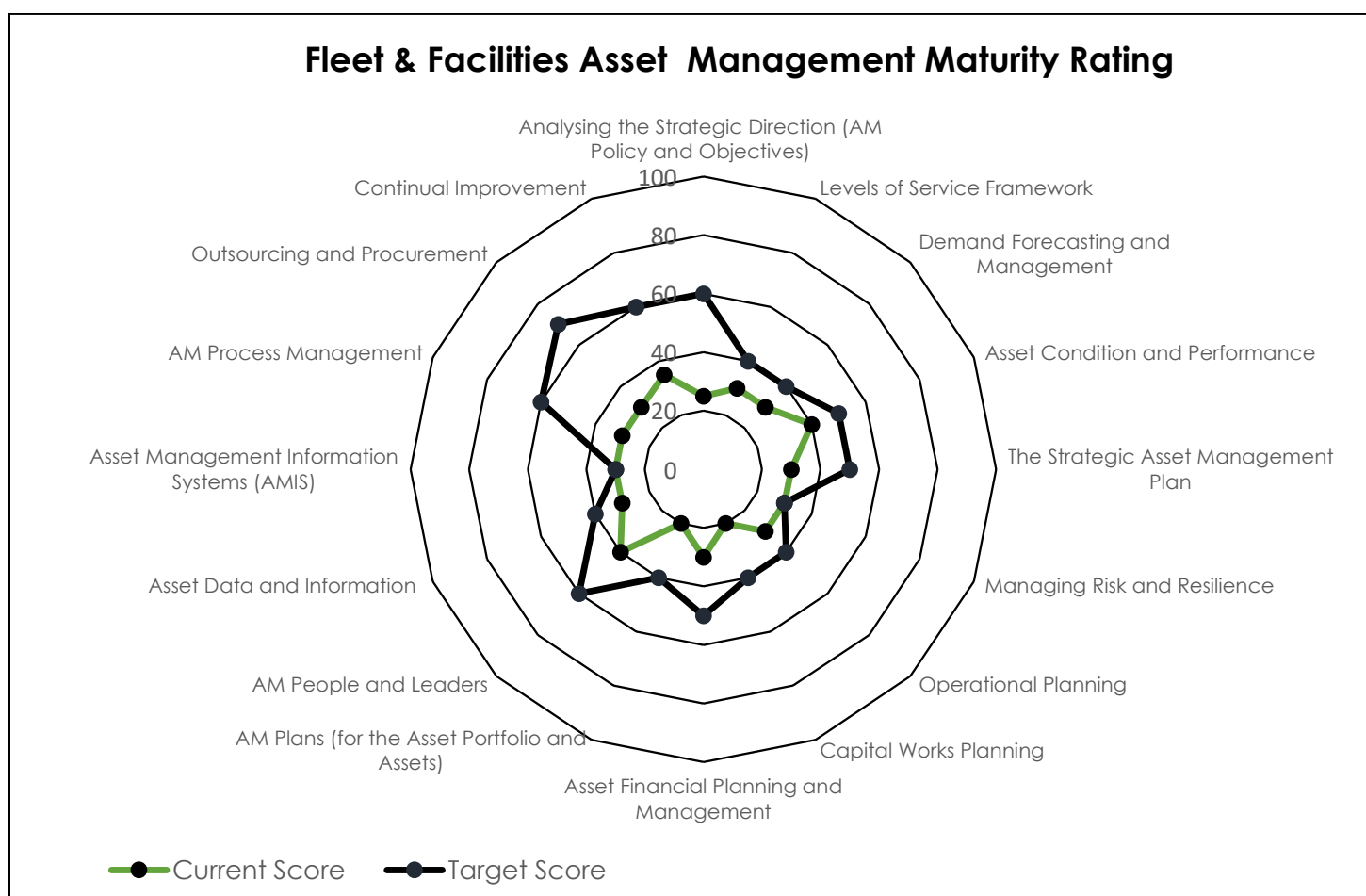


Figure 3: Fleet & Facilities Asset Management Maturity Ratings

We note that a driver of the F&F target and gap presented here is due to organisational AM maturity targets that have been applied consistently to all departments, this has in some cases lifted the F&F target above what would be targeted if this was the only activity being assessed in isolation. This includes:

- AM Policy & Strategic Asset Management Plan.
- AM Process Management.
- Outsourcing & Procurement.
- Continual Improvement.

Table 4: Fleet and Facilities Summary Scores

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Summary Results					
2	1-5	Understanding and Defining Requirements	31	48	-17
3	6-10	Developing Asset Management Lifecycle Strategies	28	40	-13
4	11-16	Asset Management Enablers	31	51	-21
		Overall Score	30	48	-18
		Variance from Target			37%

4.6 Information Technology

IT is often a less visible / recognised part of organisation's asset portfolio and AM system, especially as IT departments move beyond control of assets within their own domain toward subscription-based software and services. This is evident at ORC where the IT department owns / is responsible for some physical assets including laptops, switches and network gear, and audio-visual equipment.

Rationale facilitated a session with the IT Department which broadly suggested that management of these assets is in response to demand (e.g. new staff) and replacement cycles, with reactive maintenance provided in response to faults. The key issue being instances where an unexpected spike in demand for laptops, e.g. due to multiple faults, exceeds the carrying stock the IT Department holds on hand.

From an asset management perspective, Rationale was most interested in the role the IT Department has as a key provider / enabler of AM and service delivery across the organisation, particularly the three departments discussed in this report. This includes:

- Collection of data, including use of third party Information Communication Technology (ICT) to transmit data from remote sites back to ORC.
- Data flows and storage of datasets.
- Licensing / subscriptions for software and applications used by ORC and individual teams.
- Data portals providing information to the public and to external users.

While Rationale's engagement covered each of these areas, there was limited discussion / insight provided from an AM perspective. IT was seen as providing business continuity and delivering services to internal 'clients', and not necessarily as an asset management portfolio / enabler.

This is reflective of the AM Maturity Assessment results for the other three portfolios which show a relatively low level of organisational maturity regarding AM policy, data and information, and systems (including AM Information Systems). While these are not wholly / directly the direct responsibility of the IT department, it is expected that as the organisation's AM maturity improves there will be a growing recognition of IT's role in supporting AM lifecycle management and decisions.

No AM Maturity Assessment has been completed for IT at this time, though the findings from the other departments reference IT-related items. So, any successful AM improvement for ORC will require involvement and buy-in from the IT department.

5 Conclusion & Recommendation

Overall ORC's AM maturity is currently assessed as 'Basic', with an appropriate target maturity given the scale, scope, and complexity of the organisation, its assets, and the services it provides being at the upper end of 'Core' and verging on 'Intermediate'. Key areas of concern that are driving the gap between ORC's current and target AM maturity are:

1. AM is largely reliant on knowledgeable and capable individuals, and lacks formal and consistent policy, plans, data, systems, and processes.
2. Forward planning and budgets are primarily a finance-led and not an asset-led process, limiting the ability to be strategic and plan beyond the short-term.
3. There is no clear linkage between AM planning and risk and resilience (incl. future scenarios), to ensure this is considered in all decision making about critical services and asset maintenance, renewal, and major capital projects. Particularly for Engineering given the function of flood protection, land drainage, and river management schemes.
4. A lack of strong governance leadership involvement in AM providing visible ownership and setting clear expectations that create awareness of AM purpose across the organisation.
5. The Asset Management Information System (Conquest) and asset data are currently not fit-for-purpose to support AM planning, forecasting, monitoring and reporting, to inform robust and confident decision making.

Of concern to this assessment is that following a similar internal exercise in 2020 for the Engineering Department, progress has been somewhat limited with improvement generally confined to engineering and little improvement made by the wider organisation, especially where actions are required across multiple teams and/or with involvement and direction from ORC leadership.

Further, many of the issues noted in the previous assessment regarding asset data and information, AM Information Systems, and financial planning for operational and capital programmes were discussed in the same way in 2024 as they were in 2020.

Engineering has mapped out the AM improvements from their 2024 AMP and have identified what actions can be taken within their team, those that require input from other teams, and those that require support and input from ORC leadership. Many of these improvements will benefit more than just the Engineering Department and may serve as a basis for a wider organisational AM improvement journey.

Based on this assessment, Rationale recommends that ORC:

1. **Express governance and leadership expectations of the AM system through an approved organisational AM Policy and AM Objectives.**
2. **Develop an organisation AM Improvement Plan with identified improvement actions collated from the Engineering Department's 2024 AMP and this maturity assessment and prioritised with input from relevant staff and leadership.**
3. **Agree the AM Improvement Plan implementation timeframes, deliverables, resources and responsibilities, and ensure monitoring and reporting of progress to appropriate levels of the organisation.**

6 Asset Management Improvement Recommendations

The AM Maturity Assessment (provided separately) identifies actions ORC might implement to drive continuous improvement. These have not been endorsed by ORC staff and are provided here as a starting point for discussion and to provide an indication of the actions that may be included in the AM Improvement Plan as recommended above.

AM Component	Assessment Comments	Recommendations
Organisation Strategic Direction	ORC lacks an AM Policy and AM Strategy which would provide a clear and consistent organisational direction linking the organisation's strategic objectives to the asset management system that will ensure assets achieve / deliver on levels of service and effectively plan for future demand.	Develop an organisation AM Policy and Strategy. Consistently embed Strategic Asset Management across ORC Departments.
Levels of Service	Levels of service are reported in the Annual Plan & Report; however, these are mostly 'corporate' in nature and do not set specific 'customer' (defines the service the customer receives) and 'technical' (the service the organisation provides) measures and targets.	Review and update Level of Service frameworks: <ul style="list-style-type: none"> • Expand technical and customer measures and targets. • Engage with ORC governance (and potentially community) to agree levels of service.
Demand Forecasting & Management	LTP, Infrastructure Strategy, and AMP (Engineering) identify drivers of demand, but do not forecast potential future change and how ORC will respond. Within asset-owning teams there is a lack of knowledge about strategy and planning in response to future trends.	Undertake future demand forecasts / demand scenarios with focus on climate change (rainfall and flooding) and land use patterns / development.
Asset Condition & Performance	Asset condition is summarised for key asset groups but is not strongly linked into lifecycle management planning with a clear forward programme of work to ensure performance and condition standards are met.	Develop and implement an ongoing asset inspection and condition and performance rating programme. Engineering: <ul style="list-style-type: none"> • Undertake inspection of all flood protection assets using National Framework and tool for assessing asset performance. • Develop a performance framework for land drainage schemes.
Managing Risk & Resilience	The Infrastructure Strategy provides a detailed overview of key risks to the organisation and for individual activities, but there is no documented risk management framework at an activity / asset / scheme level to identify, assess, or respond to specific risks. Staff are aware of key risks and issues and are actively monitoring and mitigating these.	Continue to develop (or complete) risk register and engage with ORC leadership and governance to develop and implement a risk management action plan.

AM Component	Assessment Comments	Recommendations
		Utilise risk-based framework to identify and prioritise capital renewals / improvements, and document risk management in the AMP.
Operational Planning	Operations & Maintenance Manuals have been developed for key schemes and assets, individual teams have a high level of knowledge regarding operation and maintenance of the assets and are supported by trusted contractors who undertake maintenance activities.	Continue to develop and document maintenance plan strategies for each scheme that are aligned to agreed levels of service and other relevant standards. Capture maintenance activity frequencies and costs and review annually adjust maintenance planning.
Capital Works Planning	Capital works planning is relatively short-term, beyond 1-2 years the forecast is financial only with few capital projects programmed. The current programme is largely renewal of existing assets and delivery of projects that have been planned for some time. There has been no recent development of a master forward works programme that shows 1-3, 5, and 10+ year programmes. Where projects have been identified these are supported by summary briefs including description, justification, cost estimate, and priority.	Utilise asset data (age, condition, performance) to forecast future renewals. Develop and maintain an improved master capital projects register, with new projects identified in response to current asset information, risk assessment, and future demand.
Asset Financial Planning & Management	The LTP & Annual Plans contain 10-year financial forecasts, and the Infrastructure Strategy contains 30-year financial forecast. Forward forecasts appear to be based on financial planning and historic expenditure, and not based on actual capital works in response to asset age, condition / performance, and future demand. Given the scale and criticality of some of these assets this approach risks not planning for major capital expenditure over the next 10-30 years.	Update asset valuation information at component level (see Asset Data & Information) following Asset Data & Information improvements. Forecast capital works based on improved asset data (age, condition, performance), and the capital projects register (see Capital Works Planning).
Asset Management Plans	Engineering is the only Department which as a current AMP for the portfolio. This plan follows the IIMM structure covering the majority of sections a best practice AMP should have. EM and F&F for not have an AMP, discussions with staff show a high level of desire to develop and maintain a fit-for-purpose document to support a stronger asset-focus in financial planning and help to engage with other ORC teams.	Engineering: update 2024 AMP to include forward programmes and 10-year forecasts developed for the 2024 LTP and plan the 2027 AMP update to action identified improvements. Environmental Monitoring: Develop a fit-for-purpose AMP for the portfolio following the IIMM approach. Fleet & Facilities: Develop a basic document summarising strategic drivers and future demand, the assets and service levels, roles and responsibilities, planned investments, and financial forecasts.

AM Component	Assessment Comments	Recommendations
Asset Management People & Leaders	AM appears to be largely carried out within teams with little consistency / coordination across the organisation. This has led to individual teams doing things differently and with differing levels of maturity. AM does not have strong ORC Leadership involvement.	Organisational AM structure, roles, and responsibilities.
Asset Data & Information	Data held in Conquest is primarily for financial uses, including valuation (though it is not clear from engagement with staff how these are undertaken), but is not always stored at the right level of componentisation to be useful for asset management.	Agree an appropriate data structure for assets that has the right level of componentisation / segmentation to enable this data to be more effectively used for asset management purposes. Targeted asset register and asset data improvement programme.
Asset Management Information Systems (AMIS)	Conquest is the ORC AMIS. This is primarily a financial system and used for asset valuations, but does have functionality to be used for infrastructure asset management but is not yet utilised in this way. Staff discussed that a review of this system has been ongoing for several years with no decision agreed to across different departments (AM teams, IT, Finance) and with leadership for the future use of Conquest in its current form, or an upgrade of Conquest to increase functionality, or a full replacement with a fit-for-purpose AMIS.	Assess options for future AMIS based on agreed functionality and system requirements. Roles and responsibilities of staff across teams for AMIS utilisation.
Outsourcing & Procurement	ORC Procurement & Contract Management Policy (2022) sets out the core framework for procurement of goods and services with practical guidance for staff. It was evidenced through discussions with staff that Procurement is not consistently applied across the organisation, and that clarity on roles and responsibilities between teams would add benefit.	Regular procurement audit and improvement actions.
Continuous Improvement	An AM improvement plan was developed following the previous asset management maturity assessment in 2020, and the 2024 Engineering AMP includes an updated list of improvements. The Asset Management Engineer, and wider Engineering team, have made some progress on these, but the recommendations from the previous maturity assessment have largely not been commenced especially where actions are required across multiple teams and/or with involvement and direction from ORC leadership.	Develop a prioritised organisational 3-year AM improvement plan.

Appendix A: IMM Asset Management Maturity Assessment

Table 5: IMM Asset Management Maturity Assessment Questions

IIMM Ref.	Question	Section	Questions
Understanding and Defining Requirements			
2.1	1	Analysing the strategic direction (AM Policy & Objectives)	How well does your organisation analyse its strategic environment to understand potential AM implications and risks? How well does the organisation articulate its AM Policy and AM objectives in alignment with the organisation's strategic direction?
2.2	2	Levels of service framework	How well does your organisation: <ul style="list-style-type: none"> • Determine the appropriate level of service for its customers? • Ensure that asset performance measures are appropriate and aligned to those service levels? • Incorporate levels of service criteria into decision making?
2.3	3	Demand forecasting & management	How well does your organisation: <ul style="list-style-type: none"> • Forecast demand for its services? • Assess the possible impact on its asset portfolios? • Evaluate demand management options as part of its network and/or project analysis?
2.4	4	Asset condition & performance	How well does the organisation measure and report on the condition and performance of its assets? How well does the organisation monitor the physical health of its network over time, in order to inform risk and investment decisions?
2.5	5	The Strategic Asset Management Plan	How well does your organisation develop, communicate, resource and action its Strategic AM Plan? How effectively does the SAMP define the AM System and link organisational and AM Objectives?
Developing Asset Management Lifecycle Strategies			
3.2	6	Managing risk & resilience	How well is risk management and resilience planning integrated into your asset management decision making?
3.3	7	Operational planning	How well does the organisation plan and manage its operations and maintenance activity to keep assets in service and meet AM objectives?
3.4	8	Capital works planning	How well does the organisation plan and prioritise capital expenditure, including renewal programmes?
3.5	9	Asset financial planning & management	How well does your organisation: <ul style="list-style-type: none"> • Plan for asset-related expenditure and funding? • Revalue its assets and consider depreciation in its funding strategy?

IIMM Ref.	Question	Section	Questions
			<ul style="list-style-type: none"> Consider the whole of life cost of asset investments?
3.6	10	AM Plans (for the Asset Portfolio & Assets)	How well does your organisation develop, communicate, resource and action its asset management plans?
Asset Management Enablers			
4.1	11	AM people & leaders	<p>What is the level of organisational commitment to asset management?</p> <p>How is this reflected in existing organisation structure, responsibilities and resourcing of AM competencies?</p>
4.2	12	Asset data & information	<p>How well does your organisation define its asset data requirements?</p> <p>What asset information does the organisation collect?</p> <p>How does our organisation ensure the information has the requisite quality (accuracy, consistency, reliability)?</p>
4.3	13	Asset Management Information Systems (AMIS)	How well does your organisation ensure appropriate information systems are in place and fit-for-purpose considering complexity of assets and AM maturity level required.
4.4	14	AM process management	<p>How well does your organisation:</p> <ul style="list-style-type: none"> Define and implement appropriate AM process documentation? Review and improve AM processes? Align AM processes with those in other 'Management Systems'?
4.5	15	Outsourcing & procurement	<p>How well does your organisation:</p> <ul style="list-style-type: none"> Procure assets and asset-related services like maintenance and consumables for different classes of assets? Exercise control over outsourced asset management services?
4.6	16	Continual improvement	How well does your organisation ensure that it continues to develop its asset management capability towards an appropriate level of maturity?

Appendix B: Summary Maturity Assessment Results

Engineering

Table 6: Engineering Asset Management Maturity Assessment Results

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Understanding and Defining Requirements					
2.1	1	Analysing the strategic direction (AM Policy & Objectives)	25	60	-35
2.2	2	Levels of service framework	50	80	-30
2.3	3	Demand forecasting & management	30	70	-40
2.4	4	Asset condition & performance	45	70	-25
2.5	5	The Strategic Asset Management Plan	30	50	-20
Developing Asset Management Lifecycle Strategies					
3.2	6	Managing risk & resilience	40	70	-30
3.3	7	Operational planning	45	70	-25
3.4	8	Capital works planning	40	70	-30
3.5	9	Asset financial planning & management	20	60	-40
3.6	10	AM Plans (for the Asset Portfolio & Assets)	30	70	-40
Asset Management Enablers					
4.1	11	AM people & leaders	40	60	-20
4.2	12	Asset data & information	30	70	-40
4.3	13	Asset Management Information Systems (AMIS)	30	70	-40
4.4	14	AM process management	40	60	-20
4.5	15	Outsourcing & procurement	50	70	-20
4.6	16	Continual improvement	35	60	-25
Summary Results					
2		Understanding and Defining Requirements	40	60	-20
3		Developing Asset Management Lifecycle Strategies	30	70	-40
4		Asset Management Enablers	30	70	-40
		Overall Score	40	60	-20
		Variance from Target			45%

Environmental Monitoring

Table 7: Environmental Monitoring Asset Management Maturity Assessment Results

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Understanding and Defining Requirements					
2.1	1	Analysing the strategic direction (AM Policy & Objectives)	25	60	-35
2.2	2	Levels of service framework	60	60	0
2.3	3	Demand forecasting & management	20	40	-20
2.4	4	Asset condition & performance	60	60	0
2.5	5	The Strategic Asset Management Plan	30	50	-20
Developing Asset Management Lifecycle Strategies					
3.2	6	Managing risk & resilience	40	70	-30
3.3	7	Operational planning	50	50	0
3.4	8	Capital works planning	20	40	-20
3.5	9	Asset financial planning & management	20	40	-20
3.6	10	AM Plans (for the Asset Portfolio & Assets)	20	50	-30
Asset Management Enablers					
4.1	11	AM people & leaders	40	60	-20
4.2	12	Asset data & information	30	50	-20
4.3	13	Asset Management Information Systems (AMIS)	30	50	-20
4.4	14	AM process management	40	60	-20
4.5	15	Outsourcing & procurement	50	70	-20
4.6	16	Continual improvement	20	60	-40
Summary Results					
2		Understanding and Defining Requirements	39	54	-15
3		Developing Asset Management Lifecycle Strategies	33	50	-18
4		Asset Management Enablers	33	57	-24
		Overall Score	35	54	-20
		Variance from Target			36%

Fleet and Facilities

Table 8: Fleet and Facilities Asset Management Maturity Assessment Results

IIMM Ref.	Question	Section	Current Score	Target Score	Maturity Gap
Understanding and Defining Requirements					
2.1	1	Analysing the strategic direction (AM Policy & Objectives)	25	60	-35
2.2	2	Levels of service framework	30	40	-10
2.3	3	Demand forecasting & management	30	40	-10
2.4	4	Asset condition & performance	40	50	-10
2.5	5	The Strategic Asset Management Plan	30	50	-20
Developing Asset Management Lifecycle Strategies					
3.2	6	Managing risk & resilience	30	30	0
3.3	7	Operational planning	30	40	-10
3.4	8	Capital works planning	20	40	-20
3.5	9	Asset financial planning & management	30	50	-20
3.6	10	AM Plans (for the Asset Portfolio & Assets)	20	40	-20
Asset Management Enablers					
4.1	11	AM people & leaders	40	60	-20
4.2	12	Asset data & information	30	40	-10
4.3	13	Asset Management Information Systems (AMIS)	30	30	0
4.4	14	AM process management	30	60	-30
4.5	15	Outsourcing & procurement	30	70	-40
4.6	16	Continual improvement	35	60	-25
Summary Results					
2		Understanding and Defining Requirements	31	48	-17
3		Developing Asset Management Lifecycle Strategies	28	40	-13
4		Asset Management Enablers	31	51	-21
		Overall Score	30	48	-18
		Variance from Target			37%

9.3. CS2447 Deep Dive - Natural Hazards

Prepared for:	Audit and Risk Subcommittee
<hr/>	
Report No.	CS2447
Activity:	Governance Report
	Tim van Woerden, Senior Natural Hazards Analyst
Author:	Jean-Luc Payan, Manager Natural Hazards Andrea Howard, Manager Executive Advice
Endorsed by:	Tom Dyer, General Manager Safety and Resilience
Date:	5 December 2024

PURPOSE

- [1] To facilitate a discussion, or ‘deep dive’, into Council’s management of the *Natural Hazards* strategic risk.

EXECUTIVE SUMMARY

- [2] The attached document provides an overview of the risk environment, and the risk drivers and consequences. It also outlines current risk preventions, existing controls, an assessment of controls and Council’s risk improvement plan.

RECOMMENDATION

That the Committee:

- 1) **Notes** the attached deep dive on Council’s ‘Natural Hazards’ strategic risk.

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] Over the past year 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] The attached document provides an overview of the risk environment, and the risk drivers and consequences. It also outlines current risk preventions, existing controls, an assessment of controls and the risk improvement plan.

- [7] This overview will allow the Audit & Risk Sub-committee to understand how Council is currently managing the risks posed by Natural Hazards and to facilitate discussion or any changes or improvements that the sub-committee may wish to recommend.

CONSIDERATIONS

Strategic Framework and Policy Considerations

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

Financial Considerations

- [9] There are no financial considerations. Any desire to increase Council's response to Natural Hazards would be considered through other mechanisms (e.g., the long-term planning process).

Significance and Engagement Considerations

- [10] There are no significance or engagement considerations.

Legislative and Considerations

- [11] There are no legislative considerations.

Climate Change Considerations

- [12] The climate change considerations are covered in the content of the paper.

Communications Considerations

- [13] There are no communications considerations.

NEXT STEPS

- [14] 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 Natural Hazards [9.3.1 - 2 pages]

Strategic Risk –

Risk Description: Inadequate assessment and mitigation of natural hazard risks in the region.

Risk Category: Strategy and Planning

Risk Name: Natural Hazards

Executive Sponsor: Chief Executive

Executive Oversight: General Manager, Safety and Resilience

Last Update: 17 October 2024

Assessment	Date	Consequence	Likelihood	Inherent risk rating	Consequence	Likelihood	Residual risk rating
	October 2024	Severe	Likely	Critical	Major	Likely	High

Risk Environment Discussion
<p>The Otago region also comprises a diverse and dynamic environment ranging from flat coastal lowlands and intensively used alluvial floodplains, through to large sparsely populated and steep mountainous areas. As such, Otago is exposed to a broad range of natural hazards including flooding, landslides, debris flows, seismic activity, coastal erosion, tsunami and storm surge.</p> <p>These natural hazards events have the potential to cause significant impacts to our communities, dwellings, economic and infrastructure (including that owned and managed by ORC). There is a long history of natural hazards impacts in the region, ranging from relatively high likelihood, regular events, such as flooding, landslide or debris flow. However, there are also a number of potential lower likelihood, high impact hazard types which have not occurred in the historical period (e.g. a severe earthquake causing severe liquefaction, or a major lake tsunami).</p> <p>Climate change is also changing environmental factors such as precipitation, wind patterns and sea level. These in turn will impact on the scale, severity and frequency of natural hazards events. Additionally, the levels of natural hazards exposure and risk within the region will also increase as a consequence of any changes in settlement trends (e.g. intensification or new development) in areas exposed to potential natural hazard impacts.</p>

Causes/Consequences
<p>Causes:</p> <ul style="list-style-type: none"> - Inadequate identification/assessment of natural hazard risks in the region, resulting in the occurrence of an unanticipated hazard event occurs, which had not been adequately planned for. - An inadequate preparation/response to previously identified natural hazards events, or not being prepared to manage identified natural hazard risks. <p>Consequences:</p> <p>The consequences if this risk occurred may include:</p> <ul style="list-style-type: none"> - Lack of confidence in Otago Regional Council. - Disruption and loss to communities, including loss of property and life, and impact on community welfare. - Damage to critical assets (power, telecommunications, transport, and other lifeline infrastructure such as water and wastewater services). - High and unplanned expenditure.

RISK PREVENTIONS	EXISTING CONTROLS	ASSESSMENT OF CONTROLS	RISK IMPROVEMENT PLAN
A spatial understanding of areas exposed to potential natural hazards impacts across the Otago region.	Managed through projects to identify and map natural hazards extents, e.g. regional-scale hazards mapping for flooding, seismic, coastal, and slope stability hazard.	Partially effective.	Regional-scale natural hazards exposure and risk analysis project (aiming for completion in early 2025), and the following region-wide natural hazards prioritisation exercise. Keep up to date with new/recent national-scale hazards projects/datasets where findings may be relevant to Otago (e.g. NZSeaRise, coastal change mapping, AF8, revised climate change projections etc). Maintain/revise regional-scale hazards mapping datasets as required, and carry out new natural hazards data collection or investigations where we have identified information gaps or poor understanding in regional-scale hazards mapping/understanding.
Flood preparedness, response and planning.	Collaborative approach to flood response across ORC teams – Environmental Monitoring, Engineering, Natural Hazards and CDEM. Ongoing improvements in flood response preparedness and alignment with best practice through, for example, involvement in National Flood Warning Steering Group.	Partially effective.	Flood warning improvement programme, with proposed scope items including: <ul style="list-style-type: none">- Revision/improvement of existing ORC flood forecasts models, or development of new models- Revised approaches to communicating flood warning information to the public- Review and update of the ORC flood procedures manual- Rapid flood hazard assessments for areas with no existing flood hazard modelling information Consider learnings in flood warning/preparedness which have been gained from flood events elsewhere in the country (e.g. Cyclone Gabrielle enquiries) and locally (e.g. post-event review of the October 2024 coastal Otago flooding event). Where LiDAR-derived topographic information is not yet available, the collection of LiDAR data will be invaluable in enabling completion of flood hazard assessments and mapping.
Natural hazard and risk understanding to inform planning and preparedness for natural hazards events	Natural hazard and/or risk assessments are completed for specific project area locations. These assessments may be used to inform ORC Engineering planning/response (e.g. scheme performance assessments), and will include consideration of super-design events. These also inform CDEM planning/preparation activities through an understanding of event characteristics, possible hazards extents, severity and potential impacts.	Partially effective.	Continued undertaking of natural hazard and/or risk assessments for specific project area locations identified as higher priority. Incorporation of natural hazards risks and impacts into key functions across ORC, such as Engineering and CDEM to have preparedness and knowledge on the extent of impacts. Ensure alignment with the direction of new legislation relating to natural hazards assessments and analysis of risk levels, particularly the proposed National Direction for Natural Hazards. Where LiDAR-derived topographic information is not yet available, the collection of LiDAR data will be invaluable in enabling completion of detailed flood hazard, geomorphic, or slope stability assessments.

<i>RISK PREVENTIONS</i>	<i>EXISTING CONTROLS</i>	<i>ASSESSMENT OF CONTROLS</i>	<i>RISK IMPROVEMENT PLAN</i>
Thorough natural hazard and risk understanding to inform spatial planning	Engagement within ORC and with Territorial authorities regarding consideration of natural hazards in landuse planning (e.g. DCC 2GP, QLDC for Te Tapuae Southern Corridor, CODC for Teviot Valley spatial plan).	Partially effective.	Continued engagement, collaboration and strengthening of relationships with TA's regarding consideration of Natural Hazards issues in landuse planning.
Understanding of climate change effects and impacts for the region	Development of future climate projections for the Otago region, and completion of the Otago Climate Change Risk Assessment (OCCRA). The ORC Strategic Climate Action Plan (SCAP) is currently out for consultation, and will be presented to council by EOY 2024. Consideration of climate change and sea level rise effects in natural hazards and risk assessments (e.g for flood hazard and coastal hazards assessments). ORC involvement in climate adaptation groups at local (Otago Climate Officers Group, OCOG) and nationally (Aotearoa Climate Adaptation Network, ACAN).	Partially effective.	Utilise the newly released national climate change projection dataset, which updates from those projections completed for ORC in 2019. Continue to include consideration of climate change and sea level rise effects in natural hazards and risk assessments
Availability and communication of natural hazards and risk information to improve awareness among Otago communities, Territorial Authorities and other stakeholders	Make natural hazards information public through the ORC Natural Hazards Portal. Provide copies of all newly completed natural hazards investigation reports/data to the relevant territorial authorities. Natural Hazards information to be included within Land Information Memorandum (LIM) reports. Adaptation and engagement specialists embedded within the ORC Natural Hazards team.	Partially effective.	Inclusion of 'plain language' summary information to accompany any detailed/complex technical reports where findings can be challenging to understand for a lay audience.

Related Strategic Risks: (9) Climate Change, (11) Business Disruption, (12) Infrastructure Resilience

9.4. CS2453 Rates Strike Corrections 2024/25

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2453
Activity:	Governance Report
Author:	Sarah Munro, Manager Finance - Reporting
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	5 December 2024

PURPOSE

- [1] The purpose of this paper is to outline the cause of two errors in the rates strike for the 2024-25 rating period.

EXECUTIVE SUMMARY

- [2] Two errors occurred in the striking of rates for 2024-25. Both related to incorrect rate types being applied in the rates database and as a result the rates amounts recorded in the rates database for these rate units was incorrect for two rate types. The two errors applied to different groups of ratepayers, one being 972 ratepayers with contiguous properties in the Waitaki District and the other being 13,789 ratepayers in the Dunedin area who were added to the Leith Indirect rating area.
- [3] Both errors were due to a combination of human error, system issues, the nature of the rates changes being made, and the complexity involved in the rates setting and rates strike process in general.
- [4] The error with the Oamaru Public Transport rate was primarily due to human error. Marking properties as contiguous for the new rate did not occur in the database when the new rate was added for the final rates strike. Marking properties as contiguous is done manually and for the Waitaki district this process has been completed prior to the new rate being added.
- [5] The error with the Leith indirect rate type occurred when the new rate types were added to the rates database for striking rates. New rate types are imported via a spreadsheet upload process. As the Leith Indirect was already an existing rate type it's unclear whether the error was due to the upload not including those properties or the system terminating during the upload process. Staff believe the later occurred but that can't be verified. As the rate type already existed it was not immediately obvious the new properties weren't updated.

- [6] Once struck both errors were also not obvious as the dollar amounts were relatively small. The Oamaru PT rate added \$5,297 (including GST) and the Leith Indirect was under rated \$219,972. The net rate shortfall was \$214,675 which was 0.29% of the total amount rated of \$74,709,583. This meant the total amount rated was in line with the expected amount noting the actual rates strike will always differ from the rates resolution amount due to valuation movements.
- [7] This paper outlines the steps required to maintain Council's rating database and strike rates, and how a failure in a manual process during rate type importing resulted in this error.
- [8] Areas for improvements have been identified, including the replacement of the rating system.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes this report.**

DISCUSSION

Rates System Replacement

- [9] Over recent years issues have been experienced with the rates system including the time taken and reliability during the rates strike process. Staff investigated upgrading to the latest version of the rates system in February 2024 however in testing it was found that the latest version did not provide any functional improvements and was slower to perform processing functions than the current version. Feedback from other Councils who had implemented this version upgrade confirmed these testing results. It was decided not to upgrade the version at that time and to consider whether moving to another rating system would be a better long-term option.
- [10] Council completed the implementation to a new general ledger financial system on 1 July 2024. Implementing the rating module was considered in scoping this finance system replacement, however due to the tight timeframes of the project (to be implemented within 6 months before 30 June 2024), it was not progressed. It is planned that the rates system will be replaced for the 2025-26 rating year although this timing needs to be confirmed.
- [11] Finance staff mitigated the risk of not replacing the rating system by implementing IBIS rates modelling, which was used for the calculation of modelling for the 2024-34 LTP and 2024-25 rates resolution.

How is the rating position in the database maintained?

- [12] The following is required to maintain the system to create a rating base to strike rates:
- a. On a monthly basis Quotable Value (Otago valuer) sends an updated file including amalgamations, subdivisions, change in property valuations and descriptions and changes in property owners. This file is manually uploaded into the system and is reconciled back to QV to ensure that all changes have been made accurately.
 - b. Once the changes to the rating database have been imported, new rate types must be manually imported for new or changed rates assessments. This involves manually identifying what rate types need to be added and these are then imported into the rates system. It is difficult to obtain information from the system with all reports being in PDF or TXT file format and complicated queries being required to be run off the raw SQL database to provide which assessments require manual maintenance.
 - c. Local Territorial Authorities supply ORC with properties that are contiguous (this is done under our valuation agreements with the district and city Council). ORC reviews these properties to ensure that contiguous properties are treated in line with the Local Government (Rating) Act 2002 and fairly across all territories in Otago. Based on the assessment of contiguous status, fixed rate types are then manually removed from individual properties which are contiguous or applied to properties that are no longer contiguous.

How are rates struck?

- [13] To strike rates multiple functions are required to be performed in the rates system. These take between 3 – 4 hours to run each and are required to be run in order. Due to the tight time deadlines of producing the rates notice file for print, there is often a bottleneck caused by the system when striking rates to ensure the file is completed on time. The steps involved are:
- a. Generate rateable values to pick up the changes from the QV file in rating values on properties.
 - b. Update the generated rateable values that have been made in step one above.
 - c. Perform a rates prediction which is a copy of the rates that will be struck by the system. This is reconciled to the rates resolution.
 - d. Perform the rates strike to charge each property the individual rate types.
 - e. Prepare a rates notice file in excel to send to the print house so that rates notices can be printed.

How did the Oamaru public transport rate error occur?

- [14] The Oamaru Public Transport targeted fixed rate was incorrectly charged to contiguous properties in the Waitaki district. This error was caused by human error due to the order of the contiguous property review and adding the new rate type.
- [15] All prior year rate types were imported onto Waitaki district properties and then a manual review of contiguous properties was performed to ensure that properties that were contiguous did not have fixed charges applied and properties that were no longer contiguous had fixed charges applied that would not have been applied in prior years.
- [16] This review was done before the new Oamaru Public Transport targeted rate was imported which meant that it was not removed from contiguous properties and the manual contiguous property review was not repeated for this rate type.

How did the Leith indirect rate omission error occur?

- [17] The Leith Indirect rate not being expanded to the entire Dunedin district occurred because the rate type was not correctly imported onto the new properties in the rates database. We are not able to determine if the rate type import file did not import and terminated or if it was incorrectly missed from the rate type import file (this is a manual process).
- [18] The rates system regularly terminates import files which is one of the major reasons why a replacement system is being considered. A notification email is meant to be sent from the system when this occurs however that doesn't always occur. In most cases terminated uploads are easy to identify however this was not the case with this rate type as it already existed.
- [19] A reconciliation of the rates prediction and rates strike file was made to the rates resolution which included:
 - a. The rate in dollar for each rate type was reviewed and checked against the rates resolution.
 - b. A review to check each rate type had been charged (and those no longer being charged have not been charged) was made. For the 2024-25 there were multiple new rate types which were checked in detail to ensure the system had correctly charged the properties.
 - c. A review was made of fixed charges to check that all properties had been charged or had removed fixed charges as part of the contiguous property adjustments.
 - d. A review of the rates collected against the rates resolution is made to ensure that the correct rates were struck and will be collected. There is always movement from the exact rates figure to be collected in the rates resolution and the actual rates strike due to movements in property valuations which are included in the May and June QV files. Legislation requires that the rates resolution is prepared before 30 June, so it is not possible to prepare the rates resolution on the 1 July rates strike database. The Leith Indirect rate error was 0.3% of the total 2024-25 rates strike

collection and was not identified during this review as the difference was incorrectly identified to be likely caused by the movement in the rating base from the rates resolution and rates strike.

- [20] Due to time constraints a detailed dollar reconciliation was not performed until September month end when the error in the Leith indirect rate was identified.

Why did the error not occur in the LTP or rates resolution?

- [21] In addition to the rates system ORC also uses IBIS rates for rates modelling. This system reads data from rates system and can group properties with certain characteristic to model and calculate the rate in the dollar for properties. This system was used for the rates estimator website and rates resolution calculation. Both of these rate types were recorded correctly in the IBIS system and the error in rates was limited to the actual rating database and did not affect the rates resolution calculation.
- [22] The proposed new rate types were not imported into the rates system before the LTP was adopted, due to the system not being able to remove these rate types if it was decided by Council as part of the LTP adoption that the proposals would not proceed. Rate type changes for the 2024-25 year were only imported into the rates system once confirmed in the rates resolution and adoption of 2024-34 LTP.
- [23] A review of the rates strike using the IBIS rates system was not performed before the rates notices were distributed, due to time restrictions, as this function takes significant time. It takes considerable time to sync the rates system to the rates modelling system before the reconciliation can be completed.

What will be done in the future to ensure this does not occur again?

- [24] The rating system is proposed to be upgraded in 2025. Moving to a new rating system will provide additional reporting and a reduction in manual processes which is expected to reduce the likelihood of an error like this occurring. This change in rating system will also make it possible to quickly sync to the rates modelling system and ensure a review of the rates strike against the predicted position identifying any potential future errors before the rates notices are distributed.
- [25] The structure of the rates team has also been reviewed and a new Revenue Team lead role has been introduced to provide additional oversight over the rates strike process and separate processes allowing for increased review before the rates notices are finalised and distributed.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [26] No considerations.

Financial Considerations

- [27] The replacement of the rating system is included in the budget for the 2024-25 period.

Significance and Engagement

[28] No considerations.

Legislative and Risk Considerations

[29] No considerations.

Climate Change Considerations

[30] No considerations.

Communications Considerations

[31] No considerations.

NEXT STEPS

[32] Staff are in the process of scoping the requirements for the replacement of the rates system. The rates system is planned to be replaced in 2025.

ATTACHMENTS

Nil

9.5. CS2452 Safety and Wellbeing

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2452
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:	5 December 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 continues to strengthen its health, safety, and wellbeing initiatives. We've updated the Worker Engagement and Participation Procedure to better incorporate staff input and successfully delivered a trespass refresher training with the Legal team to enhance safety in challenging situations. Registrations for critical risk focus groups are now open as part of the Bow-Tie analysis project, encouraging active staff involvement.
- [3] Key projects also include the development of a Drug and Alcohol Policy, updates to first aid guidelines, and a review of the Lone, Remote, and Isolated Worker Policy to ensure comprehensive risk management across ORC. Details on ORC's management and monitoring of safe speeds is provided in the attached 'ORC Vehicle Speed Management Overview' report.
- [4] ORC continues to strengthen its people and culture practices through implementation of the People Strategy, partnering with people leaders and maintaining day to day service delivery. Most notably, we have published a new Rostering & Availability Policy and assisted managers to interpret the employee engagement survey results for their team.

RECOMMENDATION

That the Audit and Risk Subcommittee:

- a) **Notes this report.**

HEALTH, SAFETY AND WELLBEING

Health, Safety and Wellbeing Plan 2024 – 2027

- [5] 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*'.
- [6] Quarter two achievements (to 11 November) included:

- **Worker Engagement and Participation Procedure redevelopment:** Updated to enhance worker engagement in health, safety & wellbeing to ensure their voices are heard and integrated into decision making processes.
- **Trespass refresher training completed:** This refresher training was delivered in partnership with the Legal team and aimed to refresh staff knowledge on how and when a trespass could be issued, and how to keep yourself safe in elevated situations.
- **Critical risk focus group registrations opened:** As part of the bow tie analysis project, registrations for critical risk focus groups are open. With 30 registrations across our 9 critical risks, this initiative encourages staff to actively engage with critical risk management.
- **Health and Safety Representation (HSR) position description review completed:** the review of the HSR position description enhances role clarity, aligning it with current priorities. This helps improve HSR engagement by highlighting the benefits of holding the position, such as the opportunity to influence safety outcomes.

[7] Key projects and initiatives underway include:

- **Drug and Alcohol Policy development:** We have presented to ELT, H&S Committee and PSA union 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 for managing the safety of workers operating alone or in remote and isolated environments have been revised to better address their specific risks and needs, consultation gathered valuable feedback and generated strong engagement.
- **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.
- **Incident management procedure:** this procedure aims to mature incident management at ORC through refining equip ORC staff with clear incident reporting and management expectations; from notification timeframes to investigation timeframes methods.
- **Wellbeing programme & policy:** The team are working through the re-development of the wellbeing policy & development of the annual wellbeing programme. The wellbeing programme is currently open for consultation.

- Health, Safety & Wellbeing Performance Indicators:** This project aims to refine and establish where appropriate new health, safety, and wellbeing performance indicators (lead and lag) to measure success, progress, and improvement areas. This will be undertaken alongside health and safety representatives and the Executive Leadership Team. The new performance indicators will be reflected in this report in 2025.

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	<p>Contractor Safety Framework is currently under review.</p> <p>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. The drafting of the new policy is underway, this is based on the information and feedback gathered from working groups.</p> <p>Contractor review is underway across all ORC contractors.</p>	2024/2025 financial year	No change to risk level
Vehicles	Moderate	<p>Alcohol and drug policy to be developed over the next 6 months.</p> <p>A new fleet management system ‘E-Road’ was implemented in April 2024. 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. The overspeed report has been adjusted to reflect additional E-Road capabilities and enhance management of overspeed events. Guidance for having conversations about overspeed events has also been developed and is shared with managers alongside the speed reports. No vehicle related incidents have been related to speed. Refer to Attachment 1: ‘ORC Vehicle Speed Management Overview’ for more information about how we are monitoring and managing speed.</p> <p>Work is currently underway to develop training and procedures for roadside</p>	2024/2025 financial year	No change to risk level

		<p>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	Moderate	<p>Lone Worker Safety Management – System Guide is under development; this is to replace the current Lone, Remote and Isolated Working Policy</p> <p>Consultation on the revised Lone, Remote and Isolated (LRI) Worker Policy has been completed. The HSW team are now working through reviewing feedback.</p> <p>The Lone Worker policy has been adjusted following consultation; alongside this the current lone worker system 'TrackMe' and connected devices (Garmin InReachs) were reviewed to ensure they are still fit for purpose alongside IT and people leaders. A team risk assessment engagement tool has been developed to use alongside teams to consider their LRI risks, and how to apply controls.</p> <p>ORC currently has 40 In-Reach devices, and 4 users using an app version which are used by various teams; following the completion of the policy review use of this system is expected to increase to ensure that LRI risks are appropriately managed (for some device only and for others only use of the application).</p>	2024/2025 financial year	No change to risk level
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. Consultation of the lockdown procedure has been completed, the HSW team are currently working through feedback.</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 	2024/2025 financial year	No change to risk level

		field activities		
Fall from height or between levels	Moderate	Working from height project is completed.	N/A	No change to risk level
Mental Health	Moderate	Mental Health Strategy to be developed The 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.	2025/2026 financial year	No change to risk level
Hazardous Substances	Low	Recurring audit regime is in place The team have been working with the Whare Runaka project team to ensure appropriate controls are in place for the management of hazardous substances.	N/A	No change to risk level
Water Hazards	Low	Working around water guideline to be developed	2025/2026 financial year	No change to risk level

Red font above refers to changes since last report

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

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

Speed management

- [8] Ensuring safe driving speeds is a key part of ORC’s commitment to health, safety and wellbeing. To encourage safe driving behaviours and address instances of speeding, ORC has implemented various tools, processes, and policies.
- [9] The new fleet management system ‘E-Road’ offers enhanced features to positively reinforce desired behaviours and address areas of concern. Overspeed reporting through E-Road has improved transparency regarding speed exceedances and provided managers with better information to address overspeed events.
- [10] The ‘ORC Vehicle Speed Management Overview’ provides further details on how ORC monitors and manages speed, including information on overspeed events by severity. No vehicle related incidents have been attributed to speed for the year to date.

HEALTH AND SAFETY DASHBOARD ANALYSIS

Current State – 1 July 2024 - 11th November 2024

- [11] 93 health and safety incidents have been reported year to date (1st July – 11th November 2024). Of these, 37 were ORC-related and 56 related to contractors. 7 hazard reports have been reported; 6 ORC hazard reports and 1 contractor related.
- [12] The increase in reported contractor incidents is largely due to improvements in reporting practices, especially for transport-related issues. All incidents reported by members of the public are now captured, which has resulted in greater visibility of contractor-related incidents compared to those involving employees. This enhanced

reporting highlights the need to focus on contractor safety, particularly in transport activities, where most reported incidents now involve contractors.

*Refer to the Audit and Risk Incident and Near Miss Dashboard Quarter Two 24/25.

ORC Events – Quarter Two

[13] Between 1 October and 11 November 2024, six incidents and near misses involving ORC employees were reported. This marks a decrease from the same period last year (6 incidents compared to 12). The incidents include two instances of aggression from the public—one related to bus operations and the other related to rates. Additionally, there was one incident involving muscular or soft tissue stress due to non-work-related issues, one trip while walking on the street. Two near miss reports involving unsafe equipment, one related to a property fixture and one related to maintenance condition of motorbike.

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

- Violence, aggression, or abuse: Safety messaging developed and distributed organisation-wide to enhance safety and wellbeing during the rates season.
- Equipment failure/ unsafe equipment: Faulty latch has been replaced to ensure safe operation. Motorbike inspection and maintenance undertaken.
- Muscular or soft tissue stress/strain: Workstation assessments have been organised to address and prevent ergonomic stress or strain.

[15] One hazard report has been reported in quarter 2 to date (11 November); this report relating to lighting conditions within a staff office. Lighting has since been reviewed and adjusted.

Contractor/ consultant events – Quarter Two

[16] Between 1 October and 11 November 2024, there have been 13 contractor incidents, all related to bus operations. Of the bus-related incidents:

- Three involved aggression, or abuse.
 - a. Two incidents were directed to security personnel at the bus hub or onboard and included verbal abuse and antisocial behaviour directed at security personnel. The third incident was reported by a member of public and involved reported onboard aggression.
- One related to unsafe behaviour, where public reported antisocial behaviour aboard the bus.
- One incident involved a passenger experiencing a fall while a bus was in motion.
- Nine were vehicle-related, including five near misses and three incidents.
 - a. The near miss reports consisted of public reports of antisocial passenger behaviour and close calls with buses.
 - b. Incidents involved bus door malfunction, minor vehicle damage, and two reports of driving behaviour.

[17] Where investigations are completed, the following post incident controls and actions were taken:

- Violence, Aggression and Abuse: Police action and reporting, wellbeing checks and offering the employee assistance programme.
- Slip: The bus driver stopped to check on the passenger and offer assistance.
- Unsafe behaviour: Police action and reporting

- Vehicle related non-ORC: Public reports of close calls are reported and shared with bus operators for investigation. Other post incident actions have included bus door inspection and maintenance, insurance lodgement, incident de-brief and post incident support.

Legislative Compliance

- [18] Our obligations under the Health & Safety at Work Act were reviewed via the legislative compliance survey (ComplyWith) in November, 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.
- [19] 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.
- [20] 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. The lockdown procedure has gone through staff consultation and had strong staff engagement, the Health, Safety and Wellbeing team are currently working through consultation feedback.

Worker Participation & Engagement

- [21] The Health and Safety Committee continues to meet quarterly to discuss any risk areas and ideas for improvement. The fourth Health and Safety Committee meeting of the year is to take place in November, some of the key agenda items are to include:
 - Wellbeing programme
 - Lockdown procedure
 - HSR coverage (new reps)
 - Recent Worksafe notifications relevant to ORC

Training and Development

- [22] 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.

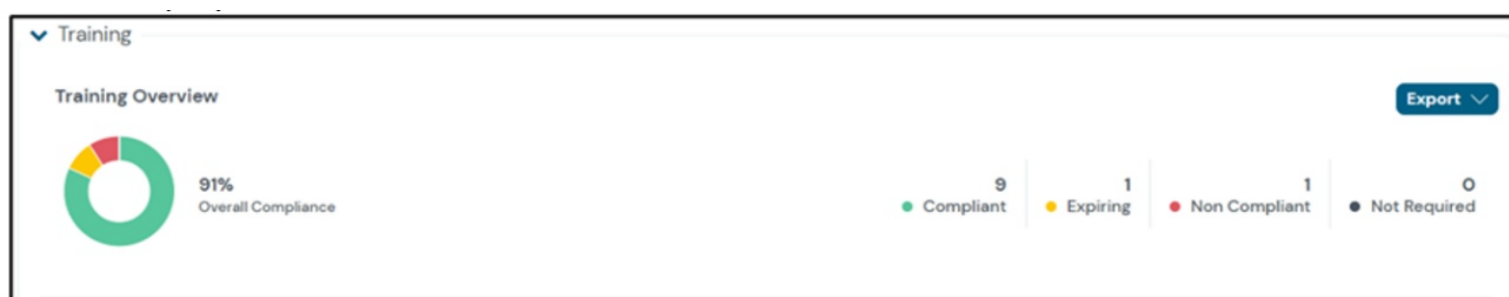


Figure 2: Individual Employee Safety Training Overview Dashboard

[23] 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.

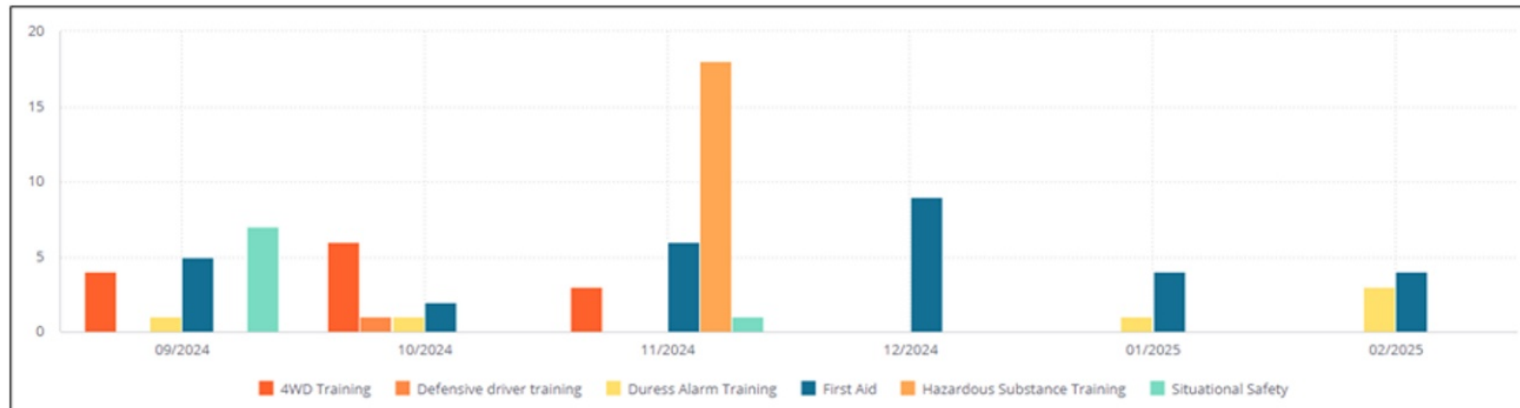


Figure 3: Safety Training Due in next 6 months by Course Name

[24] 31 staff have completed safety training course(s) within quarter two to date (11 November), consisting of situational safety (18), de-escalation refresher (9), first aid (3), defensive driver (1) and Health, Safety & Wellbeing Induction (7) (figure 4). Training completed reflects requirements as identified within individual training needs analyses.

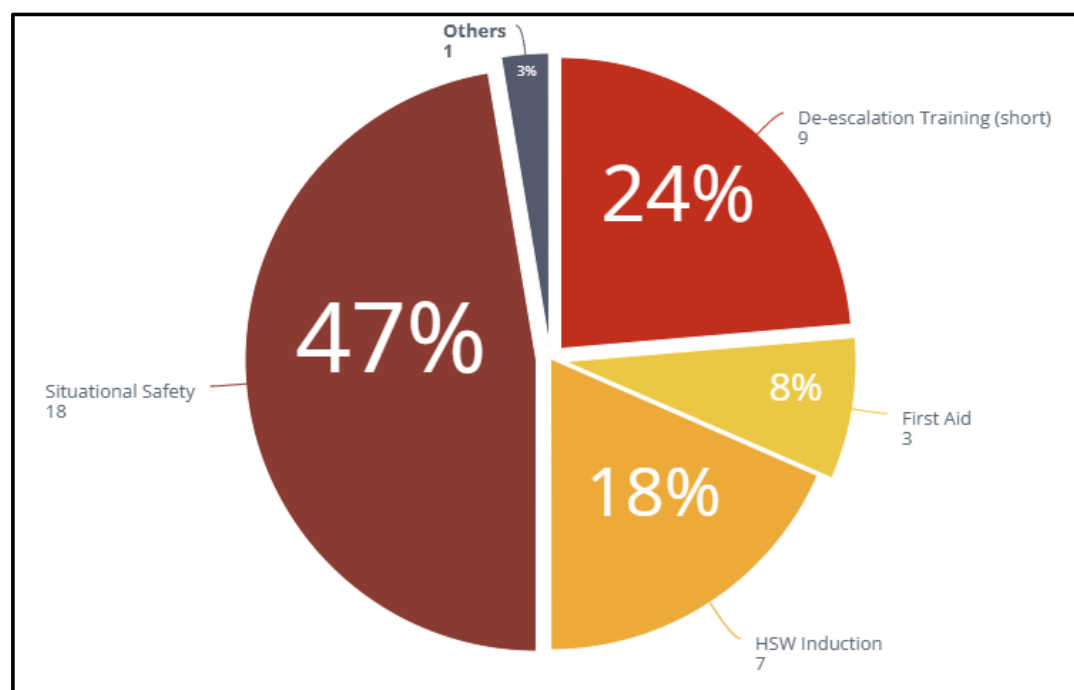


Figure 4: Completed Safety Training Quarter 2 to date (8th November)

Wellbeing

[25] 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.

[26] 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. The Wellbeing programme has been drafted and is currently going through early consultation with Health and Safety Representatives, it is due to be discussed at the next Health and Safety Committee Meeting.

PEOPLE AND CULTURE

People Strategy 2024 – 2027

- [27] The People Strategy 2024-2027 aims to support a high performing workforce, positive and inclusive culture and position ORC as an employer of choice. Aligned to this strategy, progress in delivering the 12 month action plan for 2024/2025 is on track.
- [28] Quarter 2 achievements (to date 11 November) included:
- The **Rostering and Availability Policy** was published following staff consultation and further input from the Rostering Working group and the PSA. This policy outlines entitlements for on-call, after hours and response work and also procedures for roster establishment and managing fatigue.
 - **Engagement survey results** were circulated, with managers given results for their teams in a format that recommended particular focus areas for improvement. Once focus areas were selected, suggested actions were then available to support this. A summary of the results are provided in attachment 4.
 - Reviewed and updated our **change management guidelines, tools and templates** to support effective staff consultation processes with a particular lens of going beyond legal compliance and doing the people aspects well.
 - We have embedded and strengthened our new **Job Evaluation Committee process** which was introduced this year to ensure a robust process for determining pay grades for each position at the ORC.
 - The **ComplyWith Survey** was completed in November and found no areas of non-compliance in relation to employment obligations and only one area of partial compliance.
- [29] Key projects and initiatives in progress include:
- **Learning Framework** – we have developed a Learning Framework to guide learning and development activity at ORC and help ORC to become a learning organisation. Final design elements are expected to be completed soon.
 - **Embedding ORC's New Values** – The Code of Conduct is currently being reviewed to align with the new values; the staff awards process has been undertaken using the new values – winners will be announced at the all staff day later this month; values post-cards are also being rolled out to positively reinforce our new values on an ongoing basis and ensure staff feel valued and appreciated.
 - **HRIS Project** seeks to invest in a cloud-based, integrated Human Resources Information System (HRIS) that can automate and streamline our processes creating an improved user experience, unlocking efficiency gains and providing a single source of truth for our employee data.
 - **Recruitment & Onboarding Project** – this project seeks to improve the setup and use of Snaphire, our recruitment system and to enhance our recruitment and onboarding processes ensuring they are fit for purpose and consistently applied for best outcomes.
 - Once introduced later this month, the **Recognition of Service Policy** will formally recognise and reward staff for their service and contribution to ORC, supporting staff engagement and retention.
 - **Training for People Leaders on Having Impactful One to One Catch ups** – this interactive internal training is scheduled over the next four weeks and intended to

give our people leaders the knowledge and tools to have positive and effective 1:1s that add value for both them and their employees.

Human Resources Dashboard Reporting

- [30] Workforce snapshot information
 - 361 total staff (headcount), 337 permanent / 24 fixed term
 - FTE of 350.5 (as at 25/10/2024)
 - 20 current vacancies as at 11/11/2024
 - Average tenure is 4.4 years
 - Average annual leave balance, 18.8 days
 - Average sick leave taken, 5.8 days (last 12 months)
 - Annual staff turnover of 11.8% (for the 12 months to 31 August 2024, excluding fixed term terminations)

- [31] Workforce mobility – Q1 2024/25
 - Four Internal sideways moves
 - Four internal promotions/upwards moves
 - One internal secondment commenced

- [32] Recruitment snapshot – Q1 2024/25
 - Roles that have been advertised: 23
 - Roles successfully filled: 30
 - 493 job applications received, an average of 21.4 applications per role

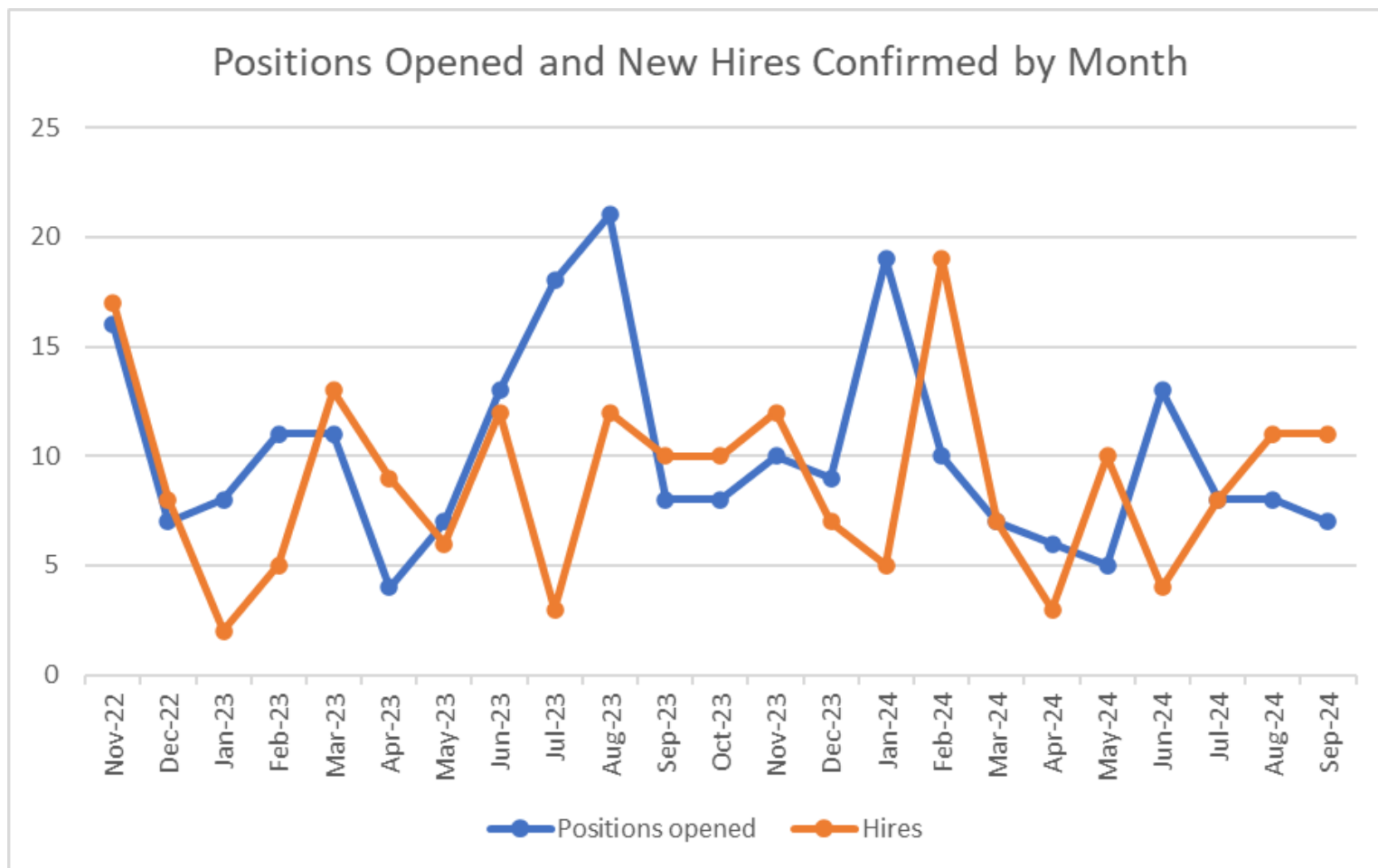


Figure 4: Monthly number of positions opened and new hires from November 2022 to June 2024

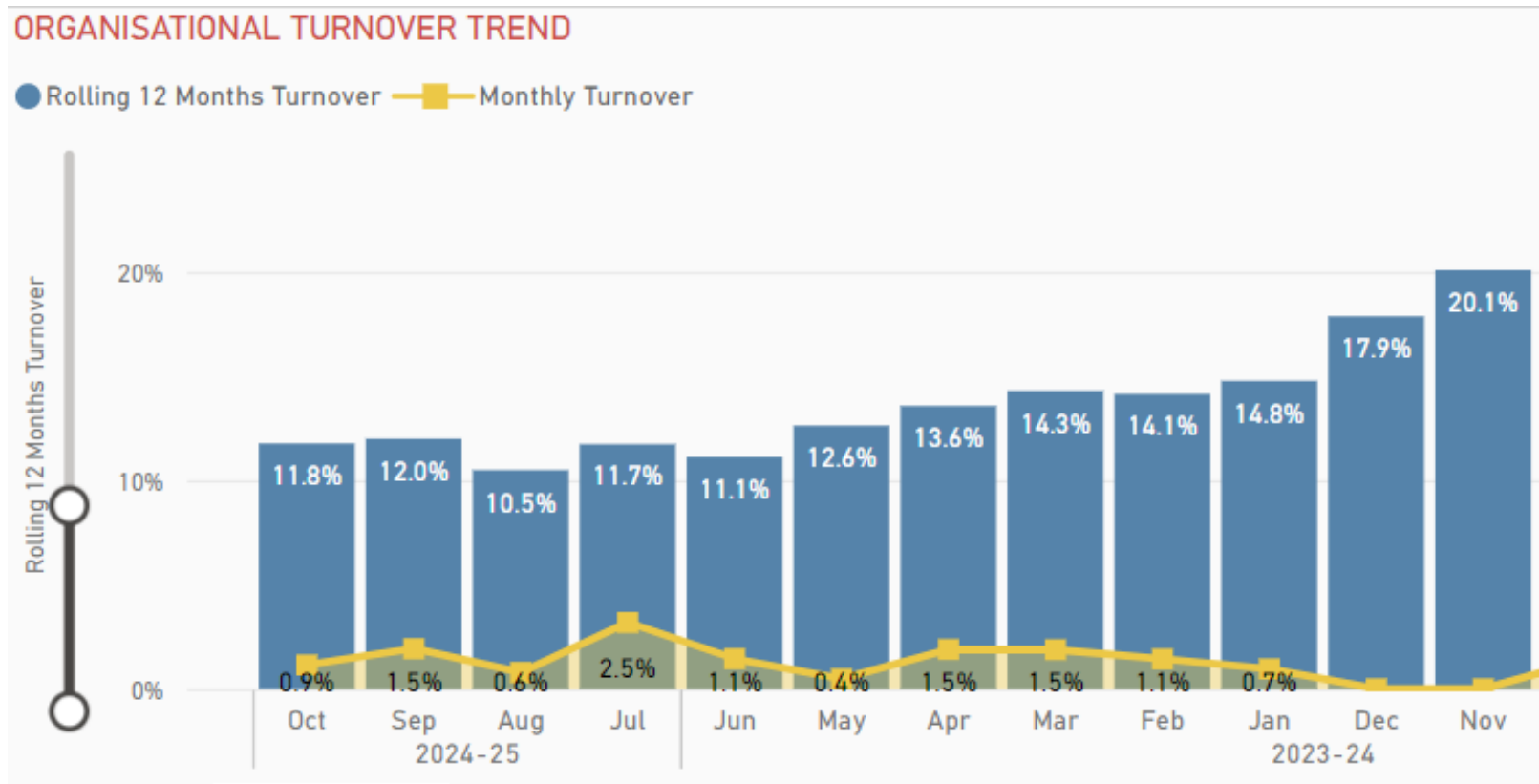


Figure 5: Staff Turnover Trend over the last 12 months
(Please note the graph reads from current month backwards)

[33] FTE report

Otago Regional Council 24/25 FTE Report as at pay period ending 25/10/2024
Report generated on 11 November 2024 at 10:20:25 AM

Directorate	Homebase Desc	Staff Name	Position Description	Employee Status	Location	FTE	Headcount	Bgt FTE
☑ Chief Executive						2.0	2.0	2.0
☑ Environmental Delivery						111.2	117.0	112.0
☑ Finance						23.3	24.0	23.5
☑ People & Corporate						41.4	42.0	42.6
☑ Regional Planning & Transport						31.9	32.0	35.3
☑ Science & Resilience						104.3	106.0	102.8
☑ Strategy & Customer						36.4	38.0	41.1
Total						350.5	361.0	359.3

Figure 6: FTE Report as at 25/10/2024

CONSIDERATIONS

Strategic Framework and Policy Considerations

[34] Nil.

Financial Considerations

[35] Nil.

Significance and Engagement

[36] Nil.

Legislative and Risk Considerations

[37] Nil.

Climate Change Considerations

[38] Nil.

Communications Considerations

[39] Nil.

ATTACHMENTS

1. ORC Vehicle Speed Management Overview [9.5.1 - 2 pages]
2. AR dashboard Q 2 2425 [9.5.2 - 3 pages]
3. HSW Critical Risks Profiles as of 11 November 2024 [9.5.3 - 7 pages]
4. Employee Engagement Survey Results 2024 - Summary for Audit & Risk [9.5.4 - 9 pages]

ORC Vehicle Speed Management Overview

Author: Gina Watts, Team Leader Health Safety and Wellbeing

Overview

Ensuring safe driving speeds is a key part of ORC's commitment to health, safety, and wellbeing and an important control for one of ORC's critical risks - vehicles. To effectively manage vehicle speeds, we have implemented a range of tools, processes, and policies designed to encourage safe driving behaviours and address instances of speeding and other risky driving actions.

E-Road Fleet Management System

In April, the E-Road fleet management system was introduced, which provides advanced monitoring and feedback tools. One of its key features is the in-vehicle "Drive Buddy," which offers real-time visual feedback to help drivers avoid speeding, harsh braking, sharp cornering, and unnecessary engine idling. This system encourages drivers to maintain safe and efficient driving habits, supporting our ongoing focus on safety.

Collaboration to Enhance Vehicle Procedures

The Health, Safety and Wellbeing team is working closely with Support Services to refine vehicle procedures, aiming to positively reinforce safe driving behaviours and address areas of concern. Through this collaboration, we are working to build a culture of safety-first driving within the organisation.

Current Overspeed Monitoring and Management

From 1st October, speed reports transitioned from a weekly report to a monthly report, which is now distributed to all managers. The weekly report had previously been shared with the ELT for further distribution within their teams. With the shift to a monthly report, managers receive a more comprehensive overview of overspeed events, allowing them to take proactive measures and address any concerns in a timely manner. Following the receipt of the report, managers engage directly with their teams to discuss overspeed occurrences, ensuring that drivers understand the implications of speeding and are supported in improving their driving behaviours.

Enhanced Speed Reporting

A new overspeed dashboard has now been developed and is in early operation. This dashboard categorises and displays overspeed events each month and also provides a historic overview of any overspeed incidents. It breaks down overspeed events into three severity levels: 0-10 km/h over the limit, 11-20 km/h over the limit, and greater than 21 km/h over the limit. This gives us a clearer picture of trends over time, while also providing an overall summary of all overspeed events. This comprehensive data enables us to identify areas for improvement and target action more effectively.

Guidelines for Staff Conversations

Guidelines for managers on how to approach conversations with staff regarding over speeding have been developed to go alongside the new revised overspeed report. These guidelines are distributed alongside the monthly overspeed report, ensuring that managers have the necessary resources to engage in constructive, supportive conversations with their teams. These discussions are an opportunity to reinforce safe driving behaviours and offer support.

Importantly, conversations about over speeding can also help identify underlying factors that may have contributed to the incident. For example, drivers may be experiencing fatigue, time pressures, or other work-related stressors that led to the overspeed. Other factors may include navigating unfamiliar roads, inadequate planning for trips, or poor weather conditions that might have influenced driving speed. Identifying these root causes allows for a more holistic approach to managing over speeding, enabling managers to address both the immediate behaviour and any broader factors that contribute to unsafe driving practices. This leads to improved safety, wellbeing, and more effective interventions.

Policy Updates and Overspeed Actions

The updated vehicle policy will include specific actions related to over speeding, which will be aligned with the frequency and severity of overspeed events. This approach ensures that the responses to over speeding are proportionate to the level of risk and the recurrence of over speeding behaviour, providing a fair and consistent framework for addressing this issue.

Next Steps

Through continuous improvement and collaboration, ORC remains dedicated to enhancing vehicle safety and promoting responsible driving. Further updates on these initiatives will be shared as they develop.

Overspeed Related Data: 1st July 2024 – 20th November 2024

Number of Overspeed Events by Severity					Total fleet KMs driven for the period
	0-10 KMP Overspeed	11-20 KMP Overspeed	>21 KMP Overspeed	Total Overspeed	
April (partial month)	25	48	2	75	63 084 km
May	94	138	11	243	135 100 km
June	81	114	14	209	104 420 km
July	78	132	6	216	126 746 km
August	111	177	13	301	130 936 km
September	266	325	11	602	138 381 km
October	127	156	5	288	148 121km
November (until 20th)	59	72	4	135	96 033km

Audit and Risk Incident and Near Miss Report 11 Nov 2024 04:22:29 [Incident](#)

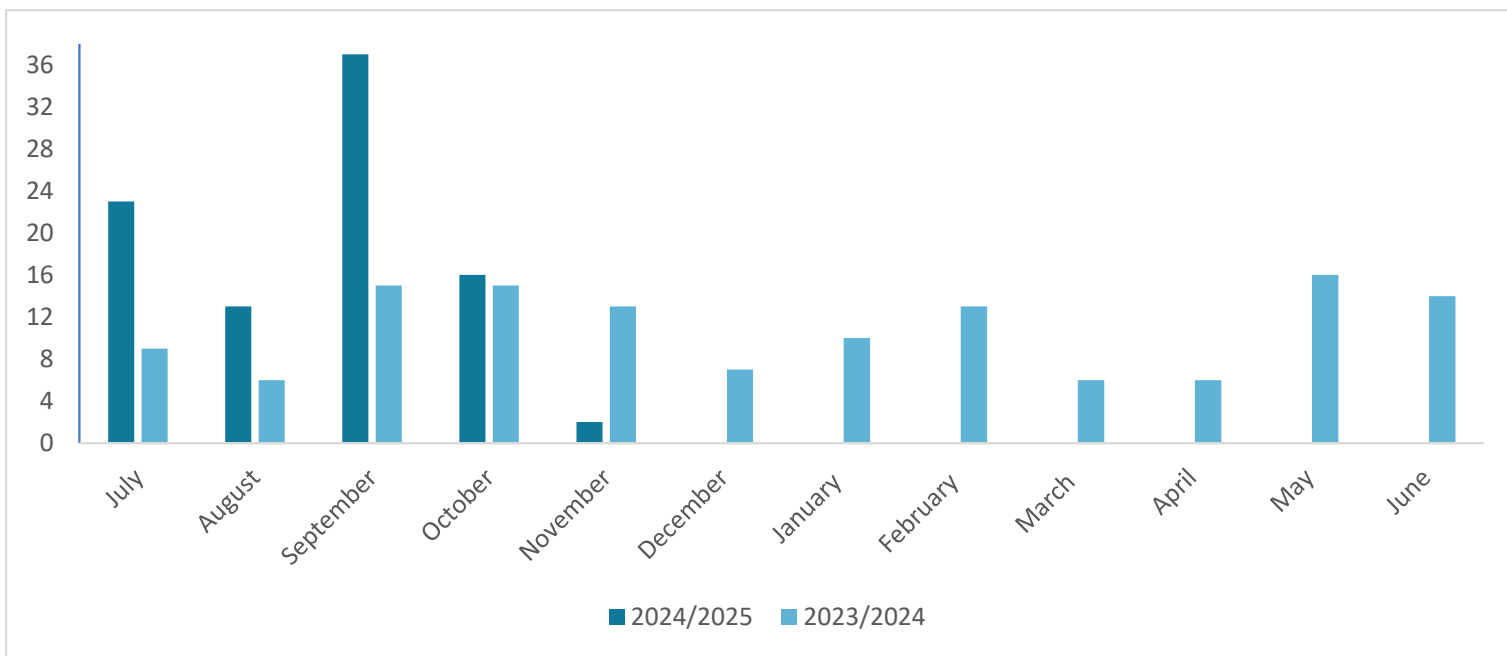
Filters **Incident Date** 01/10/2024 to 11/11/2024 | **TimeZone** New Zealand Standard Time

Incident / Near Miss Dashboard

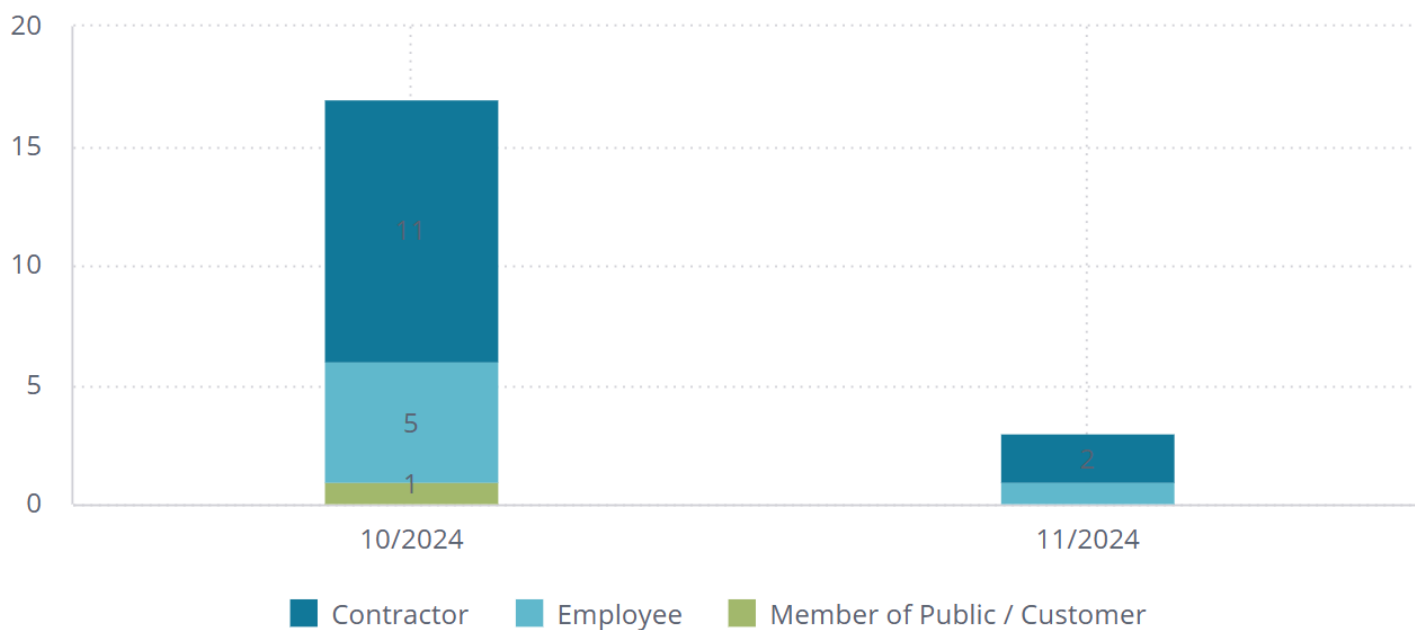
- See bottom of screen for a list of records.
- Click on a graph segment to filter the rest of the dashboard based on that selection.
- To see other data relating to a segment right-click and 'Drill' to the desired field.
 - Access other filters using the right-hand filters panel.
 - NOTE: counters may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

Number of records	ORC Incidents	Contractor Incidents
20	6	13

No. of Incidents by Month

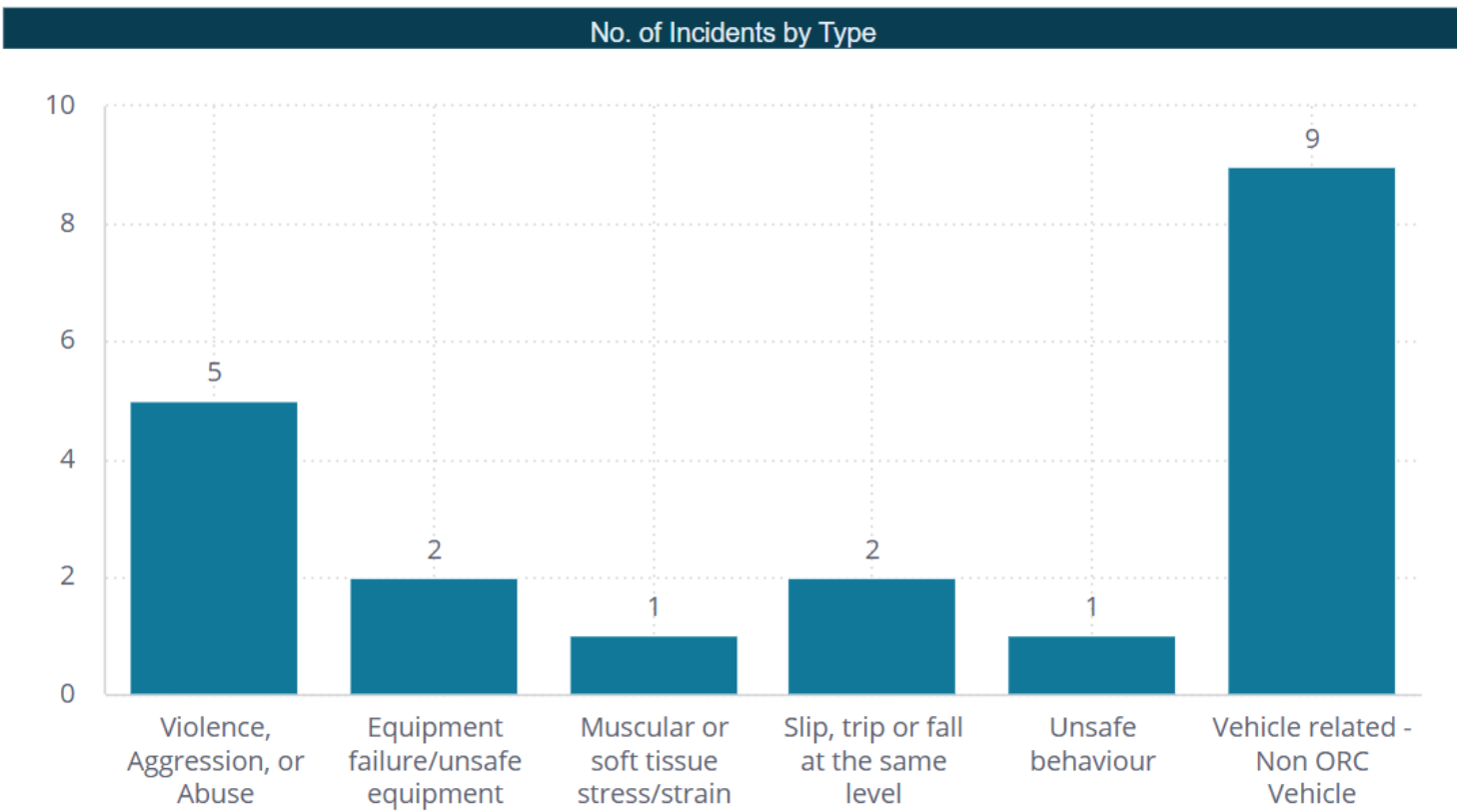
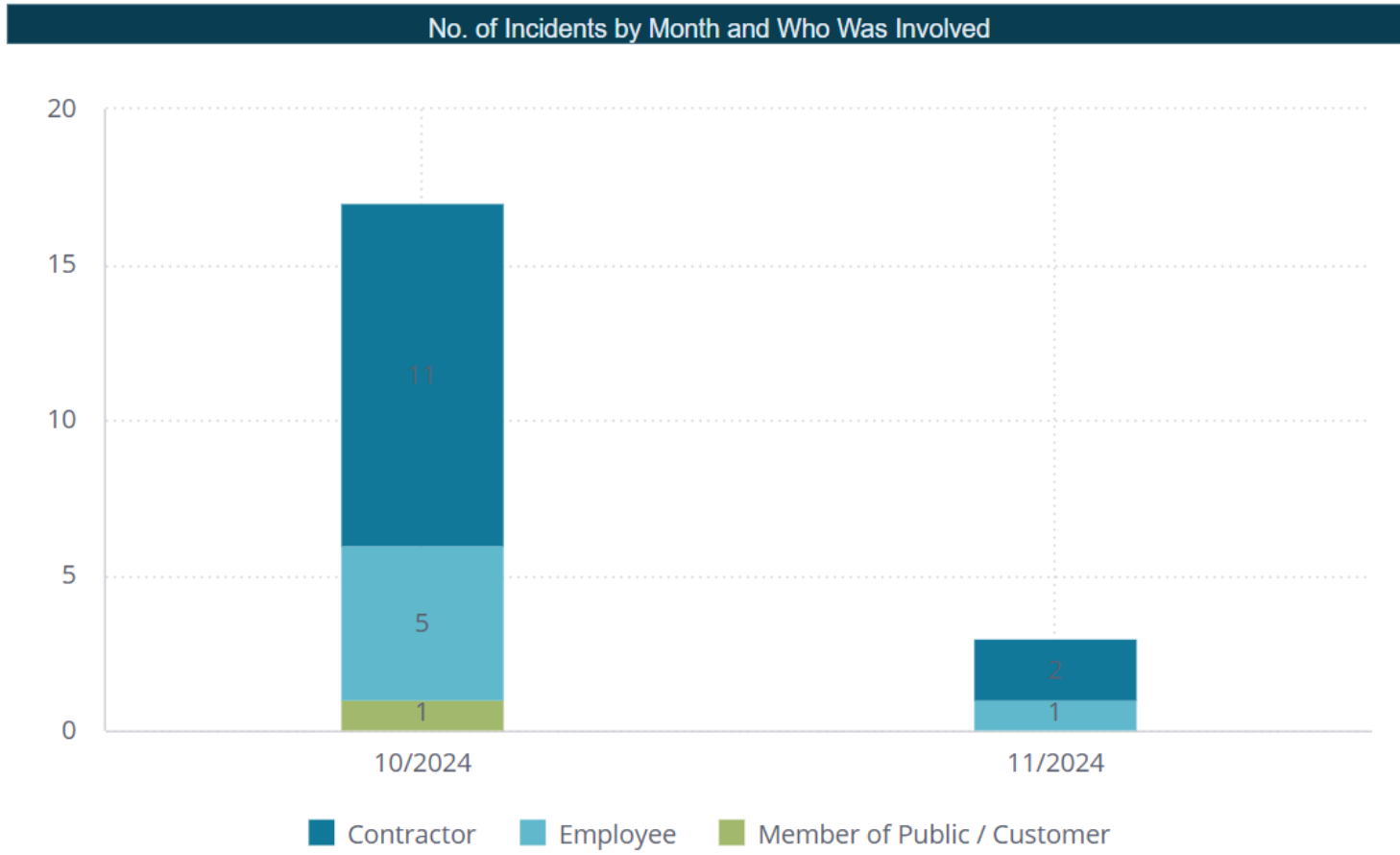


No. of Incidents by Month and Who Was Involved



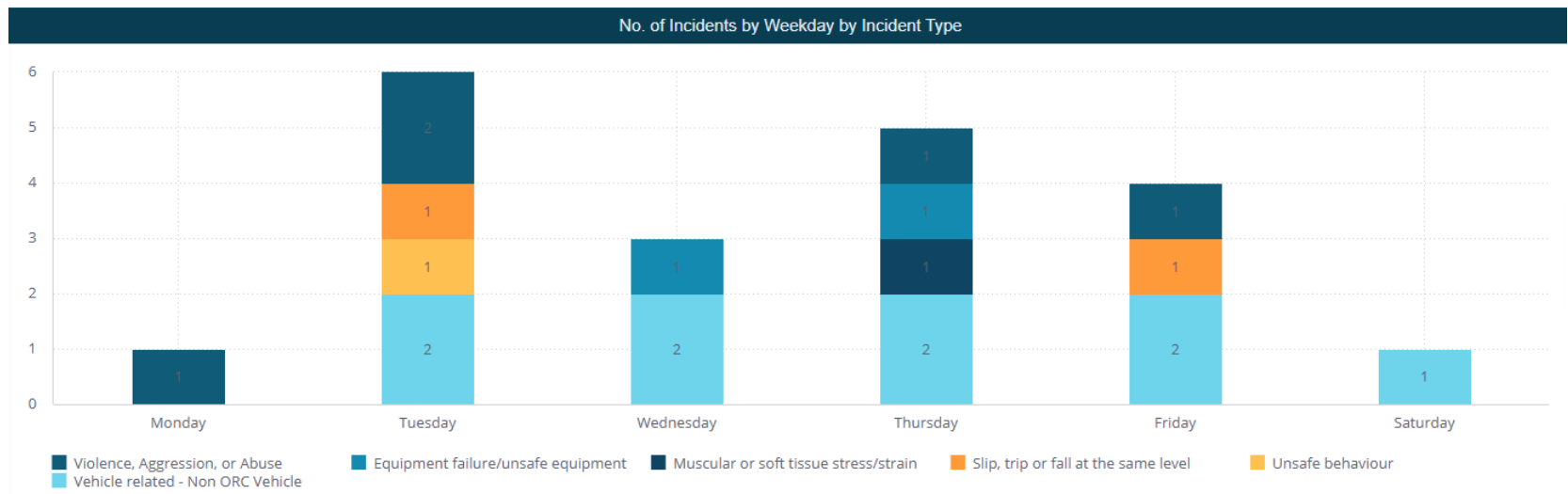
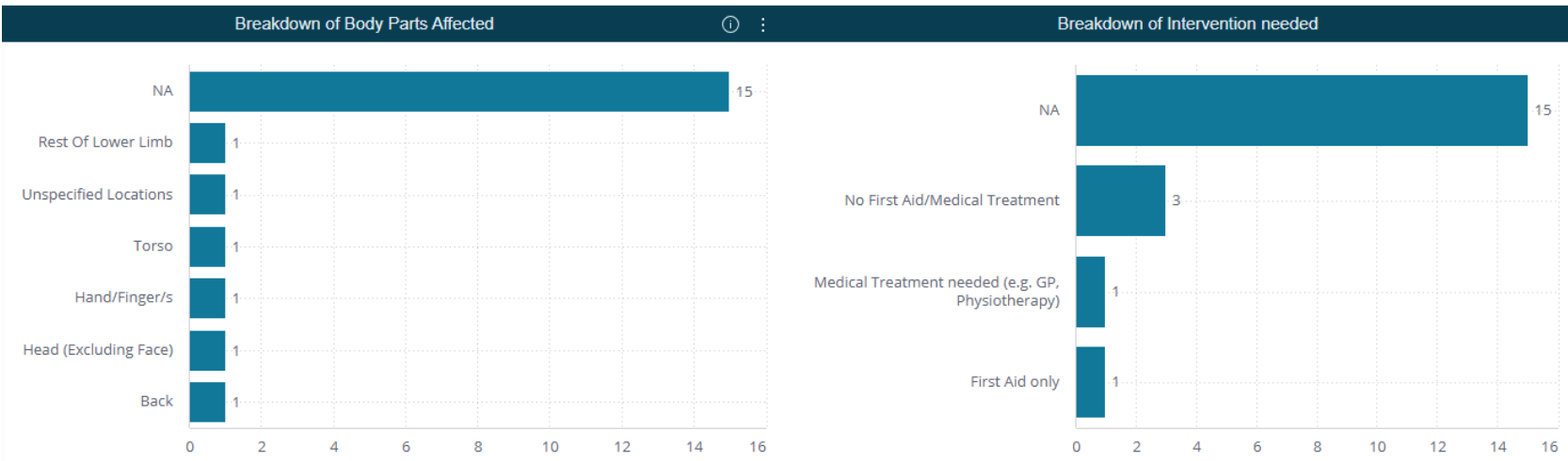
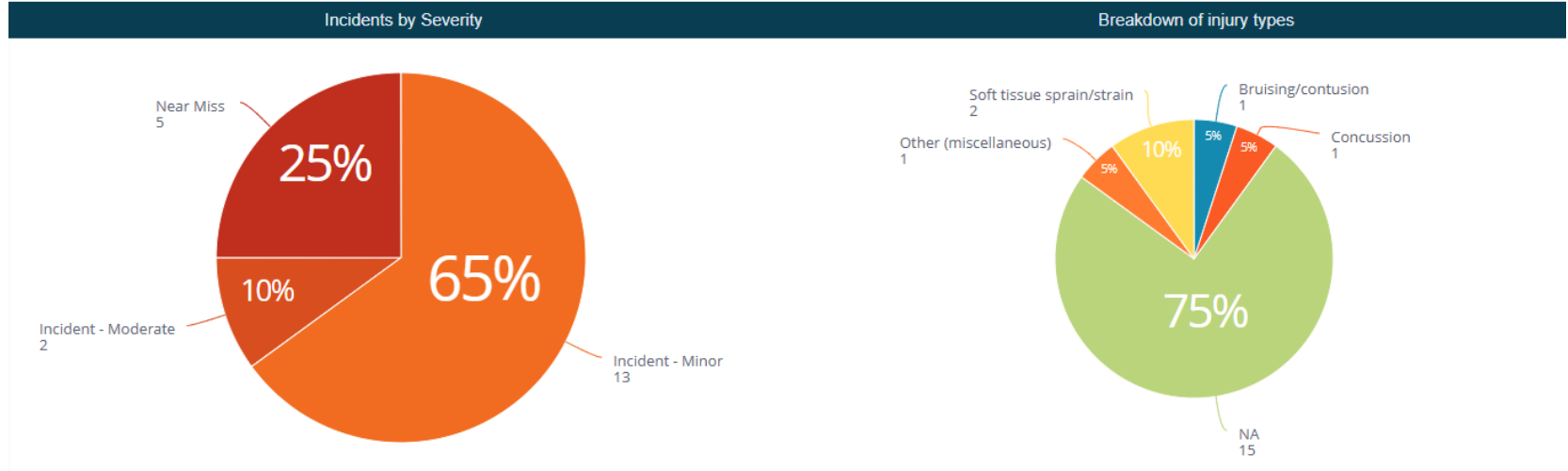
Audit and Risk Incident and Near Miss Report 11 Nov 2024 04:22:29 Incident

Filters Incident Date 01/10/2024 to 11/11/2024 | TimeZone New Zealand Standard Time



Audit and Risk Incident and Near Miss Report 11 Nov 2024 04:22:29 Incident

Filters Incident Date 01/10/2024 to 11/11/2024 | TimeZone New Zealand Standard Time



Health, Safety & Wellbeing Critical Risk Profiles as of 11 November 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>We've had 154 contractor related incidents since 2022. 53% percent of these incidents were minor, 21% moderate, 29% near miss occurrences and 3% major.</p>	Residual risk level	Moderate
How we manage the risk	Contractor Health and Safety Policy including prequalification selection procedures, procurement policy & planning processes, organisational induction for onsite contractors, H&S assurance check regimes, regular review of contractor H&S plans, and staff training in contractor safety.		
Control development	<p>The contractor safety framework is currently under review.</p> <p>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. The drafting of the new policy is underway, this based on the information and feedback gathered from working groups.</p> <p>Contractor review is underway across all ORC contractors.</p>		

Vehicles – Driving Operations			
Risk Description	There is a risk people could be harmed while driving to jobs, meetings and site visits. Drives can be long because we cover a large region. People also occasionally drive to places like mines, ports and commercial sites, off-road and rural areas, and places with extreme temperature fluctuations, ice, snow, and sunstrike. CODC vehicle operation in an emergency. Driving, therefore, requires on and off-road capability and involves the use of various types of vehicles. All staff who drive for work are exposed, particularly those who drive in remote locations or off-road.	Initial risk level	High
What we know about this risk in our business	We've had 48 driving-related incidents in the past 2 years. These involved property damages and minor injuries. Investigations indicated that driver behaviour was a key contributing factor.	Residual risk level	Moderate
How we manage this risk	Fatigue management policy: Driving/ working time restrictions, break/rest and overnight requirements to manage fatigue risks. Recruitment policy (recruitment processes asks if any health issues could impact ability to drive). Organisational inductions. Training, Safe Operating Procedures, vehicle servicing, vehicle GPS tracking with 24/7 impact/rollover alert monitoring service, incident reporting		
Control development	<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. The overspeed report has been adjusted to reflect additional E-Road capabilities and enhance management of overspeed events. Guidance for having conversations about overspeed events has also been developed.</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	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.	Initial risk level	High

	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.		
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	<p>Lone Worker Safety Management – System Guide is under development; this is to replace the current Lone Remote and Isolated Working Policy</p> <p>The Lone Worker policy has been adjusted following consultation; alongside this the current lone worker system 'TrackMe' and connected devices (Garmin InReachs) were reviewed to ensure they are still fit for purpose alongside IT and people leaders. A team risk assessment engagement tool has been developed to use alongside teams to consider their LRI risks, and how to apply controls.</p> <p>ORC currently has 40 InReach devices, and 4 users using an app version which are used by various teams; following the completion of the policy review use of this system is expected to increase to ensure that LRI risks are appropriately managed (for some device only and for others only use of the application).</p>		
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	<p>Mental Health Strategy (commencing 2024)</p> <p>Upcoming review of Fatigue Management Policy and toolbox</p>		

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	<p>ORC staff interact with individuals and communities on a wide range of issues, including contentious matters such as policy decisions, enforcement actions, or public service delivery. These interactions, coupled with other factors, can potentially escalate into situations where violence and aggression become a significant concern.</p> <p>We've had 57 violence and aggression related since 2022, 85% of these incidents were minor, 12% moderate, 3% major. Most of the violence and aggression incidents are experienced within the Customer Experience, Compliance and Transport Teams.</p>	Residual risk level	Moderate
How we manage this risk	Occupational Violence and Aggression Policy, de-escalation training, duress and emergency management procedures, provision of fit for purpose workplace layout (e.g. wide and high customer service counters), Security and duress systems (e.g. duress alarms and CCTV at customer-facing points), EAP for staff support & debrief post-incident to reduce further harm, reporting and investigation, team/task specific safe operating procedures, support from management, reducing frustration points/known triggers for customers/ members of the public where possible.		
Controls development	<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. Consultation of the lockdown procedure has been completed, the HSW team are currently working through feedback.</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	Safe operating procedures development alongside training. Ladder selection and use Safe Operating Procedure completed November 2023.

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>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.</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>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>		

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

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

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



Employee Engagement Survey

2024

Result Summary for Audit & Risk Subcommittee

Powered by  Culture Amp

Employee Engagement Survey Participation

2024 Employee Engagement Survey

89%

Responses: 311 of 349

The participation rate of 89% is higher than previous surveys in recent years 74% in 2021 and 87% in 2019

Group	Participation rate ^	Responded	Invited
Strategy & Customer	81%	30	37
Finance	84%	21	25
Science & Resilience	87%	89	102
People & Corporate	88%	37	42
Regional Planning & Transport	93%	27	29
Environmental Delivery	94%	105	112



What are we comparing to?

External Benchmarks



BENCHMARK

Civic & Social
Organization Oceania,
July 2024



BENCHMARK

New Zealand (200-500
staff), January 2024



Previous Survey Comparisons

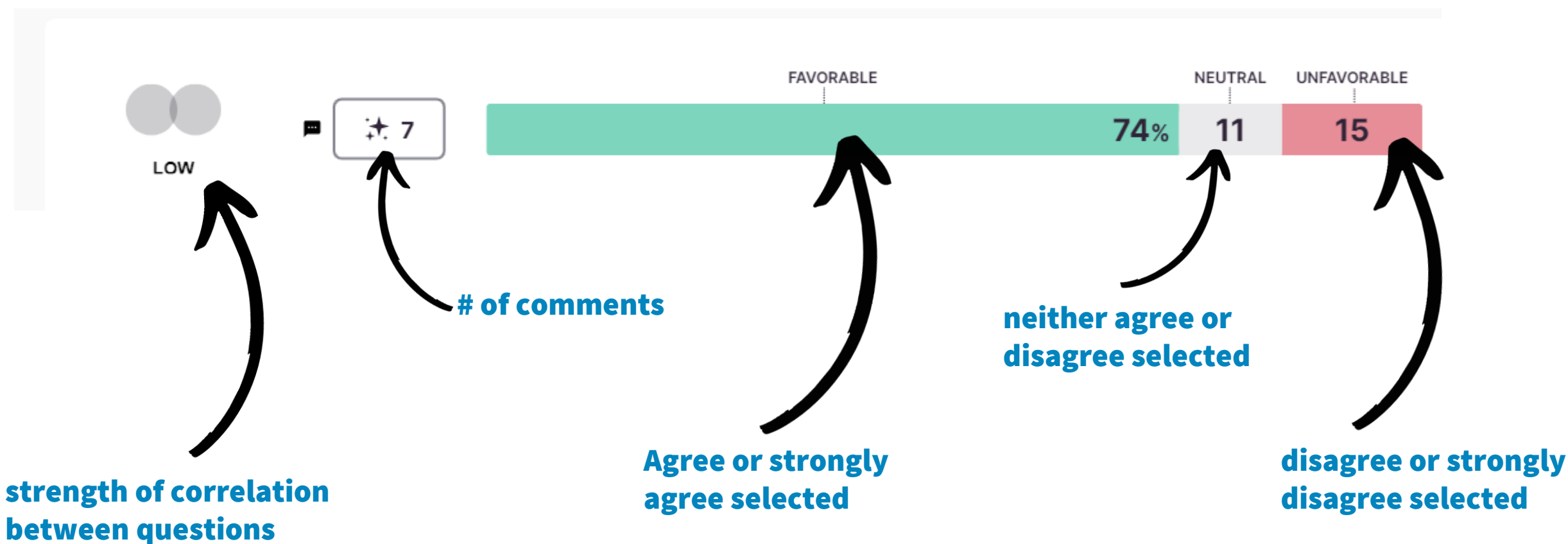


ORC Employee
Engagement Survey 2021

Benchmarking to local government organisations in New Zealand is not yet available - though Culture Amp's customer base in New Zealand is growing all the time.

In the meantime, we are able to benchmark against other NZ organisations and compare to our previous survey results.

Interpreting rating results



Our Engagement Score & Comparison

Our Engagement score

CURRENT

2024 Employee Engagement Survey

60%

Questions we asked:

1. I would recommend Otago Regional Council as a great place to work
2. Otago Regional Council motivates me to go beyond what I would in a similar role elsewhere
3. I am proud to work for Otago Regional Council
4. I rarely think about looking for a job at another company
5. I see myself still working at Otago Regional Council in two years' time

How we compared externally:

BENCHMARK

Civic & Social Organization Oceania, July 2024

-8

Score: 68%

BENCHMARK

New Zealand (200-500), January 2024

-7

Score: 67%

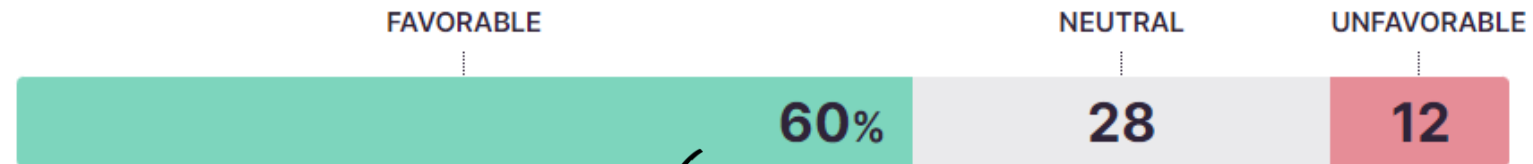
ORC's overall engagement score is slightly lower compared to our external benchmarks and the Culture Amp global average of 73%.

There was an engagement score in the 2021 survey, but the questions used to calculate the score are quite different so it's not comparable

Engagement Score - Questions

Engagement

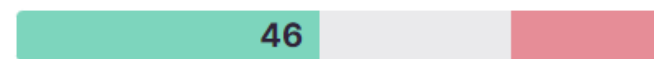
n = 311



How its calculated:

I rarely think about looking for a job at another company

★ 11



Otago Regional Council motivates me to go beyond what I would in a similar role elsewhere

★ 14



I am proud to work for Otago Regional Council

★ 16



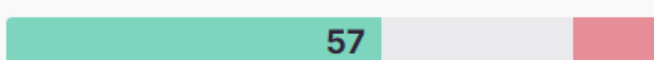
I would recommend Otago Regional Council as a great place to work

★ 21

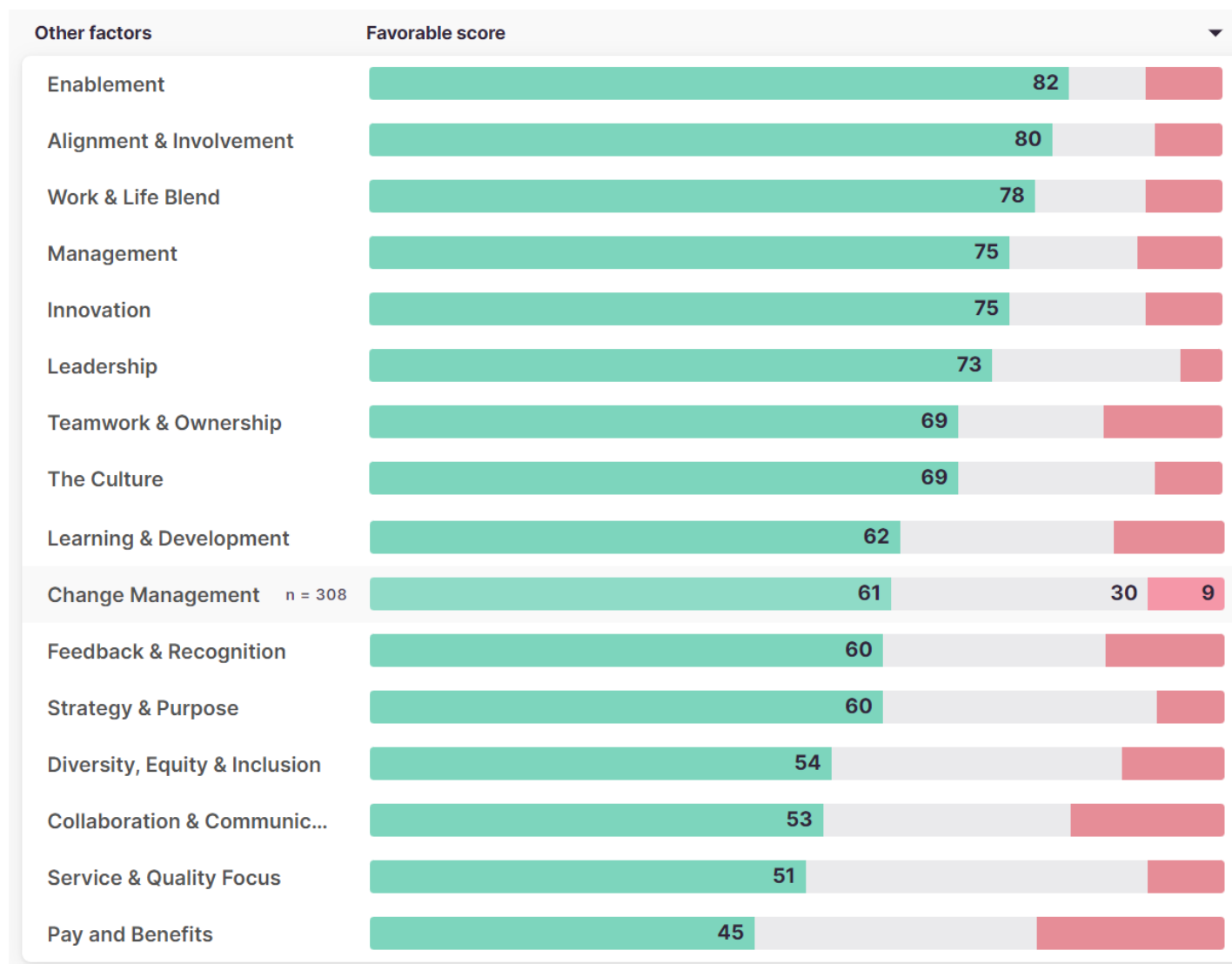


I see myself still working at Otago Regional Council in two years' time

★ 18

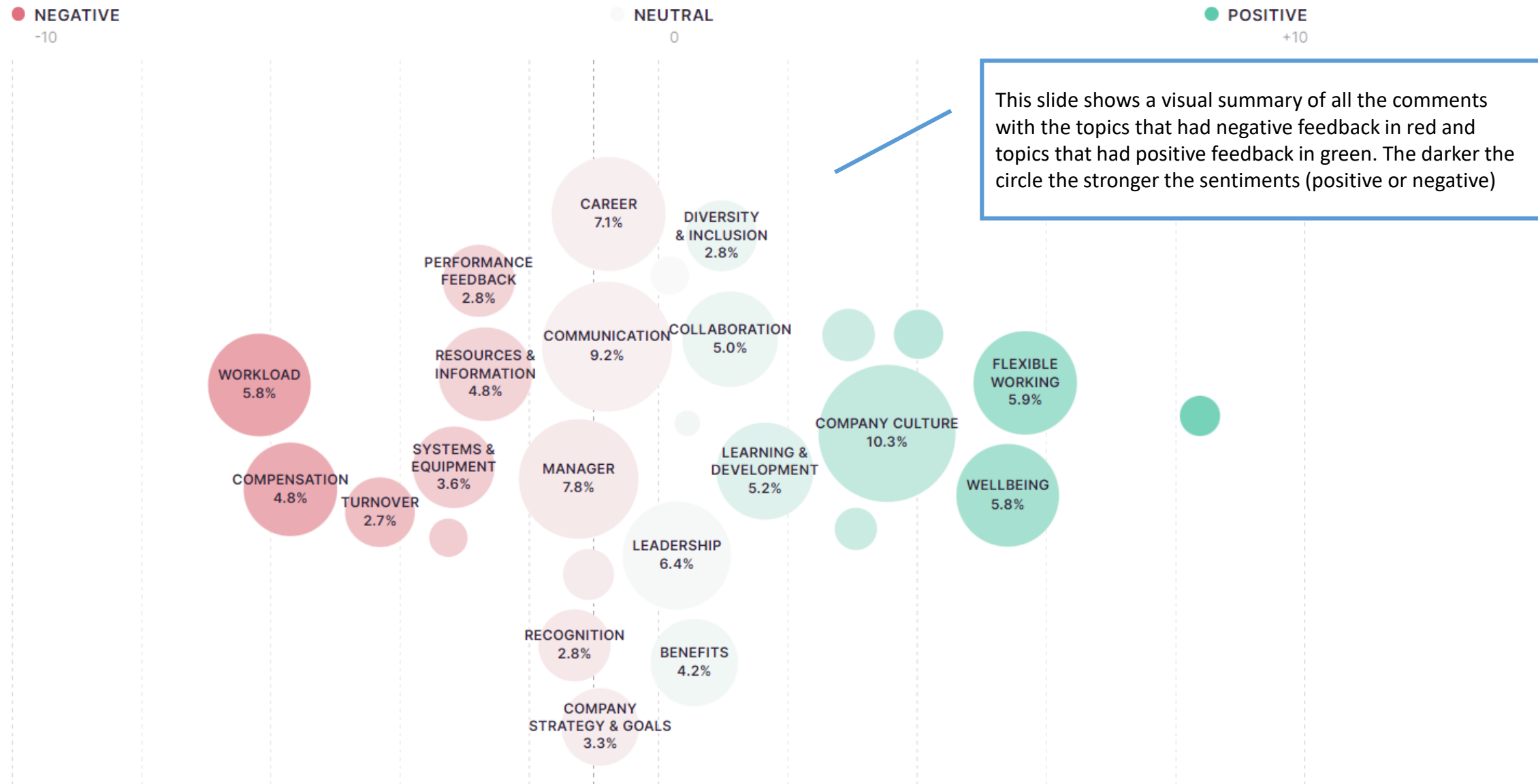


Factor Summary (from highest scoring to lowest)



It should be noted that some factors have more questions than others eg 'Service & Quality Focus' only includes 1 question.

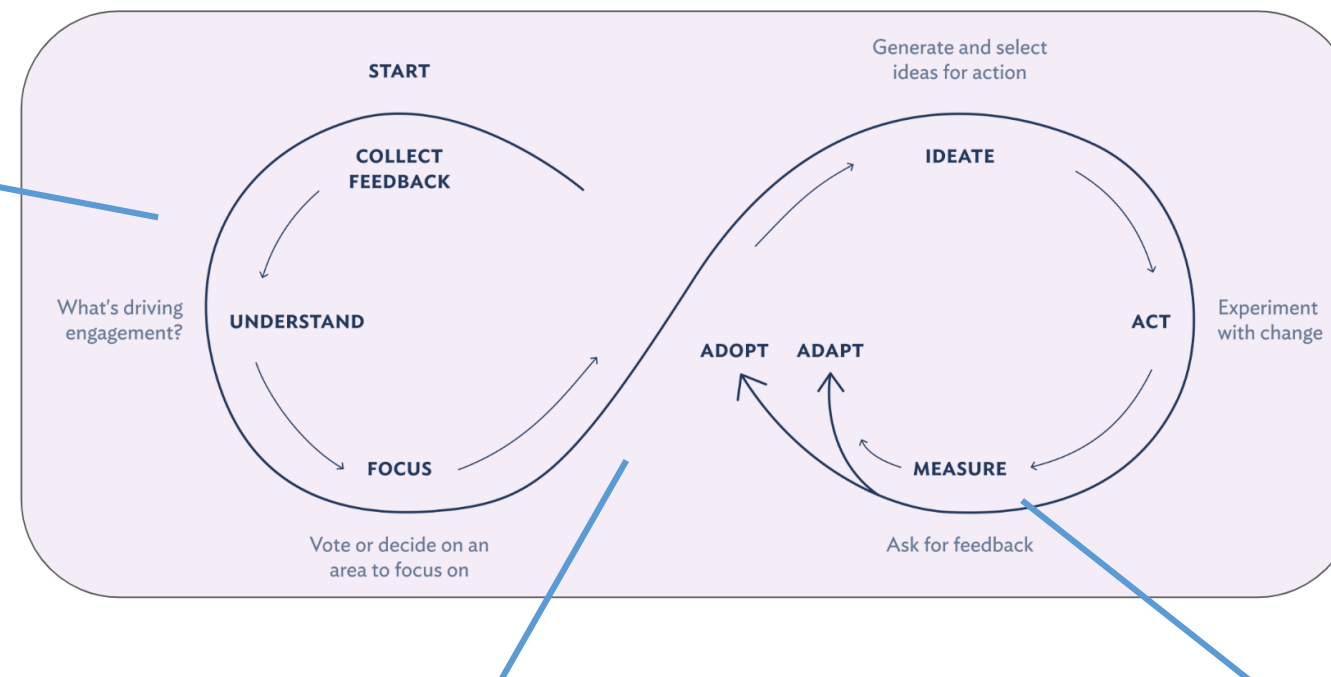
Comments – visual summary



Taking action

ORC is applying the 'Collect, Understand, Act' Framework:

- Managers are encouraged to share and discuss the results with their teams to better understand the results and set actions as appropriate.
- Culture Amp includes an action planning tool with 'inspiration' ideas to help with this process.



- ELT have identified a focus area and improvement actions.
- This will be reviewed and refreshed every 3 months.
- The initial focus area is '*I feel valued and appreciated for the contribution I make at ORC*' ...
- Priority actions include
 - ensuring all staff have regular 1:1 catch ups with their people leaders; and
 - implementation of values post cards to continuous recognition and appreciation throughout the year and positively reinforce ORC's new values.

A pulse survey will be considered as appropriate, otherwise the survey will be repeated again around July / August 2025.

9.6. CS2448 Legislative Compliance

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2448 Legislative Compliance
Activity:	Governance Report
Author:	Janet Ashcroft, Legal Counsel
Endorsed by:	Tami Sargeant, General Manager People and Corporate
Date:	5 December 2024

PURPOSE

- [1] To receive Council's six-monthly legislative compliance report; being the ComplyWith survey results which measure Council's compliance with legislative requirements.
- [2] To provide an overview of our compliance with
 - i. Local Government and Official Information and Meetings Act 1987 (LGOIMA) official information requests; and
 - ii. The Privacy Act 2020.

EXECUTIVE SUMMARY

- [3] Council derives its functions, duties, and responsibilities from Acts, Regulations, and other legislative instruments. Council must be compliant with the law. To establish this, we periodically review and report on our performance against Council's legislative framework to ensure ongoing compliance.
- [4] This report provides an overview of Council's legislative obligations and compliance including LGOIMA and Privacy obligations.

RECOMMENDATION

That the Audit and Risk Subcommittee:

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

A. ComplyWith Legislative Compliance - Survey

- [5] A legislative compliance framework is required to reduce risk for the Council, such as: loss of reputation, loss of accreditation, civil and criminal proceedings, and investigation and censure from monitoring bodies, such as the Ombudsman (LGOIMA and Protected Disclosures), Privacy Commissioner, Auditor General, Minister of Local Government, and Minister for the Environment.
- [6] Council uses ComplyWith, a legislative compliance platform, to understand what the law requires, and to provide an effective process of identifying and tracking legal risks across

ORC. It is used as a tool to ensure we are taking reasonable steps to manage legal compliance risk and to exercise due diligence.

- [7] ComplyWith maps and allocates legislative obligations to staff roles from team leaders and above. The Obligations Register sets out compliance content for each role at Council and outlines key legislation and regulations that apply. The Register is updated within a week of a law change taking effect to ensure our obligations are up to date and fit for purpose and enables staff to remain current with their obligations and relevant legislative change.
- [8] The Legal Team provides an overview of ComplyWith as part of its induction training for new starters at Council and provides training and on-going refresher training for staff with obligations.
- [9] ComplyWith Surveys are used twice yearly to assess compliance with legislative requirements and to identify areas where improvement or action is required by providing a snapshot of Council's current legislative compliance position. A review of survey results allows us to identify areas where improvement or action is needed.

Previous Survey Results 25 October 2023 to 22 April 2024

- [10] The previous survey demonstrated a high level of legislative compliance of 98.6%, arising from 920 unique obligations across 40 staff, with a total of 1,401 obligations surveyed. In April 2024 22 responses showed partial compliance and three non-compliance. Of those 25, five had been resolved and 17 had action plans in place.

Survey Results 23 April 2024 to 25 October 2024

- [11] Attached is a copy of the most recent ComplyWith Survey Report for the period 23 April 2024 to 25 October 2024.
- [12] The survey considered 947 unique obligations across 43 staff; with a total of 1,511 obligations surveyed. We achieved 100%, with all staff survey obligations being completed.
- [13] The legislative compliance survey results continue to demonstrate a high level of legislative compliance (of 98.3%) of the 1,511 obligations answered. Notably there are no non-compliances, and of the 34 partial compliances; 11 have since been resolved and 16 have action plans in place.
- [14] Including previous survey outcomes there are 53 corrective actions and action plans (18 of which are overdue). Since this survey closed all corrective actions have been escalated and reported to Managers and General Managers for active management and resolution.
- [15] As ComplyWith is a self-reporting platform, participants were asked to provide information or evidence to support their compliance responses; to demonstrate how their obligations had arisen, been complied with, or why there was partial or non-compliance. Survey participants provided 372 explanations which is an improvement over the previous survey's 279 comments.
- [16] While acknowledging that these results are good, there is room for improvement. For example, we need to investigate the 31% of 'Did Not Arise' responses and from an audit

perspective implement a plan to collect evidence (above explanations and comments) of legislative compliance across the organisation.

- [17] To support improved compliance outcomes, it is proposed that a targeted legislative compliance audit of two directorates is undertaken by the Legal Team in April/May each year. The compliance audit results of the two directorates would be reported to the Audit and Risk Subcommittee each June. To provide capacity for the directorate compliance audits, it is proposed that the six monthly ComplyWith surveys are reduced to once a year (in October/November). After all directorates have been audited, the ComplyWith survey frequency and ongoing auditing of directorates would be reconsidered by the Audit and Risk Subcommittee in June 2027. We seek a direction from you on this proposal.
- [18] ComplyWith next steps:
- i. The 28 reallocation requests from this survey will be reviewed with staff, their Managers, and General Managers.
 - ii. The ComplyWith Survey Report will be published on Tiaki following this meeting.
 - iii. Managers and General Managers will review their team's ComplyWith results with their team/s to better understand why surveyed obligation questions were answered the way they were and discuss why obligations 'Did Not Arise'.
 - iv. Managers and General Managers will actively manage their staff compliance; their corrective actions and action plans.

B. Local Government and Official Information and Meetings Act 1987 (LGOIMA)

- [19] The principle under LGOIMA is that Official Information should be made available unless one or more of the LGOIMA grounds for withholding apply.
- [20] As well as providing LGOIMA advice to Council about whether there are grounds for papers or reports to Council to be withheld and/or for Council meetings to be held in public-excluded, the Legal Team manages and responds to LGOIMA requests and complaints.
- [21] Attached is a table of the 146 LGOIMA requests received between 1 June 2024 and 19 November 2024. Personal information has been redacted from the table. Of these requests, 35 requests were withdrawn, 109 LGOIMA requests were responded to within the statutory deadline; with 34 of those after an extension of time, and three late. A breakdown of requests by subject matter is 15 Consents; six Transport; and 11 Compliance. The balance of the requests are general in nature.
- [22] The busiest month (for LGOIMA requests) was October 2024; with 67 requests (of which 31 were withdrawn), and the quietest month was July 2024 with five requests. Ingrid Leary MP made the most requests (44 requests of which 30 were withdrawn), followed by Stuff, the Otago Daily Times, the New Zealand Taxpayers Union, and law firm Couch Harlowe Kovacevich all of whom made three LGOIMA requests during this six-month period.

LGOIMA: Complaint Dismissed

[23] On 14 August 2024 we were notified that the Ombudsman was investigating a complaint about a 2023 decision of ORC's. Our decision, from May 2023, related to a partial refusal of a request for the results of the Black Peak Road Community-led Rabbit Management Programme. On 3 October 2024, the Ombudsman advised that we were entitled to refuse the request on the basis that we did; as section 7(2)(a) LGOIMA applied in the circumstances.

[24] We have no current complaints under investigation.

C. Privacy Act 2020

[25] On 15 November 2024, I completed my assessments and reported to the Office of the Privacy Commissioner on PBN/2888. Affected individuals were notified of the breach on 15, 18, 19, and 20 November 2024.

[26] We are awaiting the outcome of the Privacy Commissioner's investigation into these breaches. The outcome of their investigation will be reported back to you.

CONCLUSION

[27] This report provides a comprehensive update to the Audit and Risk Subcommittee on Council's legislative compliance risk.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[28] There are no policy considerations arising from this report.

Financial Considerations

[29] There are no financial implications associated with this report.

Significance and Engagement Considerations

[30] No matters in this report trigger the Council's significance policy or require additional or specific consultation.

Legislative and Risk Considerations

[31] The legislative and risk considerations are outlined in this report.

Climate Change Considerations

[32] There are no climate change considerations associated with this report.

Communications Considerations

[33] There are no communication considerations associated with this report.

ATTACHMENTS

1. Comply With Report 11.2024 [9.6.1 - 9 pages]
2. LGOIMA Requests 01.06.2024-19.11.2024 [9.6.2 - 4 pages]



Legal Compliance (23 April 2024 - 25 October 2024)



Author:
Janet Ashcroft, Legal Counsel

To:
The Audit and Risk Committee, and Executive Leadership Team

Purpose:
Reporting on ORC legislative compliance

Date:
19 Nov 2024

Period covered	People finished	Responses completed	Unique obligations
23 Apr 2024 - 25 Oct 2024	43/43	1511/1511	947

Introduction

ComplyWith is used by the Otago Regional Council to demonstrate its legislative compliance.

The Obligations Register outlines our key responsibilities, it maps obligations to staff across ORC, provides law change alerts which keeps obligations up to date and the surveys allow us to measure compliance; to give assurance and help identify legal compliance risks.

This report gives a summary of the key results of our six-monthly compliance survey.

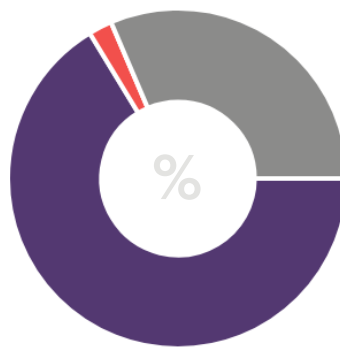
Summary

A **100%** survey completion rate was achieved. This is positive and an indication that the ComplyWith platform has become an integral and accepted tool to support legislative risk management at ORC.

The survey results demonstrate a high level of compliance; **34 partial** non-compliances were recorded and no full non-compliances recorded. Partial-compliances and non-compliances, that have not been resolved, are tracked as Corrective Actions within ComplyWith.

Results:

Full Compliance	1002 66%
Partial	34 2%
Zero	0 0%
Did Not Arise	475 31%



Status of corrective actions:

8 Resolved	
19 Action plan	
7 No action plan	

Overview responses from our survey

Managing Information

Privacy Act 2020

You and your team must deal with personal information in line with the privacy principles, and deal with requests to access and correct that information in line with privacy principles and the procedures and time limits in the Privacy Act 2020.

Notifiable Privacy Breach PBN/2888: Privacy breaches occurred when staff accessed personal information in SharePoint. The privacy breaches occurred because Employee information was not secured in HR files or password protected and disposed of appropriately. No personal information was accessed or shared outside of ORC.

An organisation must notify the Privacy Commissioner as soon as practicable after becoming aware that a notifiable privacy breach has occurred. ss 114 and 117(1) and (5) Privacy Act 2020

- Under the Privacy Act 2020 affected individuals and the Privacy Commissioner must be notified ASAP; with the guideline being 72 hours. However, delays with the external provider supplying SharePoint audit reports made this impossible.
- An external review has been undertaken by Deloitte, and it is anticipated that changes will be made to ensure we are equipped to comply with legislative timeframes.

Public Records Act 2005

Local authority records must be created, maintained, and disposed of in line with the Public Records Act. Public Records Act 2005

Notifiable Privacy Breach PBN/2888: includes accessing personal information of employees, and ex-employees some of which was of a historical nature e.g., from 2009. The privacy breaches occurred because Employee information was not secured in HR files or password protected and disposed of appropriately.

A comprehensive document disposal scheme is not yet in place.

Full and accurate records of the organisation's affairs must be created and maintained (including matters contracted to an independent contractor). Protected records must be kept in an accessible form until disposal is authorised. s17 Public Records Act 2005.

- Council records are being created, and SharePoint is being widely used, but some staff still have records stored in their OneDrive.
- Migration of this information into SharePoint has been identified as a priority, and work will begin on this process over the next couple of months

A local authority record that is no longer in current use or is 25 years old (a local authority archive) must be classified as open access or restricted access. ss 45 and 46 Public Records Act



Legal Compliance (23 April 2024 - 25 October 2024)



- This is ongoing work. All the early records have been classified. Some material stored offsite that is older than 25 years still needs to be classified.

Standards issued by the Chief Archivist must be complied with. ss 27 and 28 Public Records Act 2005

- Compliance in this space is being reviewed after the implementation of a new Electronic Records and Document management System over the last year. An Information Management policy has been drafted and is proceeding to approval.

Local Government Official Information & Meetings Act 1987

You and your team must deal with official information requests in line with the procedures and time limits in the Local Government Official Information and Meetings Act 1987 (LGOIMA). Official information must be made available when requested unless there is good reason under the Act to withhold it. Parts 1-4 LGOIMA

- In the last six months ORC received 150 LGOIMA requests, and three were not responded to in time.
- In addition to this the Natural Hazards Team reply directly to property related requests, and they have identified <5 requests responded to outside the 20-day timeframe.

Harmful Digital Communications Act 2015

The complaints process in section 24(2) must be followed for every complaint about online content which is hosted by the organisation. ss 23-25 Harmful Digital Communications Act 2015

A member of the public contacted us about their personal information & contact details remaining on their 2021 RPS submissions following the consultation process. The Comms team who publishes submissions on our website require the teams managing a submission process to ensure appropriate redaction of personal information.

Environment

Resource Management Act 1991 and Regulations

National Policy Statements: If directed by a National Policy Statement or a New Zealand Coastal Policy Statement, council must change its planning documents in the required way and give public notice of the changes within the required time frames or as soon as practicable. Council must also take any other action directed by the policy statement. ss 55 and 57(2) Resource Management Act 1991.

The Regional Policy Statement is compliant with this obligation, but the other regional plans are not.



Legal Compliance (23 April 2024 - 25 October 2024)



Policy statements and plans: If a Regional Policy Statement (RPS) or plan provision has not been a subject of a proposed RPS or plan, a review, or a change in the past 10 years, the provision must be reviewed. If a change to the provision is required it must be proposed using the correct process, and if not required, the provision must be publicly notified as if it were a change. ss 79(1)-(3) Resource Management Act 1991.

The Regional Policy Statement is compliant with this obligation, but the other regional plans are not.

Regional plans -There must always be a regional coastal plan and council must consider preparing or changing a regional plan in certain circumstances. A plan (or proposed plan) must be changed to give effect to the regional policy statement, and prepared or changed if directed by the Minister. ss 64(1), 65(1A), (3)-(4) and (6)-(7) Resource Management Act

The coastal plan has not been changed to give effect to the Regional Policy Statement

Finance

Local Government Act 2002 and Local Government (Financial Reporting and Prudence) Regulations 2014

Delivery of services, infrastructure, and regulatory functions - Review cost-effectiveness when required - Local authority. A review of the cost-effectiveness of the current arrangements for meeting the community's needs for good-quality local infrastructure, local public services, and performance of regulatory functions must be carried out in line with section 17A(1)-(4) unless an exception applies. s 17A(1)-(4) Local Government Act 2002.

We do not undertake formal s 17A reviews, but this relates to infrastructure, services and regulatory functions were reviews of service delivery and costs are undertaken such as the regulatory review Wynn Williams was engaged to complete.

Financial management – Balanced operating budget requirement - Local authority Council must make sure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (unless council has resolved to set the projected operating revenues at a different level in line with section 100(2)) Local Government Act 2002.

Financial management, including balanced budget requirements are discussed with councillors as part of the Annual Plan process and auditing requirements.

Health & Safety

Health and Safety at Work Act 2015, General Risk Regulations 2016, and Worker Engagement Regulations 2016

Workplaces must be without risks to health and safety. This obligation applies to a PCBU who manages or controls a workplace or fixtures, fittings, or plant. A workplace, the means of entering and exiting the workplace, the fixtures, fittings, or plant at the workplace, and anything arising from the workplace must be free of risks to the health and safety of any person (including mental health risks), so far as is reasonably practicable. ss 37 and 38 Health and Safety at Work Act 2015



Issues have arisen in multi tenanted buildings such as PLH; when one site locks down/publicly closes and ORC is not informed, exposing ORC to risk.

Specific risks - Remote or isolated work - Manage in line with risk management process and have effective communication with workers - PCBU

Issues remain due to the current coverage of the LRI system. LRI Work policy consultation has been completed and will be reported to ELT on 18 November 2024.

An officer must take reasonable steps to gain an understanding of the nature of the organisation's operations and generally understand the associated hazards and risks, s 44(4)(b) Health and Safety at Work Act 2015.

The General Manager who assumed responsibility for the Transport team in July 2024 has taken reasonable steps to understand ORC's obligations and risks in this space. Transport is an immense area of operations. The continuous improvement which we undertake will be supplemented by a visit to Queenstown in December 2024, the purpose of which is to assist with learning, team engagement, and a fuller understanding of the nature of these operations to ensure compliance and mitigate risks.

Building Act 2004

If a building provides access, parking, or sanitary facilities for people with disabilities, the international symbol of access must be displayed, s 120 Building Act 2004.

Three disability-accessible ramps and two toilets at our Stafford Street site are not clearly signposted as disability accessible. There is a fourth ramp, however, this is not compliant with disability access ratios, so cannot be signposted as accessible.



Legal Compliance (23 April 2024 - 25 October 2024)



What do the survey results mean?

Responsible roles rate our compliance with our legal obligations using the response scale below. When partial or zero compliance is reported, the current status of the compliance issue is also required to be entered.

Response scale

- The obligation arose and was **fully complied with**.
- The obligation arose, there was more than zero compliance but **not full compliance** (explanation mandatory).
- The obligation arose, but there was **no compliance at all** with it (explanation mandatory).
- The circumstances giving rise to the **obligation did not occur** during the period covered by the survey.
- The obligation should be **allocated to another role**, or it should be deleted because it **does not apply** at all.

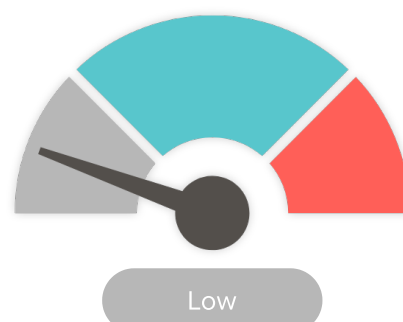
Status of compliance issues

- The issue has been **resolved**, no further action required.
- There is an **action plan in place**. There will be updates towards resolution.
- There is **no action plan in place** yet. An explanation is required to be given.

Want to know more?

To learn more about the legal compliance programme, or to access a copy of the full survey results, please ask the author of this report.

Key law changes since 01 May 2023



- 01/08/2024 **Local Government Members (2024/25) Determination 2024**: Vehicle-kilometre allowance rates were adjusted to reflect the rates prescribed by Inland Revenue for the 2023-2024 income year. The change is treated as coming into force on 1 July 2024.
- 01/10/2024 **Local Government Act 2002 and Local Government (Financial Reporting and Prudence) Regulations 2014**: The requirement to count a council or committee member attending a meeting by audio or audiovisual link as present for a quorum was made permanent (provided remote attendance is permitted by council's standing orders).
- 01/10/2024 **Local Government (Rating) Act 2002** The categories of non-rateable land in Part 1 of Schedule 1 were expanded to include land owned or used in relation to a not-for-profit charter school.
- 27/10/2024 **Public Audit Act 2001** the Auditor-General can now charge fees for conducting climate-related disclosure assurance engagements for public entities that are climate reporting entities.

Legislation in this survey

Accident Compensation Act 2001
 Animal Welfare Act 1999 and Animal Welfare (Records and Statistics) Regulations 1999
 Aquaculture Reform (Repeals and Transitional Provisions) Act 2004
 Biosecurity Act 1993, Regulations, and the National Bovine TB Pest Management Plan
 Building Act 2004
 Child Support Act 1991
 Children's Act 2014
 Civil Defence Emergency Management Act 2002
 Climate Change Response Act 2002 and Climate Change (Unit Register) Regulations 2008
 Commerce Act 1986 and Regulations
 Conservation Act 1987
 Construction Contracts Act 2002
 Contract and Commercial Law Act 2017 - Part 4 (Electronic transactions)
 Copyright Act 1994
 COVID-19 Public Health Response Act 2020
 Crimes Act 1961
 Criminal Records (Clean Slate) Act 2004
 Defamation Act 1992
 Delegations Compliance
 Electricity Act 1992 and Regulations
 Employment Relations Act 2000
 Equal Pay Act 1972
 Fair Trading Act 1986
 Family Violence Act 2018 (Part 2 Information sharing and Part 9 Public registers only)
 Fire and Emergency New Zealand Act 2017 and (Fire Safety, Evacuation Procedures and Evacuation Schemes) Regulations 2018
 Gas Act 1992 and Regulations
 Government Roding Powers Act 1989
 Harmful Digital Communications Act 2015
 Hazardous Substances and New Organisms Act 1996
 Health and Safety at Work (Asbestos) Regulations 2016
 Health and Safety at Work (Hazardous Substances) Regulations 2017
 Health and Safety at Work Act 2015, General Risk Regulations 2016, and Worker Engagement Regulations 2016
 Health and Safety in Employment (Pipelines) Regulations 1999
 Health and Safety in Employment Regulations 1995
 Heritage New Zealand Pouhere Taonga Act 2014
 Holidays Act 2003
 Human Rights Act 1993
 Immigration Act 2009 and Immigration Advisers Licensing Act 2007
 Income Tax Act 2007, Tax Administration Act 1994, and GST Act 1985 - Overview obligations
 Juries Act 1981
 KiwiSaver Act 2006
 Land Drainage Act 1908 (Part 3 only)
 Land Transport Act 1998
 Land Transport Management Act 2003
 Legislation Act 2019 and Legislation (Publication) Regulations 2021
 Local Authorities (Members' Interests) Act 1968
 Local Electoral Act 2001 and Local Electoral Regulations 2001



Local Government (Rating) Act 2002
 Local Government Act 1974
 Local Government Act 2002 and Local Government (Financial Reporting and Prudence) Regulations 2014
 Local Government Members (2024/25) Determination 2024
 Local Government Official Information and Meetings Act 1987
 Marine and Coastal Area (Takutai Moana) Act 2011 and Ownership of Structures Regulations 2015
 Marine Mammals Protection Act 1978 and Marine Mammals Protection Regulations 1992
 Marine Reserves Act 1971 and Marine Reserves Regulations 1993
 Maritime Transport Act 1994 (and parts of the Maritime and Marine Protection Rules)
 Minimum Wage Act 1983 and Minimum Wage Order
 New Zealand Geographic Board (Nga Pou Taunaha o Aotearoa) Act 2008
 Parental Leave and Employment Protection Act 1987
 Plumbers, Gasfitters, and Drainlayers Act 2006
 Privacy Act 2020 and Privacy Regulations 2020
 Protected Disclosures (Protection of Whistleblowers) Act 2022
 Protected Objects Act 1975
 Public Audit Act 2001
 Public Records Act 2005
 Public Works Act 1981
 Rating Valuations Act 1998 and Regulations
 Resource Management (NES for Air Quality) Regulations 2004
 Resource Management (NES for Assessing and Managing Contaminants in Soil to Protect Human Health) Regulations 2011
 Resource Management Act 1991 and Regulations
 Road User Charges Act 2012 and Road User Charges Regulations 2012
 Search and Surveillance Act 2012
 Secret Commissions Act 1910
 Smokefree Environments and Regulated Products Act 1990
 Social Security Act 2018 and Social Security Regulations 2018
 Soil Conservation and Rivers Control Act 1941
 Student Loan Scheme Act 2011
 Trade Marks Act 2002 and Trade Marks Regulations 2003
 Unclaimed Money Act 1971
 Unsolicited Electronic Messages Act 2007
 Victims' Rights Act 2002
 Wages Protection Act 1983
 Water Services Act 2021 and Water Services (Drinking Water Standards for New Zealand) Regulations 2022
 Wildlife Act 1953

LGOIMA Subject Matter Requests (most recent to oldest for period 01.06.2024 - 19.11.2024)	Request Number
Fare Evasion on Public Transport	340
Macraes Mine Compliance Report	339
Amount spent on advertising, breakdown of spending; procurement process for media partners; decision making on print vs digital advertising; measurement of engagement, reach and value	338
Law firm Buddle Findlay engagement costs	337
Fast-Track Correspondence	333
Further Policy Queries	335
█ Donald St Dunedin	332
Bike Racks on Buses	336
Response to LGOIMA Request 255 - Ingrid Leary requests	331
Review of S32 Report	330
Highly Productive Land Mosgiel	328
Rates issue communications	310
Toitu te Hakapupu - How much money is actually left at this point and what is it allocated to. And what at this point has money been spent on and the proportion and the area of the catchment.	329
Consents expiring in 18-24 Months	286
All documents on the Mt Barker file generated after 23 August 2024	334
Drone Footage	283
Pembroke Heights Stormwater Controls	284
Otago consents set to Expire	281
Specific information on how ORC has protected her privacy in relation to previous LGOIMA responses	285
Information regarding the lack of response from ORC to his email to councillors on 22 Sept 2024	280
LWRP and section 32 reports	282
Macraes Mine Compliance	279
Ombudsman advice and other documents relating to past LGOIMA - Cr MH request for Councillor Manuherikia emails	278
The cost to date of investigation into Scott Simpson Contracting, purpose of the hearing and investigation, and any projected costs for June 2025 hearing	275
General Rates Information per District	272
Regional Plan rules regarding Penguins	273
Unpermitted Works at Argyle Street	274
█ Round Hill Road	271
Elected Member Workshops and Briefings	270
All information connected with this property that would normally form part of a Land Information Report. Property valuation number █ and assessment number █	269
groundwater quality analysis results for RM24.110	276
Consent Correspondence	267
Consent Applications Post-2016	268
6 individual requests covering all correspondence between ORC and Minister Jones and his office for 1 June-8 October 2024	265
Ratings RID data	266
1 Additional Minister Jones communications request - see LGOIMA 265	323
2 Additional Minister Jones communications request - see LGOIMA 265	324
3 Additional Minister Jones communications request - see LGOIMA 265	325
4 Additional Minister Jones communications request - see LGOIMA 265	326

5 Additional Minister Jones communications request - see LGOIMA 265	327
Follow up from 255-257. 36 requests, amended to 6, for all correspondence between each of Cr Kelliher and Cr Laws and Minister Simmonds' office from 1 February 2024 to 2 October 2024.	262
8 Additional Minister Simmonds communications request - see LGOIMA 262	294
1 Additional Minister Simmonds communications request - see LGOIMA 262	287
2 Additional Minister Simmonds communications request - see LGOIMA 262	288
3 Additional Minister Simmonds communications request - see LGOIMA 262	289
4 Additional Minister Simmonds communications request - see LGOIMA 262	290
5 Additional Minister Simmonds communications request - see LGOIMA 262	291
6 Additional Minister Simmonds communications request - see LGOIMA 262	292
7 Additional Minister Simmonds communications request - see LGOIMA 262	293
9 Additional Minister Simmonds communications request - see LGOIMA 262	295
10 Additional Minister Simmonds communications request - see LGOIMA 262	296
11 Additional Minister Simmonds communications request - see LGOIMA 262	297
12 Additional Minister Simmonds communications request - see LGOIMA 262	298
13 Additional Minister Simmonds communications request - see LGOIMA 262	299
14 Additional Minister Simmonds communications request - see LGOIMA 262	300
15 Additional Minister Simmonds communications request - see LGOIMA 262	301
16 Additional Minister Simmonds communications request - see LGOIMA 262	302
17 Additional Minister Simmonds communications request - see LGOIMA 262	303
18 Additional Minister Simmonds communications request - see LGOIMA 262	304
19 Additional Minister Simmonds communications request - see LGOIMA 262	305
20 Additional Minister Simmonds communications request - see LGOIMA 262	306
21 Additional Minister Simmonds communications request - see LGOIMA 262	307
22 Additional Minister Simmonds communications request - see LGOIMA 262	308
23 Additional Minister Simmonds communications request - see LGOIMA 262	309
24 Additional Minister Simmonds communications request - see LGOIMA 262	311
25 Additional Minister Simmonds communications request - see LGOIMA 262	312
26 Additional Minister Simmonds communications request - see LGOIMA 262	313
27 Additional Minister Simmonds communications request - see LGOIMA 262	314
28 Additional Minister Simmonds communications request - see LGOIMA 262	315
29 Additional Minister Simmonds communications request - see LGOIMA 262	316
30 Additional Minister Simmonds communications request - see LGOIMA 262	317
31 Additional Minister Simmonds communications request - see LGOIMA 262	318
32 Additional Minister Simmonds communications request - see LGOIMA 262	319
33 Additional Minister Simmonds communications request - see LGOIMA 262	320
34 Additional Minister Simmonds communications request - see LGOIMA 262	321
35 Additional Minister Simmonds communications request - see LGOIMA 262	322
All documents relating to the monitoring of the OceanaGold Macraes mine, and all documents relating to the monitoring of compliance with its consent	263
Impacts of Macraes mine activity on waterways. Water quality reports for the past year; info on any tailings dam leaks; for any water quality monitoring site that has breached compliance limits since 1-1-24 location, analyses and limit breached	264
Documents relating to 23 properties and their resource consents	261
New Build + Staffing Levels	260
Change in Payment Options	253
All correspondence with Minister Simmonds and her office between 1 Feb 2024 and 30 April 2024	255

All correspondence with Minister Simmonds and her office between 1 May 2024 and 31 July 2024	256
All correspondence with Minister Simmonds and her office between 1 August 2024 and 24 September 2024	257
ORC Staff numbers & Annual Costs	249
ORC Payments to Iwi Authorities	250
What amount of land in Otago is Māori freehold, in the ORC jurisdiction & how much is eligible for a rates rebate	252
Website Rebrand Costs	254
Environmental Monitoring Costs Data	259
National Land Transport Programme Concerns	248
Any information relating to HAIL01146.01 and groundwater level monitoring in the area	258
All information on [REDACTED] Elderslie Road RD2C Oamaru	245
Further docs for consent RM19.441 - compliance review of Morphum report, reasons for referral of M report to NH, NH review of M report, pollution hotline report and drone footage, ORC review of Beca report, reasons for referral of previous request	246
Minimum floor level requirements and freeboard which apply in the Otago region and which level of flood event would apply for these assessments	247
Section 32 report	242
Somerville Street Instream Works	244
Summary of all Water Consents due in the next 6-12 months and any other on-farm consents like soil moisture, air quality and average water flows etc	238
Original application documents and recommendation-s42a report for RM20.192.01-05	240
Rose Drive Consents - Retaining Walls and Driveways	236
Full record of all proactive monitoring at Green Island Landfill	237
Rose Drive Consents - Dwellings	241
Somerville Street Stormwater Consents	243
All current resource consents in Otago	234
Over-Road Structures	235
RMA Prosecutions and Fines	233
ORC Rates by direct debit	231
Artificial Intelligence in Council	232
Wallace Group Complaints	228
Information or documents concerning discharge consents for any dairy goat and/or dairy sheep farms within the Otago region.	230
Copy of any email sent to Otago Civil Defence and/or Matt Alley from any person with the surname [REDACTED] where [REDACTED] is mentioned either directly by name, or indirectly by any position he has held, or holds.	227
Performance Monitoring file for consent RM14.301.01, datalogger data, performance review and methods and data used to determine compliance grading	224
Any emails of staff and councillors commenting on the cost of the project and the building's name Initially- Any correspondence to or from an ORC email address relating to the council's new headquarters, the Whare Rūnaka project	222
Bus info - driver training and professional development related to passenger H&S and disputes; language proficiency; support for drivers' confidence in making independent decisions; patronage and reliability for last quarter, year to date, and 2023	223
Any info and communication re South Island Resource Recovery Ltd or its partner company, Renew Energy Ltd, and its intention to build a waste-to-energy plant, including about the supply or storage of feedstock waste or refuse-derived fuel	220
Contact details for someone involved in either the design, approval or management of the wastewater plant for Momona	219

Mt Barker Road - confirmation of phone calls and-or text messages between ORC and [REDACTED]	226
Application and notification report for RM19.441, RM23.782; Operational plan; survey and photos supplied post recent sand recycling; Scope of works Richard provided to Gavin for the involvement of his teams in the process	218
Australasian Management Challenge final 2021 - Costs	216
Bus Stop 11 Musselburgh Rise	215
Wanaka property information	214
Code of Conduct Complaints	221
Macraes Mine Environmental Impact	213
Full breakdown of time spent on reports relating to CDC wastewater treatment plants and non-compliance	217
Panther Sighting Tarras	210
Plans and drawing of second warden's courthouse in Lawrence	211
Any info on Tordon pesticide use in Omarama area in 1970s	212
Info relating to hire of ORC-owned properties, spaces or venues - any policies or guidelines; all leases, licenses, or agreements; any info relating to hire cancellation or refusal in the last 5 years.	206
A list of all ORC projects related to conservation, biodiversity, environment or restoration in the Otago Coastal Catchment that have occurred in the last 3 years and the corresponding funding allocation that the projects have received if possible	208
Rates Minutes and Documentation	204
CDEM Emails	202
Te Mana o Te Wai	205
All files notes, texts and any other electronic communications relating to Mt Barker investigation.	209
Bus Hub User Data	203
Dairy Prosecutions	201
Outside Burning Enforcement Data	200
All current consent references to treated and untreated wastewater discharges in the Otago Region	199
Bus Operation Costs	196
All information on files IN23.0748 and IN24.0135 also also	197
Emergency Management Figures	195
All information on files IN23.0748 and IN24.0135 also	194
51 questions re rates increases	198
Fast track consenting - copies of any applications submitted for addition to Schedule 2 of the Bill; and a copy of any correspondence between council-councillors-staff and MPs-Ministers-Ministries in relation to the Bill.	190
Funding	189
Microplastics	191
3 Waters Enquiry	188
Solar, Wind, Battery Consents	187

9.7. CS2442 Treasury Report

Prepared for:	Audit and Risk Subcommittee
Report No.	CS2442
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Finance
Endorsed by:	Nick Donnelly, General Manager Finance
Date:	5 December 2024

PURPOSE

- [1] To present the quarterly Treasury Reporting Dashboard from Council’s Investment Advisor, Bancorp, as at 30 September 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). As at 30 September 2024 an additional \$15.0M had also been borrowed as short-term working capital funding until the 2024/25 rates due date of 31 October 2024. All borrowing is compliant with Council’s Treasury Management Policy.
- [4] Total LGFA debt is \$155.05M which includes on-lending to Port Otago of \$114.77M.
- [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 September 2024.

BACKGROUND

- [6] Council borrows through the Local Government Funding Agency (LGFA). As at 30 September 2024 the amount borrowed is \$40.0M. 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 September 2024 Council had \$25.0M of core debt funded by the LGFA across 5 tranches of \$5M each (as outlined on pages 4 to 6 of the report) plus an additional \$15.0M of short-term working capital debt.
- [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 5.49% as at 30 September 2024 is 0.51% below the assumption used in the Annual Plan 2023-34 of 6.0%.
- [13] An interest rate swap was executed in June 2024. This is a 3 year forward swap commencing on 15 April 2026 at a fixed rate of 4.115%.
- [14] Port on-lending is \$114.77M which is \$35.23M 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. 2024.09.30 Bancorp Treasury Reporting Dashboard September 2024 [9.1.1 - 8 pages]



Treasury Reporting Dashboard

30 September 2024

STRICTLY PRIVATE AND CONFIDENTIAL



Audit and Risk Subcommittee - 5 December 2024



Economic Commentary

2

Global (for the September 2024 quarter)

The US Federal Reserve began its cutting cycle on 18 September, lowering the Fed Funds rate by 50 basis-points (“bps”) to a target range of 4.75% - 5.00%. The Federal Open Market Committee (“FOMC”) indicated 2 more 25 bps cuts by the end of the year. Notably, the FOMC vote was 11-1 in favour of the 50bps cut, with Governor Michelle Bowman instead advocating for a 25bps cut, the first dissenting vote by a Fed governor since 2005. The post-meeting statement declared, *“The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance,”* with Fed Chair Jerome Powell stating in a news conference that *“We’re trying to achieve a situation where we restore price stability without the kind of painful increase in unemployment that has come sometimes with this inflation. That’s what we’re trying to do, and I think you could take today’s action as a sign of our strong commitment to achieve that goal.”*

Markets are now projecting the Fed Funds rate to fall to 4.00% by the end of the year, 3.00% by August 2025 and 2.75% by the end of 2025. The benchmark US 10-year bond rate opened the quarter at 4.47% which represented the high for the quarter, fell to a low of 3.60% on the day of the Fed September meeting, but subsequently retraced a little of the down move and finished September at 3.78%. This post Fed increase demonstrates that the markets were expecting a 50bps cut, so it was a classic case of ‘buy the rumour sell the fact’.

The Bank of England (“BoE”) and Sweden’s Riksbank cut their cash rates over August. Despite the ongoing weakness in the Chinese economy, the People’s Bank of China (“PBoC”), after its July rate cuts, initially left its key interest rates unchanged in September. However, in late September the PBoC released a multitude of stimulus measures which included reducing a number of key interest rates to try help its slowing economy.

Against the global rate-cutting trend, the Bank of Japan (“BoJ”) remains an outlier and increased the cash rate by 15bps to 0.25%. The BoJ also intervened to support the yen spending USD36.6 billion in August following on from June’s USD65.0bn of US dollar sales. This time it was helped by general US dollar weakness, which saw investors aggressively unwind yen sourced carry trades. Markets are not expecting any further BoJ rate hikes until December.

The Reserve Bank of Australia (“RBA”) again left its cash rate unchanged at 4.35% at its 24 September meeting and implied no cuts until early 2025. The RBA reiterated its commitment to combating inflation while acknowledging the uncertain economic outlook. The unemployment rate was steady at 4.2%, with a positive employment change of 47,500 workers, better than the expected 26,400.

Economic Commentary

New Zealand (for the September 2024 quarter)

3

	OCR	90 day	2 years	3 years	5 years	7 years	10 years
30-Jun-24	5.50%	5.63%	4.80%	4.51%	4.38%	4.38%	4.46%
30-Sep-24	5.25%	4.87%	3.58%	3.47%	3.55%	3.70%	3.89%
Change	-0.25%	-0.76%	-1.22%	-1.04%	-0.83%	-0.68%	-0.57%

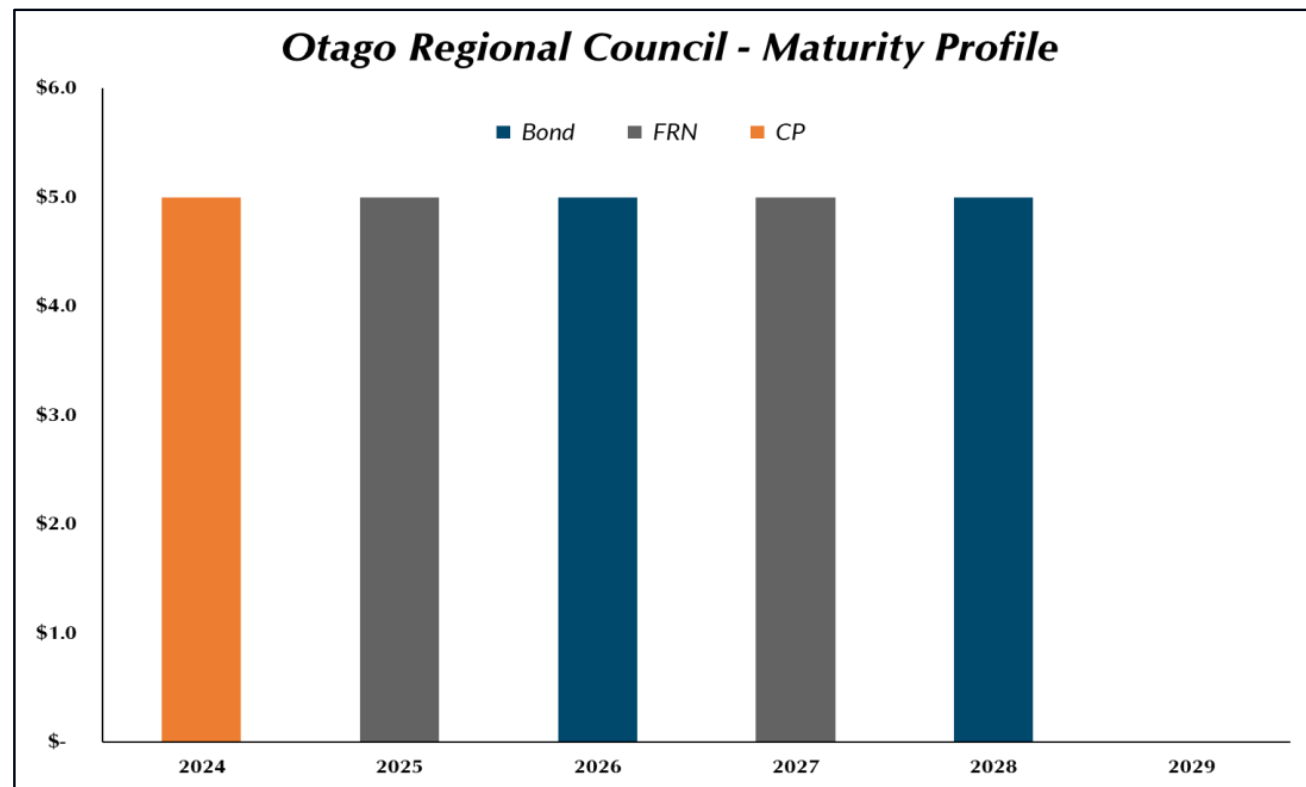
The Reserve Bank of New Zealand ("RBNZ") cut the official cash rate ("OCR") by 50bps to 4.75% on 9 October, based on the assumption that annual CPI is now within the 1.00% - 3.00% target range and converging on the 2.00% midpoint. The media release stated that a variety of factors that would have been considered as part of the decision, including weak economic activity partially as a result of restrictive monetary policy. Business investment and consumer spending are low and are expected to continue to weaken. Low productivity growth was stated as a factor lowering economic activity. The New Zealand economy was stated to now be in a position of excess capacity, leading to lower inflationary pressures, with price- and wage-setting behaviour adjusting to a low-inflation economy. The RBNZ sees labour market conditions continuing to ease further, with filled jobs and advertised vacancy rates expected to decline. The Committee agreed that lowering the OCR by 50bps still left the rate in restrictive territory and with enough headroom to deal with any upcoming economic shocks. The Committee noted that current short-term market rates were consistent with this decision, although noting that current market pricing of risk was especially sensitive to downside economic surprises.

GDP fell in the June quarter by -0.2%, with an annual decrease of -0.5%, slightly better than forecasts of -0.4% and -0.6%, respectively. GDP per capita fell -0.5% in the second quarter and was down -2.7% for the year. Primary industries saw the greatest decline over the quarter with a -1.6% drop. Goods-producing industries increased by 0.7% over the quarter, although there was a -3.2% decrease over the year. Manufacturing increased by 1.9% over the quarter and saw a -4.3% decrease over the year. Services were flat over the quarter with a 0.7% increase over the year.

The current account deficit grew to \$27.8 billion in the year to June, or around 6.7% of GDP. This is slightly worse than the previous \$27.6 billion for the year to March. The deficit for the June quarter was \$7.2 billion, \$269 million more than the March quarter. The goods deficit widened by \$110 million to \$2.6 billion, as goods imports increased by \$183 million, led by transport equipment, while exports were up by \$74 million, led by meat and other commodities such as aluminium, wine, and fish. The services deficit narrowed by \$28 million to \$501 million over the quarter, with exports up \$127 million, led by transportation services, while imports increased \$99 million, led by New Zealanders spending while travelling overseas.

Swap rates fell sharply over the quarter, even more so at the shorter end of the yield curve where the presumed future OCR cuts have more of an influence than at the longer end of the curve which is largely driven by moves in US and global bond rates. However, the moves at the long end of the curve have still been significant driven by the moves in US and global bond yields. This flattening of the local yield curve reduces the benefit of forward start swaps compared to spot swaps but given the fall in spot swaps they are now providing more benefit than earlier in the year.

Funding and Liquidity



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
\$155.05m
 Funds Drawn from LGFA, including on-lending to Port Otago

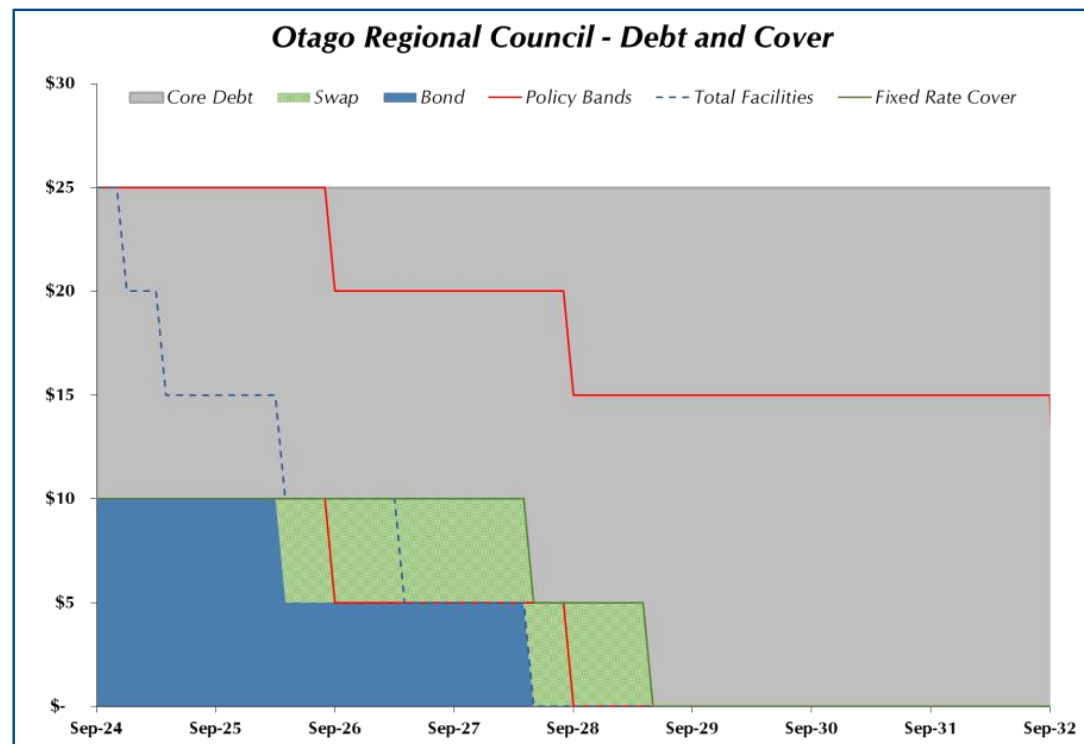
Liquidity = cash deposits, term deposits and managed fund
\$39.97m

Liquidity Ratio based on total Council debt which includes the on-lending to Port Otago
125.77%

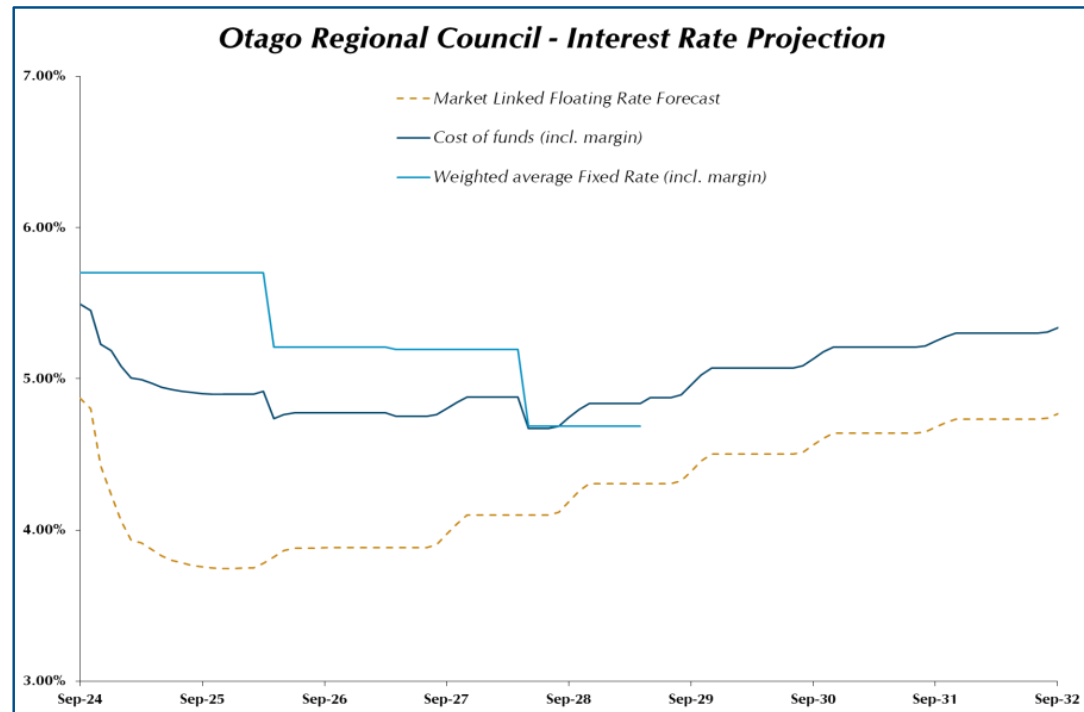
Cost of Funds as at 30 September
5.49%

ORC's cost of funds is projected to fall to approximately 4.95% by June 2025 and 4.75% by June 2026 (see chart bottom left next slide)

Interest Rate Risk Management



Current % of Debt Fixed	40.0%
Current % of Debt Floating	60.0%
Value of Fixed Rate (m)	\$10.0
Weighted Average Cost of Fixed Rate Instruments	5.70%
Value of Floating Rate (m)	\$15.0
Current Floating Rate	4.87%
Current Floating Rate (incl margin)	5.36%
All Up Weighted Average Cost of Funds Including Margin	5.49%
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 September 2024

6

As at 30 September 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 September 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	6.18%	0.56%	\$5,000,000
LGFA FRB	15-Apr-26	5.70%	N/A	\$5,000,000
LGFA FRN	15-Apr-27	6.26%	0.70%	\$5,000,000
LGFA FRB	15-May-28	5.70%	N/A	\$5,000,000

LGFA Borrowing Rates

As at 30 September 2024

7

Listed below are the credit spreads and applicable interest rates as at 30 September 2024 for Commercial Paper (“CP”), Floating Rate Notes (“FRN”), and Fixed Rate Bonds (“FRB”), at which the Otago Regional Council could source debt from the Local Government Funding Agency (“LGFA”).

Maturity	Margin	FRN (or CP Rate)	FRB
3-month CP	0.20%	5.07%	N/A
6-month CP	0.20%	5.19%	N/A
April 2025	0.57%	5.44%	5.15%
April 2026	0.65%	5.52%	4.35%
April 2027	0.77%	5.64%	4.23%
May 2028	0.91%	5.78%	4.35%
April 2029	1.06%	5.93%	4.54%
May 2030	1.17%	6.04%	4.73%
May 2031	1.25%	6.12%	4.89%
April 2033	1.35%	6.22%	5.127%
May 2035	1.42%	6.29%	5.30%
April 2037	1.49%	6.36%	5.47%

Disclaimer

IMPORTANT NOTICE

Statements and opinions contained in this report are given in good faith, but in its presentation, Bancorp has relied on primary sources for the information's accuracy and completeness. Bancorp does not imply, and it should not be construed, that it warrants the validity of the information. Moreover, our investigations have not been designed to verify the accuracy or reliability of any information supplied to us.

It should be clearly understood that any financial projections given are illustrative only. The projections should not be taken as a promise or guarantee on the part of Bancorp.

Bancorp accepts no liability for any actions taken or not taken on the basis of this information and it is not intended to provide the sole basis of any financial and/or business evaluation. Recipients of the information are required to rely on their own knowledge, investigations and judgements in any assessment of this information. Neither the whole nor any part of this information, nor any reference thereto, may be included in, with or attached to any document, circular, resolution, letter or statement without the prior written consent of Bancorp as to the form and content in which it appears.

CONFIDENTIALITY

The information provided herein is provided for your private use and on the condition that the contents remain confidential and will not be disclosed to any third party without the consent in writing of Bancorp first being obtained.

GET IN TOUCH

Bancorp Treasury Services Ltd
Head Office, Level 3, 30 Customs Street, Auckland
09 912 7600

www.bancorp.co.nz

9.8. GOV2459 Te Tiriti o Waitangi Audit

Prepared for:	Audit and Risk
Report No.	GOV2459
Activity:	Community - Governance and Democracy Community - Iwi Relationships
Author:	Andrea Howard, Manager Executive Advice
Endorsed by:	Amanda Vercoe, General Manager Strategy and Customer
Date:	5 December 2024

PURPOSE

- [1] To provide Audit and Risk with the outcome of the Te Tiriti o Waitangi Audit (the Audit)¹ undertaken by Te Kura Taka Pini Limited² (TKTP) in 2023/2024, along with a deep dive analysis of our strategic risk, Partnership effectiveness.
- [2] The key objectives of the Audit³ were to ascertain whether the Council, as an organisation:
- a. is operating in a manner consistent with its commitment to partner with mana whenua, including in accordance with the Foundational Documents; and
 - b. demonstrates and practices a bi-cultural approach⁴ within its organisation, including in accordance with the Foundational Documents.
- [3] This Audit focuses on the views of Kāi Tahu as takata whenua within its Takiwā (area)⁵.

EXECUTIVE SUMMARY

- [4] Te Kura Taka Pini Limited (TKTP) were engaged in 2023 to assess if Council has been operating in a way which is consistent with our commitment to partner with mana whenua (as outlined in a number of key documents) and demonstrate and practice biculturalism within the organisation.
- [5] The Audit found that the relationship between the Council and mana whenua is robust and constructive. Council was viewed as showing a strong willingness to partner with mana whenua and is seen to be continually taking action aimed at strengthening this relationship.
- [6] The authors of the Audit believe that the Council recognises mana whenua as a Te Tiriti partner in the region (not simply a stakeholder) and repeats its commitments to go beyond legislative obligations in its partnership with mana whenua and more effectively involve Māori in decision-making.

¹ See Appendix 1 for a full version of the report.

² TKTP is the freshwater management group within the Te Rūnanga o Ngāi Tahu (Te Rūnanga).

³ See Appendix 2 for the full terms of reference.

⁴ The Council sees biculturalism as two cultures working effectively together. The “ism” is how well the Council has worked (past), work now (present) and will work (future) to accomplish this goal.

⁵ The Takiwā of Kāi Tahu is described in section 5 of the Te Rūnanga o Ngāi Tahu Act 1996.

- [7] The Audit suggests that to further progress the partnership, a shift should occur from predominantly an engagement model to a model that better enables mana whenua to contribute to the Council's decision-making and exercise the rights, responsibilities and obligations of rakatirataka in their takiwā.
- [8] The Audit acknowledged that the relationship between Council and mana whenua is currently strongest at the governance and the Papatipu Rūnaka consultancy service levels (i.e. Aukaha and Te Ao Mārama). There is a common desire to embed and strengthen relationships at an operational level.
- [9] The Audit identified a number of challenges including that mana whenua have limited capacity to engage on all issues raised by the Council within Council/statutory timeframes. The audit also highlighted a lack of certainty from the Council about the most effective next steps to take to realise its partnership objective and deepen relationships with rūnaka.
- [10] In addition to continuing to foster partnerships with mana whenua, the Council also wishes to establish better engagement with, and from, Iwi/Māori/Ngā Mātāwaka (Māori residing in Otago without affiliation to Ngāi Tahu). The first initiative focused on broader engagement with Iwi/Māori and Pasifika communities was the Council's recent participation at Otago Polyfest via an exhibition stand showcasing some of ORC's work programmes.
- [11] The deep dive (Appendix 3) considered the partnership effectiveness risk and highlights the range of external risks, existing controls, and proposed risk improvement actions. The deep dive highlights risks posed by the changing legislative landscape, constraints on resourcing, maturing internal cultural confidence and fixed term nature of funded joint projects. It also identifies the range of risk preventions and controls underway and planned.

RECOMMENDATION

That the Council:

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

BACKGROUND

- [12] Te Kura Taka Pini Limited (TKTP), on endorsement from Mana to Mana, was engaged to report on progress towards Council's goals of meaningful engagement with mana whenua (supporting the intention of the Crown to uphold the principles of the Treaty of Waitangi) and efforts to be a bi-cultural organisation.
- [13] TKTP carried out a review of the Foundational Documents and Relationship Channels listed in the Terms of Reference to understand the nature of the commitments, obligations and structures currently existing between mana whenua and the Council.

- [14] Information addressing the Audit’s objectives was then gathered primarily through a series of interviews with key individuals identified by mana whenua rūnaka and the Council. This included:
- a. Mana-to-Mana Group members;
 - b. Kā Rūnaka members;
 - c. Aukaha and Te Ao Mārama;
 - d. The Council Chief Executive;
 - e. The Council’s Executive Leadership Team; and
 - f. Council third tier managers.
- [15] Further information was also collected using publicly available sources.
- [16] Councillors’ views, as well as additional information relating to the Terms of Reference, were gathered via email.

DISCUSSION

Te Tiriti o Waitangi Audit

- [17] A summary of the overall findings is as follows:
- a. The relationship between the Council and mana whenua is robust and constructive. The Council shows a strong willingness to partner with mana whenua and is continually taking action aimed at strengthening this relationship.
 - b. The Council’s commitment is reflected in the Foundational Documents, its public facing information (e.g. website) and in the, generally, positive interactions between mana whenua and the Council.
 - c. The Council recognises mana whenua as Te Tiriti partner in the region (not simply a stakeholder) and repeats its commitments to go beyond legislative obligations in its partnership with mana whenua and more effectively involve Māori in decision-making.
- [18] In order to further develop partnership arrangements, the Audit recommended that Council “shift its focus from consultation and engagement to [further] enabling Papatipu Rūnaka to exercise rights, responsibilities and obligations of rakatirataka and decision-making in their takiwā.”
- [19] The Audit also found a common desire to strengthen relationships at an operational level and identify opportunities for mana whenua to exercise rakatirataka (through, for example, opportunities to influence decision-making, strategy and management, or via the creation of senior māori leadership roles).
- [20] A number of challenges were identified during the Audit relevant to the Council realising its partnership objective. Key challenges identified include:

- a. Capacity – both mana whenua and the Council acknowledged that mana whenua may have limited capacity to engage on all issues raised by the Council within Council/statutory timeframes. This can apply at both an operational level and the rūnaka level due to competing demands from central and local government on the same few individuals.
- b. Lack of certainty – there is a lack of certainty from the Council about the most effective next steps to take to realise its partnership objective and deepen relationships with rūnaka.
- c. The nature of a local government means that there are some clear distinctions (and limitations) on what can be pursued at an organisational versus elected level.

[21] The Audit made several recommendations, under the following themes:

Responsive/reactive engagement to proactive partnership

- a. The Council and mana whenua commit to move from predominantly an engagement model to a model that also includes partnership arrangements that enable mana whenua to contribute to the Council’s decision-making and exercise the rights, responsibilities and obligations of rakatirataka in their takiwā. This will elevate meaningful engagement between the Council and mana whenua.
- b. The Council and mana whenua jointly explore possible partnership arrangements and opportunities. The Audit recommends that Council and mana whenua agree specific areas of focus where the parties can work together in effective partnership to enable mana whenua to exercise the rights, responsibilities and obligations of rakatirataka in their takiwā for the benefit of the environment and Otago community.
- c. It is also recommended that a clear implementation plan is co-developed to operationalise any agreed initiatives so that Council and mana whenua can work together efficiently, in a mana enhancing manner, to realise these shared objectives and monitor progress.

Development and embedding of relationship to support the partnership

- a. The Council considers further structural mechanisms at an operational level to support and grow the strength of relationships, e.g. via a Chief Executives’ annual hui across the Council, Papatipu Rūnaka, Aukaha and Te Ao Mārama.
- b. The governance and operational relationship is further formalised through a co-designed Mana Whakahono ā Rohe agreement between the Council and mana whenua or a Mana Whenua Strategic Framework is prepared that records the objectives, initiatives and implementation plan agreed between the partners.

Building capability

- a. Council continues to build its knowledge of mana whenua to help the Council better partner with mana whenua. Ensure this knowledge is across a number of Council staff rather than held by a few.
- b. Implement the Council's commitment to make mātauraka Kāi Tahu an integral part of its decision-making e.g. by developing the next stage of cultural capability training with mana whenua and exploring options for further marae visits/noho.

Organisational advancements

- a. In order to advance its bi-cultural objective, the Council should ensure that all senior leadership team members have specific accountability for this objective. Additionally, ensure dedicated funding for kaumātua/kuia/kaikōrero role/s within Council to help uphold cultural safety and tikanga processes consistently and reduce reliance on this being delivered on a voluntary basis.

Partnership Effectiveness Deep Dive

- [22] The deep dive did not result in any proposed changes to the strategic risk register.
- [23] Key risk factors include the changing policy landscape, mismatch of demand for Iwi/Māori expertise and available resourcing across the region, different levels of cultural competence across Council kaimahi, particularly with respect to Kāi Tahu values and tikaka, and the limited potential for funded long-term joint environmental projects. Council has a number of existing controls to minimise the key risks, including foundational documents that guide our partnership relationships, iwi representation on Council committees, iwi involvement in a range of working groups and projects across Council and policies and resources to guide effective engagement.
- [24] The deep dive also identified areas where Council could undertake further risk minimising controls, including establishing clear, consistent guidelines for iwi engagement, streamlining processes and ensuring a unified, cohesive approach to partnership-building that avoids fragmented or disjointed efforts.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [25] Partnership is a focus area in ORC's newly revised Strategic Directions 2024-2034, with goals including:
 - a. working in partnership with mana whenua by engaging in consultation, co-management agreements, and participation in council processes;
 - b. ensuring mana whenua are resourced to actively participate in development, design and decision making; and
 - c. partnering with mana whenua and ensuring mātauraka Kāi Tahu is an integral part of decision making.

Financial Considerations

- [26] There are no financial considerations. The total cost of the Audit was \$52,800 and was covered within existing 2023/2024 budgets.

Significance and Engagement Considerations

- [27] This paper does not trigger ORC's policy on significance and engagement, although extensive consultation took place with Council staff, elected members and rūnaka during the Audit process.

Legislative and Risk Considerations

- [28] Various acts provide a legislative requirement for the Council to engage with Māori. These requirements reflect the Crown's commitment to meeting its obligations under the Te Tiriti o Waitangi and the commitment of central government to ensure local government is doing its part in this respect. Included in these commitments is legislation (e.g. Local Government Act⁶ and the Resource Management Act⁷ that requires Council's to "take into account" or "have regard to" the principles of Te Tiriti o Waitangi.

Climate Change Considerations

- [29] There are no direct climate change considerations, but the impacts of climate change are of key concern to mana whenua⁸ and Iwi/Māori.

Communications Considerations

- [30] The full Te Tiriti o Waitangi Audit report will be available on our website.

NEXT STEPS

- [31] The Audit and its recommendations were presented at the 27 August 2024 Mana to Mana meeting. A draft implementation plan was discussed at the Mana to Mana meeting on 18 November. Any governance related actions will be discussed at future Regional Leadership Committee meetings. Priorities and progress on implementing operational and governance level actions will be reported back to Council periodically.

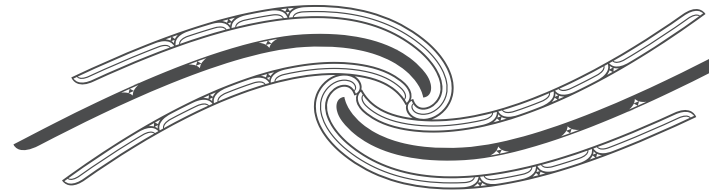
ATTACHMENTS

1. Appendix 1_ Otago Regional Council Te Tiriti o_ Waitangi Audit Report 5 x 60 Ex K 8 f 0 KU Cn 7 T Nx [9.8.1 - 14 pages]
2. Appendix 2 230630 To R Otago Regional Council Tiriti Audit [9.8.2 - 7 pages]
3. Appendix 3 Strategic Risk - Deep Dive Partnership Effectiveness Audit and Risk 25112024 [9.8.3 - 3 pages]

⁶ [Local Government Act 2002 No 84 \(as at 12 April 2022\), Public Act – New Zealand Legislation](#)

⁷ [Resource Management Act 1991 No 69 \(as at 12 April 2022\), Public Act – New Zealand Legislation](#)

⁸ <https://ngaitahu.iwi.nz/te-runanga-o-ngai-tahu/our-work-pou/strategy-and-environment/climate-change/>



Te Kura **Taka Pini**

TE TIRITI AUDIT REPORT

Prepared for the Otago Regional Council

Prepared by Te Kura Taka Pini Ltd

June 2024



Otago Regional Council Te Tiriti o Waitangi Audit Report

Executive Summary

Te Kura Taka Pini Limited (TKTP) has been engaged by the Otago Regional Council (the Council) to report on progress towards its goals of meaningful engagement with mana whenua (per Te Tiriti o Waitangi principles) and its progress as a bi-cultural organisation.

In preparing this report we have engaged with the Council and with mana whenua representatives. This engagement has shown considerable mutual respect exists and there is a willingness to see the relationship continue to mature and advance. This will invariably lead to improved outcomes for both the Council and mana whenua. Positive outcomes for the regional community and ratepayers will also continue to be realised through efficient and effective engagement between the Council and mana whenua. However, our findings show that further work is required to move beyond engagement towards the partnership aspirations of both the Council and mana whenua.

The Council is continuing its journey as a bi-cultural organisation. While mana whenua are supportive of this objective, particularly where it enhances the Council's partnership capability, it was noted that priority of mana whenua is for progress to be made in relation to the Council's partnership objective.

We make a number of recommendations arising from our findings:

Responsive/reactive engagement to proactive partnership

- A. The Council and mana whenua commit to move from predominantly an engagement model to a model that also includes partnership arrangements that enable mana whenua to contribute to the Council's decision-making and exercise the rights, responsibilities and obligations of rakatirataka in their takiwā. This will elevate meaningful engagement between the Council and mana whenua.
- B. The Council and mana whenua jointly explore possible partnership arrangements and opportunities. The Audit recommends that Council and mana whenua agree specific areas of focus where the parties can work together in effective partnership to enable mana whenua to exercise the rights, responsibilities and obligations of rakatirataka in their takiwā for the benefit of the environment and Otago community. Potential issues to explore could include, but are not limited to, the following:
 - Delegation for decision-making on certain issues to the Council Committees with mana whenua representation.
 - Co-designing relevant Council committee terms of reference with mana whenua to ensure a common understanding of mana whenua priorities.
 - Investigating if the transfer of Council's functions, powers or duties (under the Resource Management Act 1991) is desirable, e.g. mana whenua monitoring of waterways and the harbour.
 - Identifying joint projects and initiatives between the Council and mana whenua, e.g. 'state of the takiwā monitoring' and catchment action plans.
 - Opportunities to engage mana whenua contractors in the delivery of the Council's operational work, including training and capacity building opportunities, to support increased supplier competition and ratepayer savings.
 - The appointment of mana whenua commissioners to consent and plan hearing panels.

Mana whenua are soon to commence a review of their Natural Resources Management Plan. This review provides an opportunity for the parties to identify specific areas where the exercise of rakatirataka could enhance environmental outcomes in the Otago region.

It is also recommended that a clear implementation plan is co-developed to operationalise any agreed initiatives so that Council and mana whenua can work together efficiently, in a mana enhancing manner, to realise these shared objectives and monitor progress.



Development and embedding of relationship to support the partnership

- C. The Council considers further structural mechanisms at an operational level to support and grow the strength of relationships, e.g. via a Chief Executives' annual hui across the Council, Papatipu Rūnaka, Aukaha and Te Ao Marama.
- D. The governance and operational relationship is further formalised through a co-designed Mana Whakahono ā Rohe agreement between the Council and mana whenua or a Mana Whenua Strategic Framework is prepared that records the objectives, initiatives and implementation plan agreed between the partners.

Building capability

- E. Council continues to build its knowledge of mana whenua to help the Council better partner with mana whenua. Ensure this knowledge is across a number of Council staff rather than held by a few.
- F. Implement the Council's commitment to make mātauraka Kāi Tahu an integral part of its decision-making e.g. by developing the next stage of cultural capability training with mana whenua and exploring options for further marae visits/noho.

Organisational advancements

- G. In order to advance its bi-cultural objective, the Council should ensure that all senior leadership team members have specific accountability for this objective. Additionally, ensure dedicated funding for kaumātua/kuia/kaikōrero role/s within Council to help uphold cultural safety and tikanga processes consistently and reduce reliance on this being delivered on a voluntary basis.

Part 1

1. Introduction and scope

1.1 The Otago Regional Council (the Council), with the tautoko of mana whenua, commissioned this audit to measure its progress towards its goals of:

- 1.1.1. meaningful engagement with mana whenua, based on the principles of Te Tiriti o Waitangi (Te Tiriti); and
- 1.1.2. operating as a bi-cultural¹ organisation.

1.2 The Audit has focussed on the Council as an organisation and did not directly review the relationship between mana whenua and democratically elected councillors. The role of the elected Council is mentioned in this Report where relevant to the operation of the Council as an organisation and its relationship with mana whenua.

1.3 The Council appointed Te Kura Taka Pini Limited (TKTP) to conduct the Audit.

TKTP is the freshwater management group within the Te Rūnanga o Ngāi Tahu (Te Rūnanga). It is important to note that we have used the Kāi Tahu tribal dialect in this report. The 'ng' is replaced by the 'k': eg: Ranginui is Rakinui in this dialect.

2. Objectives of the Audit

2.1 The key objectives of the Audit, as set out in the Terms of Reference², were to ascertain whether the Council, as an organisation:

- 2.1.1. is operating in a manner consistent with its commitment to partner with mana whenua, including in accordance with the Foundational Documents (listed in the Terms of Reference); and
- 2.1.2. demonstrates and practices a bi-cultural approach within its organisation, including in accordance with the Foundational Documents.

1 The Council sees biculturalism as two cultures working effectively together. The "ism" is how well the Council has worked (past), work now (present) and will work (future) to accomplish this goal.

2 Refer to Schedule 1 for the full Terms of Reference.



3. About Kāi Tahu

Overview

- 3.1** Kāi Tahu is takata whenua within its Takiwā (area)³. Under Kāi Tahu tikaka, status as mana whenua can only be held by takata whenua. References in this Report to mana whenua are to Kāi Tahu on the basis Kāi Tahu is takata whenua.
- 3.2** A Kāi Tahu individual stands within their whānau. That whānau lives within a hapū. Collectively, in its simplest form, the various hapū come together and unite as an iwi.
- 3.3** In the case of Kāi Tahu, 18 Papatipu Rūnaka are spread throughout Te Waipounamu (South Island). They exist to uphold the mana of their people over the land, the sea and the natural resources. No rūnaka is the same, each has opportunities and challenges shaped by the land, the environment, the towns and cities and the people that make the region home. The Papatipu Rūnaka is the face of Kāi Tahu at a regional level.
- 3.4** Each of the 18 Papatipu Rūnaka appoints a tribal member to represent its interests at Te Rūnanga), the representative body corporate of Kāi Tahu Whānui established 24 April 1996. Te Rūnanga was created to manage the collective assets of the iwi and in doing so support Papatipu Rūnaka in a way that allows each of them to exercise their rakatirataka so they can build and sustain their communities for generations to come.

Kāi Tahu in the Otago region

- 3.5** The Takiwā of Kāi Tahu covers the entire Otago region. Seven Papatipu Rūnaka have interests in the region:
- 3.5.1 Otago mana whenua rūnaka (Kāi Tahu Ki Otago), are:
- Te Rūnanga o Moeraki;
 - Kāti Huirapa Rūnaka ki Puketeraki;
 - Te Rūnanga o Ōtākou; and
- 3.5.2 Southern mana whenua rūnaka (Ngāi Tahu ki Murihiku), are:
- Hokonui Rūnanga;
 - Awarua Rūnanga;
 - Waihopai Rūnaka; and
 - Ōraka-Aparima Rūnaka.
- 3.6** The mana, rakatirataka and Te Tiriti partnership and relationship in the Otago region ultimately lies with individual Otago and Southern rūnaka.
- 3.7** At an operational level, however, Kāi Tahu Ki Otago are represented by Aukaha Limited and Ngai Tahu ki Murihiku are represented by Te Ao Marama Incorporated. These Papatipu Rūnaka consultancy services provide a first point of contact for the Council and facilitate Kāi Tahu engagement on a range of matters, including resource management processes. From time to time, Te Rūnanga may be the appropriate first point of contact for Council (for example, on matters relevant to the Ngāi Tahu Claims Settlement Act 1998), or legislation which requires engagement with the iwi authority.

4. About the Otago Regional Council

- 4.1** The Council is responsible for sustainably managing Otago's natural resources on behalf of its community. It is also responsible for promoting the economic, social, cultural and environmental wellbeing of the region. The Council is governed by 12 councillors, elected by the residents of Otago every three years.

5. Values, duties and aspirations of parties

Kāi Tahu

- 5.1** Kāi Tahu do not see their existence as separate from Te Ao Tūroa, the natural world, but as an integral part of it. Through whakapapa, genealogy, all people and life forms descend from a common source. Whakapapa binds Kāi Tahu to the mountains, forests and waters and the life supported by them, and this is reflected in their approach to the natural world and resource management.

³ The Takiwā of Kāi Tahu is described in section 5 of the Te Rūnanga o Ngāi Tahu Act 1996.



5.2 Whakawhanaukataka, the process of maintaining relationships, embraces whakapapa, through the relationship between people, and between people and the environment. The nature of these relationships defines people's rights and responsibilities in relation to the use and management of resources. All things have the qualities of wairua, spiritual dimension, and mauri, life force or life supporting capacity, and have a genealogical relationship with each other.

5.3 Mauri provides the common centre between the natural resources, taoka, the people or guardians who care for the taoka, the kaitiaki, and the management framework, tikaka, of how taoka are to be managed by the kaitiaki. It is through kawa, protocol, that the relationship between taoka, tikaka and kaitiakitaka is realised. Each Papatipu Rūnaka has its own takiwā determined by natural boundaries such as headlands, mountain ranges and rivers. This political and operational authority over an area is undertaken by takata whenua and encompasses kaitiakitaka and rakatirataka. An integral element of the concepts of kaitiakitaka and rakatirataka is the recognition that Kāi Tahu have their own traditional means of managing and maintaining resources and the environment. This system of rights and responsibilities is inherited from previous generations and has evolved over time. The resources in any given area are a point of prestige for the people who reside there and are a statement of identity. Traditionally, the abundance or lack of resources directly determines the welfare of every tribal group, and so affects their mana.

5.4 Within that context, the following is an overview of Kāi Tahu values as they relate to its relationship with the Council. It is not a complete or absolute list of Kāi Tahu values:

- 5.4.1 Ki Uta Ki Tai** is a Kāi Tahu term that has become synonymous with the way Kāi Tahu think about natural resource management. Ki uta ki tai, from the mountains to the sea, is the concept used to describe holistic natural resource management. Ki uta ki tai is the Kāi Tahu way of understanding the natural environment, including how it functions, how people relate to it and how it can be looked after appropriately.
- 5.4.2 Rakatirataka** is about the exercise of authority in accordance with Kāi Tahu tikaka and kawa, including in the management of the natural world. The rakatirataka of Kāi Tahu existed prior to Kāi Tahu signing Te Tiriti. It is inherent in Kāi Tahu and does not derive from the Crown or New Zealand Parliament.⁴ The rakatirataka of Kāi Tahu resides within the Papatipu Rūnaka. It is located at distinct but mutually reinforcing scales within the tribe. It is something to be protected and enhanced for future generations: mō tatou ā mō ngā uri ā muri ake nei.
- 5.4.3 Kaitiakitaka** is the exercise of guardianship by Kāi Tahu of an area in accordance with tikaka Māori in relation to natural and physical resources and includes the ethic of stewardship. This statutory definition of kaitiakitaka is, however, a starting point only for Kāi Tahu, as kaitiakitaka is a much wider cultural concept than guardianship. Kaitiakitaka entails the active protection and responsibility for natural and physical resources by Kāi Tahu. Kaitiakitaka is fundamental to the relationship between Kāi Tahu and the environment. The objectives of kaitiakitaka are to protect the life supporting capacity of the environment and to pass the environment on to future generations in an enhanced state. For Kāi Tahu, kaitiakitaka is not passive custodianship, nor is it simply the exercise of traditional property rights, but it entails an active exercise of responsibility in a manner beneficial to the resource.
- 5.4.4 Tikaka Māori** encompasses the beliefs, values, practices and procedures that guide appropriate codes of conduct, or ways of behaving. In the context of natural resource management, observing tikaka is part of the ethic and exercise of kaitiakitaka. It is underpinned by a body of Mātauraka Māori, Māori knowledge, and is based on a general understanding that people belong to the land and have a responsibility to care for and manage the land. It incorporates forms of social control to manage the relationship of people and the environment, including concepts such as tapu, noa and rāhui. Tikaka is based on traditional practices but is dynamic and continues to evolve in response to different situations.
- 5.4.5 Taoka** encompasses all natural resources, air, land, water, and indigenous biological diversity. Taoka are treasured resources that are highly valued by Kāi Tahu, derived from the atua, gods, and left by the tūpuna, ancestors, to provide and sustain life. In the management of natural resources, it is important that the habitats and wider needs of taoka species are sustainably managed and enhanced.
- 5.4.6 Mahika Kai** is one of the cornerstones of Kāi Tahu cultural identity. Mahika kai is a term that literally means "food workings" and refers to the customary gathering of food and natural materials and places where those resources are gathered or produced. The term also embodies the traditions, customs and collection methods, and the gathering of natural resources for cultural use, including raraka, weaving, and rokoā, traditional medicines. Maintaining mahika kai sites, gathering resources, and continuing to practice the tikaka that governs each resource, is an important means of passing on cultural values and mātauraka Māori, traditional knowledge, to the next generation.

⁴ Kāi Tahu rangatiratanga was confirmed (not created) by Te Tiriti (1840), Te Kēreme (1997) and the Ngāi Tahu Claims Settlement Act 1998.



- 5.5** A key aspiration of Kāi Tahu relates to their ability to exercise rakatirataka. Kā rūnaka have exercised their rights, responsibilities and obligations of rakatirataka in their takiwā from before 1840 to the present day, however, the exercise of that rakatirataka has been continually encumbered and constrained by the Crown and local government over time.
- 5.6** Just as the Crown and local government exercise kāwanataka, Kāi Tahu exercises rakatirataka. Where kāwanataka and rakatirataka should operate together, kā rūnaka will exercise their rakatirataka in good faith alongside the Crown and local government.
- 5.7** An aspiration of Kāi Tahu is for legislation governing environmental management and local government to be amended over time to unencumber the ability of Kāi Tahu to exercise rakatirataka.⁵ In the short-term, however, there is much that can be done within the existing system through continuing to work constructively with Council (and vice versa) to enhance the rakatirataka of rūnaka in their takiwā.

Otago Regional Council values, duties and aspirations

(This section will need to be confirmed with Council)

- 5.8** The Council's vision is "Otago's communities, through engagement, trust us to make well-informed decisions and enable solutions".⁶ This is informed/underpinned by its six values that guide its daily interactions. The Council sets out its values on its website as follows:
- 5.8.1 Caring, Kākau Māhaki:** We take great care in all we do, using resources appropriately and being responsive to the needs of our communities. We value the opinions and diversity of others and take time to connect with people.
- 5.8.2 Trustworthy, Matatika:** We do the right thing even when it's not the easy thing. We act ethically and with mana in everything we do. We will ask for help when it's needed, and we do all of this to enable the best outcomes for our communities.
- 5.8.3 Open and honest, Pono:** We encourage openness and honesty, especially when the conversations are challenging. We believe in active listening and being approachable. We speak with integrity, seeking feedback from our community and stakeholders. We bring a "no surprises" approach to our interactions with each other, our stakeholders, and our community.
- 5.8.4 Collaborative, Mahi Kātahi:** We believe in actively building constructive relationships and networks to support our 'one team' approach to collaboration. We support our partners, and each-other, by sharing knowledge and resources to achieve common goals. Building these relationships helps us to achieve great things for the people of Otago.
- 5.8.5 Accountable, Noho Haepapa:** We believe in taking the initiative and understanding the role we play in our community. We encourage honest, constructive conversations and having clear roles and responsibilities. We are objective and we own our decisions.
- 5.8.6 Creative, Wairua Auaha:** We are creative in our problem solving, challenging the 'status quo'. We are bold and curious in our thinking, always seeking better ways of doing things, and challenge our peers to do the same. We have the courage to leave things better than we found them.⁷
- 5.9** Specifically in relation to mana whenua, the Council has a range of legislative requirements to engage and involve Māori in local decision-making, as well as take into account the principles of Te Tiriti. The Council recognises the status of Kāi Tahu as Te Tiriti partners in the region.
- 5.10** The Council's aspiration, as stated on its website, is to go beyond statutory responsibilities to ensure meaningful engagement with mana whenua that is based on the principles of Te Tiriti and to benefit from the value that engagement with mana whenua adds through the sharing of their knowledge and wisdom. This aspiration encompasses its commitment to make mātauranga Kāi Tahu an integral part of its decision-making and continue its journey to involve mana whenua more effectively in decision-making.

5 There is a duty on the Crown to actively consider such enabling of rangatiratanga. Cabinet Circular 19(5), in operation since 22 October 2019, sets out guidelines agreed to by Cabinet for policy-makers to consider the Treaty of Waitangi in policy development and implementation. Paragraphs 47 to 54 require officials to consider whether a proposal should allow for the exercise of rangatiratanga while recognising the right of the Crown to govern.

6 <https://www.orc.govt.nz/our-council-our-region/our-council/strategic-directions>

7 <https://joinus.orc.govt.nz/working-with-us#our-values>



5.11 The Council's website also describes the following as its commitment to partner with mana whenua:

Our commitment is to partner with mana whenua and make mātauranga Kāi Tahu an integral part of our decision-making. This recognises the status of mana whenua as the Treaty partner in the Otago region and the need to continue the journey that Council has begun to more effectively involve Māori in decision making.⁸

6. Process followed by Audit

6.1 TKTP carried out a review of the Foundational Documents and Relationship Channels listed in the Terms of Reference to understand the nature of the commitments, obligations and structures currently existing between mana whenua and the Council.

6.2 Information addressing the Audit's objectives was then gathered primarily through a series of interviews with key individuals identified by mana whenua rūnaka and the Council. This included:

- 6.2.1 Mana-to-Mana Group members;
- 6.2.2 Kā Rūnaka members;
- 6.2.3 Aukaha and Te Ao Marama;
- 6.2.4 The Council Chief Executive;
- 6.2.5 The Council's Executive Leadership Team; and
- 6.2.6 Council third tier managers.

6.3 Further information was also collected through the use of publicly available sources.

6.4 Councillors' views, as well as additional information relating to the Terms of Reference, was gathered via email.

7. Overview of Foundational Documents

7.1 The Terms of Reference for the Audit identified a broad range of Foundational Documents underpinning the relationship between the Council and mana whenua. The following section of the Report provides a brief description of those documents.

7.2 Te Tiriti o Waitangi

- 7.2.1 Te Tiriti is one of New Zealand's founding documents. It is an agreement, in Māori and English, made between the British Crown and Māori rangatira (chiefs). It establishes Te Tiriti partnership between the Crown and Kāi Tahu referred to throughout this Report.
- 7.2.2 Legislation, such as the Resource Management Act 1991 and the Local Government Act 2002, recognise the Crown's responsibilities under Te Tiriti and impose corresponding obligations on local government.

7.3 Ngāi Tahu Deed of Settlement and Ngāi Tahu Claims Settlement Act 1998

- 7.3.1 The Ngāi Tahu Deed of Settlement (Deed of Settlement) and Ngāi Tahu Claims Settlement Act 1998 (NTCS Act) settle the historical grievances of Ngāi Tahu against the Crown under Te Tiriti.
- 7.3.2 The Deed of Settlement and NTCS Act confirm the rangatiratanga of Ngāi Tahu and its relationship with the natural environment and whenua within its takiwā. The NTCS Act also states that the Crown seeks to enter into a new age of co-operation Ngāi Tahu.⁹
- 7.3.3 The NTCS Act also identifies some taoka species, establishes tōpuni, statutory acknowledgements, dual place names and nohoaka sites, recognising the special association of Ngāi Tahu with these areas and resources. Local authorities are required to have regard to statutory acknowledgements in resource consent processing in deciding whether Te Rūnanga is a person who may be adversely affected by the granting of a resource consent for activities within, adjacent to or impacting directly on the statutory area.¹⁰
- 7.3.4 Along with Te Tiriti, these documents define the contemporary relationship between the Crown and Ngāi Tahu. They form a binding legal and constitutional relationship between Ngāi Tahu and the Crown and entrench Ngāi Tahu rangatiratanga and Te Tiriti partnership.

⁸ <https://www.orc.govt.nz/our-council-our-region/our-council/partnership-with-kai-tahu>

⁹ Ngāi Tahu Claims Settlement Act 1998, section 6, paragraph 8.

¹⁰ Ngāi Tahu Claims Settlement Act 1998, section 208.



7.4 Te Rūnanga o Ngāi Tahu Act 1996

- 7.4.1 Te Rūnanga o Ngāi Tahu Act 1996 prescribes, amongst other things, the status of Te Rūnanga, the members of Ngāi Tahu Whānui and their entitlements, the papatipu rūnanga that are members of Te Rūnanga and the provisions for electing Representatives.

7.5 Memorandum of Understanding – Kāi Tahu mana whenua ki Otago

- 7.5.1 Effective from 22 January 2003, the Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago for Effective Consultation and Liaison (the MoU) sets out mechanisms intended to support effective consultation and liaison between the parties on a range of matters, including resource consents and Regional Plan changes.
- 7.5.2 The MoU also recognises the Council's need to consult with Otago mana whenua rūnaka and Te Rūnanga on specific matters and establishes an iwi liaison role (Kaitakawaenga) to help facilitate this.
- 7.5.3 In accordance with the MoU, the Council has entered into a Partnership Protocol with Aukaha Limited.

7.6 Charter of Understanding with Te Ao Marama Inc.

- 7.6.1 Dated March 2016, He Huarahi mō Ngā Uri Whakatupu, The Charter of Understanding (the Charter) is between Environment Southland, Invercargill City Council, Southland District Council, Gore District Council, Queenstown Lakes District Council, Clutha District Council and Otago Regional Council and Te Ao Marama Inc.¹¹ This Charter provides for the ongoing relationship between the signatories in the context of the Resource Management Act 1991, the Local Government Act 2002 and the Local Electoral Act 2001. The signatories agree a common goal of the sustainable management of the region's environment and for the social, cultural economic and environmental needs of communities, for now and into the future.
- 7.6.2 The Charter sets out a number of mechanisms to support this goal, including establishing quarterly meetings of a political level governance group made up of elected representatives from each of the Council signatories and the Murihiku papatipu rūnanga (Te Rōpū Taiao).¹²
- 7.6.3 Consistent with the objectives in the Charter, the Council has entered into a Partnership Protocol with Te Ao Marama Incorporated.

7.7 He Mahi Rau Rika, Otago Regional Council Significance, Engagement and Māori Participation Policy

- 7.7.1 Dated 2022, He Mahi Rau Rika (the Policy) sets out, at a high-level, the Council's approach to engagement with mana whenua, stakeholders and the community.
- 7.7.2 The Policy confirms the Council's commitment to partnering with mana whenua, outlines a range of existing relationship arrangements and sets out key factors it considers when determining a matter's significance to mana whenua.

7.8 Partially operative Otago Regional Policy Statement 2019

- 7.8.1 The Partially operative Otago Regional Policy Statement 2019 (RPS 19) is a high-level policy framework for the sustainable integrated management of resources, identifying regionally significant issues, the objectives and policies that direct how natural and physical resources are to be managed and setting out how this will be implemented by the region's local authorities.
- 7.8.2 The Council developed the RPS 19 in consultation with Kāi Tahu and creates general guidance for engaging with Kāi Tahu on resource management matters by setting out Kāi Tahu values and interests.

One of the five outcomes sought by the Council in the RPS 19 is for: Kāi Tahu values, and interests to be recognised and kaitiakitaka to be expressed.

Mana whenua feedback noted that the change of leadership at Chief Executive Officer level influenced a marked change in the relationship, which fed into positions on the 'policy committee'.and helped ensure positive input to the development of RPS 19.

7.9 Otago Regional Council Proposed Regional Policy Statement 2021

- 7.9.1 The Proposed Otago Regional Policy Statement 2021 (RPS 21) identifies the significant resource management issues for the region, explains how national direction on resource management will be applied in Otago, and provides direction on how to balance potentially conflicting requirements. Its role is to provide high-level guidance and establish the framework for Otago's regional and district plans in which more specific resource management policies, objectives and rules will sit.

¹¹ Te Ao Marama Inc is authorised to represent Te Rūnaka O Awarua, Hokonui Rūnanga, Ōraka/Aparima Rūnaka, and Waihōpai Rūnaka.

¹² The Charter, clauses 2.3.1 & 2.7.2.2.



7.9.2 The Council takes the objectives and policies set out in iwi management plans¹³ into account when developing RPS 21.

7.10 Otago Regional Council Long Term Plan 2021-31 and Otago Regional Council Annual Plan 2022-23

7.10.1 The Otago Regional Council Long Term Plan 2021-31 (LTP) provides direction for Council decision-making and sets the Council's work programme priorities. In its most recent LTP, the Council confirmed its commitment to work in partnership with mana whenua and committed to processes and initiatives to help give effect to this commitment, for example:

- building mana whenua participation in Council decision-making through a Treaty based partnership approach in engagement; and
- developing Target Integrated Catchment Action Plans (CAPs) in collaboration with iwi and community.

7.10.2 The Council's Annual Plan 2022-2023 (AP) sets out adjustments, if any, that are adopted to the Council's LTP. The Council made no significant adjustment to the AP relating to its commitment to work in partnership with mana whenua.

8. Overview of Relationship Channels

8.1 The Audit Terms of Reference identify a number of Relationship Channels committed to by the Council in its engagement with mana whenua. The following section of the Report outlines these channels.

8.2 Mana-to-Mana Group

8.2.1 The Mana-to-Mana Group is a governance level forum between the Council and Kāi Tahu ki Otago Papatipu Rūnaka aimed at strengthening collaboration between the parties around environmental management and provide a forum for structured and robust governance level engagement. It builds on the MoU between the two parties that was signed in 2003.

8.2.2 The parties of the Mana-to-Mana Group are:

- the Council represented by its Chairperson and all Councillors; and
- Kāi Tahu Papatipu Rūnaka represented by the Chairperson (or delegate) of:
 - Te Rūnanga o Moeraki;
 - Kāti Huirapa Rūnaka ki Puketeraki;
 - Te Rūnanga o Ōtākou; and
 - Hokonui Rūnanga.
- Due to shared interests, Southern rūnanga are also invited to all meetings and are able to participate as full members.

8.2.3 The Mana-to-Mana Group Terms of Reference state that the Chief Executives of the Council and Aukaha and the Kaupapa Taiao Manager of Te Ao Marama Inc. shall attend meetings in a supporting capacity.

8.3 Council Committee representation

8.3.1 Under the Local Government Act 2002, council can appoint non-elected members to its committees.¹⁴ The Council has invited Kāi Tahu to be members of the following committees:

- **The Environmental Science and Policy Committee** has two Kāi Tahu members, including Co-Chair. The remit of this Committee is to provide advice and guidance to Council on the development of Otago's environmental (water, land, air, biodiversity and biosecurity) plans, policies and strategies under the Resource Management Act 1991, Biosecurity Act 1993 and other national directions. It also helps ensure the Council partnership with Kāi Tahu is reflected in these matters.
- **The Regional Leadership Committee** has one Kāi Tahu member. The remit of the Committee is to provide recommendations and advice to Council on Regional Leadership activities set out in the LTP. It also monitors governance, communications, and regulatory functions of Council and champions the Council's partnership with Kāi Tahu.

8.3.2 Neither Committee currently has general decision-making or financial delegations from the Council but can make recommendations to the Council.

¹³ There are four iwi planning documents lodged with the local authorities in the Otago Region: Te Rūnanga o Ngāi Tahu Freshwater Policy 1999; Kāi Tahu ki Otago Natural Resources Management Plan 2005; Te Tangi a Tauira: Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan 2008; and Waitaki Iwi Management Plan 2019.

¹⁴ Refer Schedule 7, clause 31(3).



8.4 Land and Water Regional Plan Governance Group

- 8.4.1 Mana whenua are represented on this Council appointed working group that is responsible for:
- safeguarding the integration of the fundamental concept Te Mana o Te Wai, and its articulation, in the National Policy Statement for Freshwater Management as well as the objectives, policies and the Freshwater Management Unit/Rohe visions in the Proposed Regional Policy Statement; and
 - overseeing the project management-related aspects of the development of the Land and Water Regional Plan.

8.5 Internal cultural awareness training/induction

- 8.5.1 The Council has developed and implemented a programme of cultural awareness and competency training for its staff. This includes offering training in Te Reo Māori, Te Tiriti and tikanga from a Kāi Tahu perspective. Since 2021, this training has included, for example:
- a Bicultural Competency Certificate offered through Otago Polytechnic developed with input from mana whenua; and
 - bespoke training offered for particular roles, including training with mana whenua (e.g. the Council's Science and Policy directorate undertook a noho marae visit in 2021 to learn about cultural values relevant to water planning and noho marae visits for newly elected councillors).

8.6 Engagement with mana whenua: Aukaha and Te Ao Marama

- 8.6.1 At an operational level, Papatipu Rūnaka consultancy services provide a first point contact for the Council on a range of matters relevant to mana whenua, including resource management processes. Kāi Tahu Ki Otago are represented by Aukaha Limited and Ngāi Tahu ki Murihiku are represented by Te Ao Marama Incorporated.

Part 2

Findings

- 1.1 The following section of the Report outlines the key findings of the Audit in relation to each key objective set out in the Terms of Reference. Recommendations as a result of these findings are set out in Part 3 of the Report.
- 1.2 Objective 1: Is the Council, as an organisation, operating in a manner consistent with its commitment to partner with mana whenua, including in accordance with the Foundational Documents (partnership objective)**
- 1.3 Overall findings**
- 1.3.1 Overall, the relationship between the Council and mana whenua is robust and constructive. The Council shows a strong willingness to partner with mana whenua and is continually taking action aimed at strengthening this relationship.
- 1.3.2 The Council's commitment is reflected in the Foundational Documents, its public facing information (e.g. website) and in the, generally, positive interactions between mana whenua and the Council.
- 1.3.3 Overall, the Council recognises mana whenua as Te Tiriti partner in the region (not simply a stakeholder) and repeats its commitments to go beyond legislative obligations in its partnership with mana whenua and more effectively involve Māori in decision-making.
- 1.3.4 The next step towards the Council realising its commitment to partner with mana whenua is to shift its focus from consultation and engagement to [further] enabling Papatipu Rūnaka to exercise rights, responsibilities and obligations of rakatirataka and decision-making in their takiwā.
- 1.3.5 While there is structure underpinning the relationship between mana whenua and the Council at the governance or strategic level (primarily the Mana-to-Mana Group), the relationship at the operational level (beyond statutory requirements for consultation) relies heavily on the commitment, good will and discretion of individuals. This can make the Council's progress on its partnership objective sporadic.
- 1.3.6 The relationship between Council and mana whenua is currently strongest at the governance and the Papatipu Rūnaka consultancy service levels. There is a common desire to embed and strengthen relationships at an operational level and identify opportunities for mana whenua to exercise rakatirataka.
- 1.4 A number of challenges were identified during the Audit relevant to the Council realising its partnership objective. Key challenges identified include:



Te Kura **Taka Pini**

- 1.4.1 Capacity – both mana whenua and the Council acknowledged that mana whenua may have limited capacity to engage on all issues raised by the Council within Council/statutory timeframes. This can apply at both an operational level and the rūnaka level due to competing demands from central and local government on the same few individuals.
- 1.4.2 Lack of certainty – there is a lack of certainty from the Council about the most effective next steps to take to realise its partnership objective and deepen relationships with rūnaka.
- 1.4.3 The nature of a local government means that there are some clear distinctions (and limitations) on what can be pursued at an organisational versus elected level.
- 1.5** In assessing whether the Council is meeting its partnership objective, the Terms of Reference directed the Audit review the following areas:
- 1.5.1 Alignment of values and aspirations**
- 1.5.1.1 On their face, there is no apparent conflict between the Council's values and aspirations and those of mana whenua.
- 1.5.1.2 However, the Council's values (outlined at paragraph 5.8 above) are expressed at a conceptual level and there is no specific alignment of values relating to the ability of mana whenua to exercise rakatirataka and decision-making. As mana whenua and the Council continue to work together, the parties will need to ensure they are aligned on what partnership looks like in practice (e.g. ensure consultation and meaningful engagement are not used as a substitute for partnership and the exercise of rakatirataka) and what concrete steps will help realise their aspirations.
- 1.5.2 The effectiveness of the Foundational Documents and whether obligations and commitments are being upheld**
- 1.5.2.1 The Foundational Documents listed in the Terms of Reference vary widely in nature from Te Tiriti to legislation to Council policy documents. Accordingly, the documents were considered from the following perspectives:
- 1.5.2.1.1 Legislative consultation requirements – the parties acknowledged that meeting statutory consultation timeframes can be challenging for mana whenua due to capacity restraints, but no general issues were raised about the Council from a relationship perspective around legislative consultation requirements. It is acknowledged that neither the Council nor mana whenua have control over these statutory consultation requirements.
- Relationship agreements (the MoU and Charter) – the overall intent of these relationship agreements is being honoured by the parties. The strengthening and growth in sophistication in the relationship between mana whenua and the Council has meant that a small number of mechanisms in these agreements no longer need to be utilised (e.g. the Kaitakawaenga role has been vacant since November 2009). Resource could potentially be spent reviewing and updating these agreements to address these minor matters. However, the Audit found that the efforts of the parties would be better focused on advancing the partnership between the parties through concrete actions to advance the partnership.
- 1.5.2.1.2 Council policy documents (e.g. RPS 19 and LTP) – no specific concerns were identified about the high-level obligations and commitments identified in these documents.
- More specifically, the Audit found that the Council met its performance measures set out in the LTP relating to the goal of building mana whenua participation in Council decision-making through a treaty-based partnership approach in its engagement.¹⁵
- It should also be noted that the recent *Report and recommendations of the Non-Freshwater and Freshwater Hearings Panels to the Otago Regional Council* on RPS 21 recognised the Council's efforts to engage with mana whenua on the development of RPS21 (efforts that were also recognised by Kāi Tahu).¹⁶ The report acknowledged that the Council had “made genuine and repetitive efforts in the preparation of the [RPS21] and in the hearing of submissions to

¹⁵ The Council measured its performance against: work done in partnership with iwi by increasing the number of outputs and groups working together on projects; and building the bicultural competency of its staff through number of participants in a programme (refer <https://www.orc.govt.nz/media/15717/annual-report-2022-2023-web.pdf>).

¹⁶ Otago Regional Council. (2024). *Proposed Otago Regional Policy Statement 2021: Report and recommendations of the Non-Freshwater and Freshwater Hearings Panels to the Otago Regional Council*. Page 30, [106-108].



engage in a meaningful manner with Kāi Tahu entities and individuals”,¹⁷ resulting in few major issues impacting mana whenua that the Panel needed to consider.

There is an ongoing need to ensure alignment between mana whenua and the Council on what realisation of some of the partnership commitments looks like in practice. Opportunities were also identified to engage mana whenua earlier in the formation of some these documents, rather than consultation on their content, so that mana whenua are not simply “fitting-in” to the Council’s structure and processes.

1.5.3 The Council’s engagement with mana whenua across the organisation, including the effectiveness of the Relationship Channels

1.5.3.1 The Audit Terms of Reference specify a broad range of Relationship Channels, the most significant findings of the Audit in relation to the Relationship Channels are that:

1.5.3.1.1 The Council’s engagement at the governance and senior levels is the strongest and is underpinned by the structure of the Mana-to-Mana Group. Overall, this mechanism was viewed as positive and a respectful forum that works well. It was noted that not all Councillors attend this forum which can negatively impact buy-in from the Council on matters discussed. However, overall the Mana-to-Mana Group is a critical mechanism underpinning the relationship between the mana whenua and the Council and provides a forum to engage on key and strategic issues.

1.5.3.1.2 Appointment of mana whenua representatives on two Council Committees, including a co-chair role, was viewed as a positive step by mana whenua and provided an opportunity to advise and participate at a strategic level. It was noted by mana whenua that the work required by members of these committees was significant and it was vital that communications channels about the planning and outcomes of these meetings are robust. However, the current lack of delegated decision-making to the Council Committees means membership provides an opportunity for engagement, rather than an ability to exercise rakatirataka.

1.5.3.1.3 A lack of structured mechanism for engagement between mana whenua and the Council at an operational level (outside the resource management area) was identified. Engagement at this level relies heavily on the staff members involved and its effectiveness can be sporadic.

1.5.3.1.4 There were clear channels for engagement between the Council and Aukaha and Te Ao Marama, as first points of contact on operational matters.

1.5.3.1.5 The Council has a range of cultural awareness training available for staff that can improve staff awareness of how to engage with mana whenua. Since 2021, over 150 staff have participated in some form of the cultural capability training offered by the Council. There is opportunity to build on this training with an increased focus on the Council’s partnership obligations and build knowledge of Kāi Tahu tikaka and mātauraka across all staff. The Council acknowledged that mana whenua capacity will be required to deliver this effectively.

1.5.4 Guidelines and mechanisms in place to assist Council staff with mana whenua engagement

1.5.4.1 The Audit found that the Council has limited guidelines and mechanisms in place to assist staff’s engagement with mana whenua. Some high-level guidance does exist, including, for example:

1.5.4.1.1 He Mahi Rau Rika sets out the Council’s approach to engagement with mana whenua (as well as stakeholders) but is a publicly facing document rather than internal guidance for staff.

1.5.4.1.2 Council policy documents such as the LTP outline the key priorities of mana whenua as they relate to the Council. This content was drafted with mana whenua and can provide a useful starting point for staff to understand issues of significance to mana whenua.

1.5.4. The lack of official guidance and mechanisms to assist staff to engage with mana whenua at an operational level is consistent with/mirrors the lack of structured relationship mechanisms at this level, as discussed earlier in the Report.

1.6 Does the Council demonstrate and practice a bi-cultural approach within its organisation, including in accordance with the Foundational Documents (bi-cultural approach objective)

1.6.1 The Audit found that the Council has taken a range of concrete steps towards practising a bi-cultural approach in its day-to-day operations including:

¹⁷ Otago Regional Council. (2024). *Proposed Otago Regional Policy Statement 2021: Report and recommendations of the Non-Freshwater and Freshwater Hearings Panels to the Otago Regional Council*. Page 58 [16].



- 1.6.1.1 providing cultural capability training for staff, as committed to in a range of the Foundational Documents (e.g. LTP);
- 1.6.1.2 recently employing a Senior Advisory Iwi Partnerships and Engagement Advisor to further uplift internal capability;
- 1.6.1.3 involving mana whenua in the design of new Council headquarters and strategic directions refresh; and
- 1.6.1.4 incorporating the use of te reo Māori in its day-to-day operations.
- 1.6.2 The Council also clearly acknowledges its commitment to partner with mana whenua on its website, in key strategic and public facing documents and in its recruitment material.
- 1.6.3 The Council is at the beginning of its journey in terms of its bi-cultural approach objective. Achievements towards this objective are likely to create a more culturally relevant and safe space for staff, potentially improving the Council's ability to recruit and retain Māori staff. The Audit did not find anything in the Council's values, as listed on its website, that would prevent its ability to continue on its journey towards a bi-cultural organisation.
- 1.6.4 However, some concerns and areas for awareness were raised during the Audit that, if unaddressed, could impact the Council's progress towards realising this objective, including:
 - 1.6.4.1 There is an ongoing need to ensure that the Council's commitment to, and responsibility for, a bi-cultural approach is embedded throughout the organisation and does not sit with one team or one individual.
 - 1.6.4.2 A need to grow internal Te ao Māori capability and not be reliant on community leaders and others volunteering their time.
 - 1.6.4.3 That growth of internal Māori capability with Council does not replace direct engagement with mana whenua but can support and complement it.
- 1.6.5 Overall, the Audit found that the focus and priority for mana whenua is on how the Council (and its staff) understands and implements its commitment to partner with mana whenua, not on its ability to practice a bi-cultural approach. While some measures towards a more bi-cultural approach may support the Council's ability to partner with mana whenua (e.g. training and guidance specific to understanding better Kāi Tahu history, values, priorities), it should be clear that they are distinct objectives. The priority of mana whenua is for progress to be made in relation to the Council's partnership objective.

Part 3

Recommendations

Based on our findings we make the recommendations below within 'theme' areas identified for the overall package of recommendations.

Responsive/reactive engagement to proactive partnership

- A. The Council and mana whenua commit to move from predominantly an engagement model to a model that also includes partnership arrangements that enable mana whenua to contribute to the Council's decision-making and exercise the rights, responsibilities and obligations of rakatirataka in their takiwā. This will elevate meaningful engagement between the Council and mana whenua.
- B. The Council and mana whenua jointly explore possible partnership arrangements and opportunities. The Audit recommends that Council and mana whenua agree specific areas of focus where the parties can work together in effective partnership to enable mana whenua to exercise the rights, responsibilities and obligations of rakatirataka in their takiwā for the benefit of the environment and Otago community. Potential issues to explore could include, but are not limited to, the following:
 - Delegation for decision-making on certain issues to the Council Committees with mana whenua representation.
 - Co-designing relevant Council committee terms of reference with mana whenua to ensure a common understanding of mana whenua priorities.
 - Investigating if the transfer of Council's functions, powers or duties (under the Resource Management Act 1991) is



desirable, e.g. mana whenua monitoring of waterways and the harbour.

- Identifying joint projects and initiatives between the Council and mana whenua, e.g. 'state of the takiwā monitoring' and catchment action plans.
- Opportunities to engage mana whenua contractors in the delivery of the Council's operational work, including training and capacity building opportunities, to support increased supplier competition and ratepayer savings.
- The appointment of mana whenua commissioners to consent and plan hearing panels.

Mana whenua are soon to commence a review of their Natural Resources Management Plan. This review provides an opportunity for the parties to identify specific areas where the exercise of rakatirataka could enhance environmental outcomes in the Otago region.

It is also recommended that a clear implementation plan is co-developed to operationalise any agreed initiatives so that Council and mana whenua can work together efficiently, in a mana enhancing manner, to realise these shared objectives and monitor progress.

Development and embedding of relationship to support the partnership

- C. The Council considers further structural mechanisms at an operational level to support and grow the strength of relationships, e.g. via a Chief Executives' annual hui across the Council, Papatipu Rūnaka, Aukaha and Te Ao Marama.
- D. The governance and operational relationship is further formalised through a co-designed Mana Whakahono ā Rohe agreement between the Council and mana whenua or a Mana Whenua Strategic Framework is prepared that records the objectives, initiatives and implementation plan agreed between the partners. .

Building capability

- E. Council continues to build its knowledge of mana whenua to help the Council better partner with mana whenua. Ensure this knowledge is across a number of Council staff rather than held by a few.
- F. Implement the Council's commitment to make mātauraka Kāi Tahu an integral part of its decision-making e.g. by developing the next stage of cultural capability training with mana whenua and exploring options for further marae visits/noho.

Organisational advancements

- G. In order to advance its bi-cultural objective, the Council should ensure that all senior leadership team members have specific accountability for this objective. Additionally, ensure dedicated funding for kaumātua/kuia/kaikōrero role/s within Council to help uphold cultural safety and tikanga processes consistently and reduce reliance on this being delivered on a voluntary basis.

Otago Regional Council Te Tiriti o Waitangi Audit -Terms of Reference

Otago Regional Council (**the Council**) works with Kāi Tahu, as mana whenua and representatives of Te Tiriti o Waitangi (**Te Tiriti**) partner in the region to develop a trusted and enduring relationship, and to enable the development of mana whenua capacity to contribute to decision making.

The Council's aspiration, as described on its website, is to go beyond statutory responsibilities to ensure meaningful engagement with mana whenua that is based on the principles of partnership of Te Tiriti.

Alongside this, the Council aspires to operate and be recognised as a bicultural institution. As part of measuring progress towards these goals, the Council has committed to undertake a Te Tiriti Audit.

Background: Mana whenua and Otago Regional Council relationship

The Council is responsible for sustainably managing Otago's natural resources on behalf of its community. It is also responsible for promoting the economic, social, cultural and environmental wellbeing of the region.

The Council is governed by 12 councillors, elected by the residents of Otago every three years. The Council's work is overseen by Chief Executive (**CE**), Richard Saunders, and a team of six general managers.

Otago mana whenua rūnaka are Moeraki Rūnaka, Kāti Huirapa Rūnaka ki Puketeraki, Ōtakou Rūnaka, and Hokonui Rūnaka. They can be jointly represented through Aukaha at operational level.

Southern mana whenua rūnaka are Awarua Rūnaka, Waihopai Rūnaka and Ōraka Aparima Rūnaka. They can be represented by Te Ao Marama at operational level.

Although Aukaha and Te Ao Marama may represent kā rūnaka at an operational level, the mana, decision-making and partnership relationship ultimately lies with the individual rūnaka.

The relationship between the Council and mana whenua is currently underpinned and given expression to by the **Foundational documents** listed at **Appendix One**, and via the **Relationship Channels** listed at **Appendix Two**.

Te Tiriti o Waitangi Audit

The Council's CE has appointed Te Kura Taka Pini (**TKTP**) to conduct a Te Tiriti Audit. Mana whenua rūnaka tautoko this appointment and an audit being undertaken.

The key objectives of Te Tiriti Audit will be to ascertain whether the Council, as an organisation:

1. is operating in a manner consistent with its commitment to partner with mana whenua, including in accordance with the Foundational Documents.
2. Demonstrates and practices a bi-cultural¹ approach within its organisation, including in accordance with the Foundational Documents.

¹ The Council sees biculturalism as two cultures working effectively together. The 'ism' is how well we have worked (past), work now (present) and will work (future) to accomplish this goal.

TKTP will provide a report detailing its findings and provide recommendations to assist the Council in achieving its objectives. This will include an assessment of whether the implementation of a Māori Strategic Framework could be appropriate.

Areas for investigation

The Council has requested that TKTP focus on four key areas of investigation to inform its findings. The primary area of investigation is an assessment of the Council's commitment to Te Tiriti Partnership. Within this, TKTP will also consider

1. Kāi Tahu values and the Council's values;
2. Recruitment Process; and
3. Public persona.

Commitment to Te Tiriti Partnership

TKTP's primary area of investigation is an assessment of the Council's commitment to Te Tiriti Partnership with mana whenua.

The Council's website identifies the following as its commitment to partner with Kāi Tahu mana whenua:

'To recognise the value that engagement with mana whenua adds through sharing their knowledge and wisdom, Council works with Kāi Tahu as mana whenua and representatives of the Treaty partner in the region.

This is to develop a trusted and enduring relationship, and to enable the development of mana whenua capacity to contribute to decision making.'

'Commitment: to partner with Mana Whenua and **make mātauranga Kāi Tahu** an integral part of decision-making.

Acknowledge: historic grievances and respect Kāi Tahu customs and beliefs

Continue: to build a trusted and enduring relationship which requires an ongoing commitment'

TKTP will assess whether the Council is meeting its obligations to mana whenua, including fostering an effective partnership whereby mana whenua effectively contribute to decision-making- and exercise rangatiratanga. This will include consideration of:

- The effectiveness of the Foundational Documents and whether the obligations and commitments made are being upheld;
- The Council's engagement with mana whenua across the organisation, including the effectiveness of the Relationship Channels.
- Guidelines and mechanisms in place to assist the Council's staff with mana whenua engagement.

Additionally, TKTP will also consider:

1. The degree of alignment between Kāi Tahu values and the Council's values in practice, including whether Council values allow it to be an effective Tiriti partner and achieve its goal of biculturalism.
2. Whether the Council is providing a culturally relevant and safe space for its employees, and how current practices may impact the Council's ability to recruit mana whenua/Māori into roles with the Council.
3. The effectiveness of the public face of the Council in expressing its commitment to being a bicultural organisation that values its Tiriti partnership with Kāi Tahu mana whenua, as well as being a values driven organisation.

Te Tiriti Audit Process

In addition to the tasks described under each area for review, the Council and mana whenua rūnaka will provide a list of people to TKTP that they wish to be interviewed as part of Te Tiriti Audit. Potential participants may include, but is not limited to, the following:

- Mana to Mana Governance group
- Kā Rūnaka members
- Aukaha and Te Ao Marama
- The Council's CE
- The Council's Executive Leadership Team
- The Council's second and third tier management
- Focus groups for field staff/regional offices/corporate staff (all participants within a focus group will be given the option of returning for a one-on-one discussion).

The Council will arrange suitable locations across their regional offices where participants will be invited to hui with TKTP if they wish.

TKTP will, with the consent of participants, record the interviews and take written notes from their hui with participants. These notes will be used for assisting with the preparation of a written report, but will not be provided alongside the final written report.

TKTP will initially be provided with two weeks to review the Foundational Documents and undertake hui with participants. Where the number of participants or participant availability hinders TKTP's to undertake its hui within this timeframe, a renewed timeframe will be agreed upon with the Council and mana whenua rūnaka to ensure that the appropriate people are able to participate in Te Tiriti Audit.

TKTP will then have two weeks to assess the information that has been gathered and prepare a draft written report.

The draft report will contain:

- An overview of Te Tiriti Audit process.

- TKTP's findings in relation to the key objectives (including reference to, and findings made in relation to, the four key areas of investigations).
- Recommendations that TKTP consider may assist the Council's in achieving the key objectives of Te Tiriti Audit, including in relation to the key areas of investigation. This will include an analysis of whether the implementation of a Māori Strategic Framework may be beneficial.

The draft report will be provided in the first instance to Mana to Mana Governance Group and the Council's CE. Feedback may be provided on the written report, which TKTP will consider. TKTP will make any amendments it considers necessary, and release the report again to these groups for further consideration if required.

APPENDIX ONE: Foundational documents

- Te Tiriti o Waitangi
- Ngai Tahu Deed of Settlement
- Ngai Tahu Claims Settlement Act 1998
- Te Rūnanga o Ngāi Tahu Act 1996
- Memorandum of Understanding with Kāi Tahu mana whenua ki Otago
- Charter of Understanding with TAMI (Southern Runaka)
- He Mahi Rau Rika
- The ORC Partially Operative Regional Policy Statement
- The ORC Proposed Regional Policy Statement (pRPS)
- The ORC Long Term Plan (LTP)
- The ORC Annual Plan (AP)

together **“the Foundational Documents”**

APPENDIX TWO: Relationship channels

- Mana to Mana Governance Group (the Council's CE and Councillors, Mana Whenua Rūnaka Chairs)
- Council Committee representation: 2 x mana whenua representatives, 1 as Co-Chair – Environmental Science and Policy Committee (with voting rights); 1 x mana whenua representative – Regional Leadership Committee (voting rights)
- Land and Water Regional Plan Governance Group: 2 x mana whenua representatives (1 as co-chair)
- Internal cultural awareness training/induction
- Engagement with mana whenua: Aukaha and Te Ao Marama as first points of contact.

together **“the Relationship Channels”**

Appendix Three: Values Diagram



Strategic Risk – Partnership Effectiveness

Risk Description: Failure to appropriately engage and meet iwi's partnership expectations.

Risk Category: Decision-Making

Risk Name: Partnership Effectiveness

Executive Oversight: GM Strategy and Customer

Last Update: November 2024

Assessment	Date	Impact	Likelihood	Inherent risk rating	Impact	Likelihood	Residual risk rating
	Nov 2024	Major	Likely	Possible	Moderate	Possible	Medium

Risk Environment

Council has obligations to engage with mana whenua and Iwi/Māori on matters of importance, as required in the Local Government Act (LGA) and specific obligations in a range of local government-related statutes (including the Resource Management Act 1991, The Reserves Act 1977, the Heritage NZ Pouhere Taonga Act 2014, Local Electoral Rating Act 2002, Marine and Coastal Area (Takutai Moana) Act 2011 and specific Treaty Settlement Legislation).

Outside of legislation, Council has a long history of aspiring to partner with mana whenua on areas of mutual interest, as articulated in several documents including a 2003 Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago for Effective Consultation and Liaison and a 2016 Charter of Understanding with Te Ao Mārama Inc. Council, through Strategic Directions 2024 – 2034, reiterated its commitment to effective partnership through recognising this activity as a core area of focus in the revised strategic plan.

Seven Papatipu Rūnaka have interests in the region:
 Otago mana whenua rūnaka (Kāi Tahu Ki Otago), are:

- Te Rūnanga o Moeraki;
- Kāti Huirapa Rūnaka ki Puketeraki;
- Te Rūnanga o Ōtākou; and

Southern mana whenua rūnaka (Ngāi Tahu ki Murihiku), are:

- Hokonui Rūnanga;
- Awarua Rūnanga;
- Waihopai Rūnaka; and
- Ōraka-Aparima Rūnaka.

At an operational level, Kāi Tahu Ki Otago are represented by Aukaha Limited and Ngai Tahu ki Murihiku are represented by Te Ao Mārama Incorporated.

Risks Factors

The changing policy landscape, e.g. introduction of a Treaty Principles Bill and review of legislation that include reference to the “principles” of the Treaty of Waitangi, presents a risk to aspects of partnership effectiveness that are tied to statutory obligations. Māori involvement may become limited to symbolic gestures, lacking genuine influence or meaningful contributions to decision-making.

Demands for expertise often outweighs available resources, so there is a risk that not all work of mutual interest will be able to benefit from a Te Ao Māori lens.

Historical injustices, miscommunication, and power imbalances may result in mistrust between Māori and non-Māori partners.

Lack of understanding of Māori customs, values, and traditions may lead to actions that undermine the partnership.

Joint projects, such as Toitū Te Hākapupu, operate on time specific funding thus limiting potential for long-term sustainable partnerships.

Limited internal capacity has reduced opportunities for broader engagement with Iwi Māori/Ngā Mātāwaka (Māori residing in Otago without affiliation to Ngāi Tahu).

Causes/Consequences

Causes:

Council’s play an important role bringing together the strengths of local government, rūnaka, and Iwi/Māori to help drive positive change for the environment and local communities. This requires enduring reciprocal relationships between local government and Iwi/Māori. The nature of partnership and the understanding of Te Tiriti continues to evolve.

Many of the external risks outlined on the left column are outside of ORC’s immediate control and influence. Diverse views on equity, māori/non-māori relationships, Te Tiriti o Waitangi etc pose challenges to the strength and depth of Council’s relationship with mana whenua and Iwi/Māori. Conversely, regardless of underpinning legislative environment there is an increased desire by many to consider and weave Te Ao Māori values and perspectives into work programmes thus placing pressure on expertise – either through voluntary work, or via iwi consultancy services.

While increasing bicultural competence is a key priority for many workplaces, the resources required to support growing competence is also limited, particularly internally.

Consequences:

The potential consequences relate to:

- Failure to engage meaningfully with iwi can result in challenges to council plans, policies and regulatory processes and decisions. This can arise from iwi exercising their rights through hearings or court processes, which not only divert valuable resources and time but can also lead to poorer environmental outcomes.
- A lack of bicultural competence within the council may also hinder effective communication and collaboration with iwi, impacting overall relationship-building efforts.
- Council works with iwi partners on a range of matters that extend further than those required under statutory obligation. By not involving iwi in decision-making processes, the council risks overlooking critical cultural perspectives that inform environmental stewardship, ultimately compromising the integrity of its initiatives.
- Missed opportunities for innovative solutions, failing to foster strong partnerships can result in lost opportunities for creative solutions benefiting both the council and iwi.
- Ineffective engagement may limit access to essential local mātauraka and expertise vital for project success and for environmental improvement.

RISK PREVENTIONS	EXISTING CONTROLS	ASSESSMENT OF CONTROLS	RISK IMPROVEMENT PLAN
<p>Mana whenua participation in Council decision-making processes.</p>	<p>Memorandum of Understanding and Protocol (2003) between Otago Regional Council, Te Rūnanga Ngāi Tahu and Kāi Tahu ki Otago for effective consultation and liaison.</p> <p>Charter of Understanding (2016) signed with Te Ao Mārama Inc. and Southland Rūnanga.</p> <p>Mana to Mana: Kāi Tahu ki Otago Rūnaka and Ngāi Tahu ki Murihiku Chairs and Councillors meet to discuss governance related issues of interest to either side.</p> <p>An Iwi representative as Co-Chair of the Environmental Science and Policy Committee.</p> <p>Two iwi representatives from Kāi Tahu ki Otago are members of the Environmental Science and Policy Committee and Regional Leadership Committee.</p> <p>Land and Water Regional Plan Governance Group, with two iwi representatives to guide the development of the Land and Water Regional Plan.</p> <p>Iwi participation in the development of Strategic Directions 2024-2034.</p> <p>Iwi representatives involved with the creation and implementation of Council's Integrated Catchment Management approach.</p> <p>Te Rōpū Taiao co-chaired by mana whenua.</p> <p>Te Tiriti o Waitangi Audit undertaken to test partnership effectiveness and Council's commitment to being a bicultural organisation.</p>	<p>Effective.</p>	<p>Prioritise and implement recommendations from the Te Tiriti Audit to address identified gaps and enhance engagement.</p> <p>Review foundational documents, as required.</p> <p>Identify opportunities for iwi representation across committee structures where there are gaps – e.g. public transport.</p> <p>Work with mana whenua to determine how they would like to be involved in the decision-making process.</p> <p>Develop initiatives aimed at enhancing the capacity and capability of our partners, ensuring they can effectively contribute to decision-making processes and capitalise on align work programmes where possible.</p> <p>Involve mana whenua in working groups to scope and shape Council strategy and policy.</p>

RISK PREVENTIONS	EXISTING CONTROLS	ASSESSMENT OF CONTROLS	RISK IMPROVEMENT PLAN
<p>Fostering meaningful engagement and partnering in project delivery.</p>	<p>He Mahi Rua Rika, Significance, Engagement and Māori Participation Policy - sets out how engagement and communications will occur, including with Māori in recognition of our partnership approach.</p> <p>Bicultural Engagement approach and toolkit developed in 2024.</p> <p>Regularly hui with iwi consultancies – Aukaha and Te Ao Mārama to plan and prioritise joint work programmes and review progress against deliverables.</p> <p>Partnering with rūnaka in 'Jobs for Nature' funded projects, such as the Toitū Te Hākapupu: The Pleasant River Catchment restoration project.</p> <p>Supporting succession planning for joint environmental projects (e.g. Toitū Te Hākapupu).</p> <p>Co-design in the Council's Dunedin Whare Rūnaka (Council House) project.</p> <p>Co-design approach to the Council's website upgrade.</p> <p>Fund to support biodiversity enhancement on protected private land, including Ngā Whenua Rāhui kawenata.</p> <p>Dedicated Senior Advisor Iwi Partnerships and Engagement to support effective partnership engagement.</p>	<p>Effective.</p>	<p>Determine how best to maintain the momentum gained from joint projects with time specific funding.</p> <p>Establish clear, consistent guidelines for iwi engagement, streamlining processes and ensuring a unified, cohesive approach to partnership-building that avoids fragmented or disjointed efforts.</p> <p>Establish a feedback framework that captures iwi perspectives on ORC's work programmes, enabling us to proactively adapt and refine our strategies based on their insights, ensuring our approach remains culturally relevant, continuously aligned with their evolving needs, and strengthens collaboration.</p> <p>Continuation of succession planning for joint environmental projects (e.g. Toitū Te Hākapupu).</p>
<p>Strengthening Cultural Competency Across ORC</p>	<p>Cultural Confidence Program programme for staff to improve their cultural competence.</p> <p>Strategic planning framework which encompasses Te Ao Māori.</p> <p>Māori tool kit to support staff development on internal intranet (Tiaki).</p> <p>Rōpū waiata.</p> <p>Dedicated Senior Advisor Iwi Partnerships and Engagement to support staff increase competencies.</p>	<p>Partially Effective.</p>	<p>Implement an organisation-wide training program focused on Māori culture, iwi values, and partnership dynamics. This foundational training will equip all ORC staff with essential knowledge and understanding.</p> <p>Foster an environment of ongoing learning in bicultural practices to enhance staff confidence in engaging with iwi. This could include workshops, online learning opportunities, cultural events, Māori handbooks and tools aimed at deepening cultural understanding.</p> <p>Identifying opportunities for the consistent use of Te Reo Māori across the Otago region, including place names, to honour and reflect the cultural narrative of our region.</p>

Related Risks: Governance/Management (1), Statutory Compliance (14)

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 26 September 2024</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>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>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 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>	<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 Audit Management Letter – Initial Response</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>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 Insurance Disclosures</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) To avoid prejudice to measures that prevent or mitigate material loss to members of the public - 7(2)(e) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</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 Managed Fund Report</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) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To enable any local authority holding the information to carry out, without</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>

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

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

3.3 Managed Fund Report

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

Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds:

(a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

