Audit & Risk Committee Agenda
25 September 2026

Meeting will be held in the Otago Regional Council, Korokia Board Room, Alta House, Terrace Junction 1092 Frankton Road, Frankton, Queenstown, Otago and live streamed on the ORC YouTube Channel

Members:
Cr Kevin Malcolm, Co-Chair
Mr Andrew Douglas, Co-Chair (Independent member)
Cr Hilary Calvert
Cr Gary Kelliher
Cr Chanel Gardner
Cr Neil Gillespie
Cr Gretchen Robertson

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

25 September 2026 09:00 AM

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1. WELCOME

2. APOLOGIES

No apologies had been received at the time of the publishing of this agenda.

3. PUBLIC FORUM

No requests from members of the public to address the Audit and Risk Committee 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.
The Register of Member's Pecuniary Interests can be found on the ORC Website.

Confirming the Minutes of the 25 June 2026 meeting.

7. ACTION REGISTER (Status of Committee Resolutions)

There are currently no open actions for this committee.

Audit and Risk Committee
MINUTES

Minutes of an ordinary meeting of the Audit and Risk Committee held in the Otago Regional Council Chamber, Aonui, 180 High Street, Dunedin on Thursday 25 June 2026, commencing at 1:00 pm.

PRESENT

Cr Kevin Malcolm *(Co-Chairperson)*
Mr Andrew Douglas *(Co-Chairperson)*
Cr Hilary Calvert
Cr Gary Kelliher
Cr Chanel Gardner
Cr Neil Gillespie
Cr Gretchen Robertson

In Attendance

Cr Alan Somerville

1. WELCOME

Chair Mr Andrew Douglas welcomed Councillors, members of the public and staff to the meeting at 1:00 pm with a karakia. Staff present included Richard Saunders (Chief Executive), Nick Donnelly (GM Finance), Tami Sargeant (GM People and Corporate), Amanda Vercoe (GM Strategy and Customer, Deputy CE), Anita Dawe (GM Regional Planning and Transport), Ema Kurbos-Cooper (Advisor Strategy), Hilary Lennox (Manager Strategy), Sarah Munro (Group Financial Controller), Ginny Irving (Senior Risk and Assurance Business Partner), Joanne Greatbanks (Manager Organisational Performance and Planning), Janet Ashcroft (Legal Counsel), Mark Olsen (Manager People and Safety), Kelly Stuart (People Services Lead), Keri Devine (Team Leader Health, Safety and Wellbeing) and Cara Jordan (Governance Support).

On behalf of Otago Regional Council, Cr Malcolm congratulated Mr Andrew Douglas on his appointment as an independent member to the Audit and Risk Committee for the remainder of the triennium.

2. APOLOGIES

There were no apologies for the meeting.

3. PUBLIC FORUM

No requests to address the Audit and Risk Committee under public forum were received.

4. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

5. DECLARATIONS OF INTERESTS

Councillors were reminded of then need to stand aside if a conflict of interest arises.

6. CONFIRMATION OF MINUTES

Resolution: Cr Malcolm Moved, Cr Calvert Seconded

That the minutes of the public portion of the Audit and Risk Committee meeting held on 19 March 2026 be received and confirmed as a true and accurate record.

MOTION CARRIED

7. ACTIONS (STATUS OF COMMITTEE RESOLUTIONS)

There were no open actions for the Audit and Risk Committee.

8. MATTERS FOR CONSIDERATION

8.1. Organisational Greenhouse Emissions Inventories and Emissions Reduction Plan

[You Tube 11:30] This report outlined Otago Regional Council's organisational greenhouse gas emissions inventories and the Emissions Reduction Plan that has been developed to manage them. Ema Kurbos-Cooper (Advisor Strategy), Hilary Lennox (Manager Strategy) and Tami Sargeant (GM People and Corporate) were available for questions.

Resolution AR26-109: Cr Malcolm Moved, Cr Gardner Seconded

That the Committee:

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

MOTION CARRIED

8.2. Annual Report Timetable and Matters Under Consideration
[YouTube 28.05] This report outlined the adoption timetable and any changes in the accounting standards for Council's Annual Report and Financial Statements for the year ending 30 June 2026. Sarah Munro (Group Financial Controller) and Nick Donnelly (GM Finance) were available for questions.

Resolution AR26-110: Cr Kelliher Moved, Cr Calvert Seconded
That the Committee:
***1) Notes** this report.*
MOTION CARRIED

8.3. Audit Assurance Plan
[YouTube 29.55] This report recommended an Audit Assurance Pipeline for Otago Regional Council designed to provide structured, risk-based, and transparent assurance over the next three-year period. Procurement processes for auditors were discussed. Ginny Irving (Senior Risk and Assurance Business Partner), Joanne Greatbanks (Manager Organisational Performance and Planning) and Amanda Vercoe (GM Strategy and Customer, Deputy CE) were available for questions.

Resolution AR26-111: Cr Kelliher Moved, Cr Calvert Seconded
That the Committee:
***1) Endorses** the proposed Audit and Assurance Plan.*
MOTION CARRIED

8.4. Managed Fund Portfolio Performance Update
[YouTube 38.58] The report presented the Q1 2026 Portfolio Performance Report from Council's Investment Manager, JB Were, for the period ended 31 March 2026. It was noted that the JB Were report attachment in the agenda was incorrect with the correct market summary report to be circulated to the Audit and Risk Committee. Nick Donnelly (General Manager Finance) was available for questions.

Resolution AR26-112: Cr Malcolm Moved, Cr Robertson Seconded
That the Committee:
***1) Notes** this report and the attached Q1 2026 Portfolio Performance Report.*
MOTION CARRIED

8.5. Treasury Report
[YouTube 43.10] The report presented the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at the 31 March 2026. Nick Donnelly (General Manager Finance) was available for questions.

Resolution AR26-113: Andrew Douglas Moved, Cr Gardner Seconded
That the Committee:
***1) Notes** this report and the attached Bancorp Treasury Reporting Dashboard – 31 March 2026.*
MOTION CARRIED

8.6. Legislative Compliance

[YouTube 44.25] This report presented the Council's legislative compliance report, being the ComplyWith survey results which measure Council's compliance with legislative requirements. It also provided an overview of legislative compliance with the Local Government and Official Information and Meetings Act 1987 official information requests and The Privacy Act 2020. Janet Ashcroft (Legal Counsel) and Tami Sargeant (GM People and Corporate) were available for questions.

Resolution AR26-114: Cr Malcolm Moved, Cr Robertson Seconded
That the Committee:
1) Notes *this report.*
MOTION CARRIED

8.7. People and Safety Report

[1.06.25] This report summarised activities and information on health, safety, and wellbeing, and people and culture at Otago Regional Council for the 2025/26 year to date. Mark Olsen (Manager People and Safety), Kelly Stuart (People Services Lead), Keri Devine (Team Leader Health, Safety and Wellbeing) and Tami Sargeant (GM People and Corporate) were available for questions.

Resolution AR26-115: Cr Malcolm Moved, Cr Robertson Seconded
That the Committee:
1) Notes *this report.*
MOTION CARRIED

9. NOTICES OF MOTION

No notices of motion were submitted.

10. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution: Cr Calvert Moved, Cr Gardner Seconded:
That the public be excluded from the following items under LGOIMA 48(1)(a):
2.1 Minutes of the Audit and Risk Committee 2026.03.19
4.1 Deloitte ORC Audit Plan
4.2 Managed Fund Report
4.3 Risk Appetite Framework
4.4 Information Management and Privacy Maturity Improvement
4.5 Fraud Risk - Deep Dive
4.6 Cyber Risk
4.7 Insurance Disclosures
4.8 Insurance Renewals

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
2.1 Minutes of the Audit and Risk Committee 2026.03.19	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii). To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i) To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a)that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

4.1 Deloitte ORC Audit Plan	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)	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.
4.2 Managed Fund Report	To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii). To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a)that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

4.3 Risk Appetite Framework	To prevent the disclosure or use of official information for improper gain or improper advantage – Section 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: (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.
4.4 Information Management and Privacy Maturity Improvement	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To prevent the disclosure or use of official information for improper gain or improper advantage – Section 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: (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.
4.5 Fraud Risk – Deep Dive	To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e) To prevent the disclosure or use of official information for improper gain or improper advantage – Section 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: (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.

4.6 Cyber Risk	To prevent the disclosure or use of official information for improper gain or improper advantage – Section 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: (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.
4.7 Insurance Disclosures	To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii). To avoid prejudice to measures that prevent or mitigate material loss to members of the public – Section 7(2)(e) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a)that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
4.8 Insurance Renewals	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a)that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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

It will also be moved that:
Paul Meehan and Josh Thompson from BMS Risk Solutions, and Deloitte audit staff Dan Ash and Anthony Smith, be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of insurance information and annual audit processes. This knowledge will be of assistance in relation to the matters to be discussed.

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.
MOTION CARRIED

11. CLOSURE
There was no further business and Chair Douglas declared the public portion of the meeting closed at 2:28 pm.

__________________________ __________________
Chairperson Date

8.1. Audit & Risk Review - Government Funded Projects

Prepared for:	Audit and Risk Committee
Report No.	A&R2625
Activity:	Audit and Risk
Author:	Andrea Howard (Chief Advisor to the CE and Chair)
Endorsed by:	Joanna Gilroy (General Manager Environmental Delivery) Tom Dyer (General Manager Science and Resilience)
Date:	25 September 2026

PURPOSE

[1] This report updates the Committee on the status, progress and risk position of central government-funded programmes managed or supported by Council.

[2] The report provides assurance on programme delivery, risk management and compliance with external funding requirements.

[3] Project delivery oversight and monitoring are undertaken by Otago Regional Council (ORC) and relevant funding partners through established governance and reporting arrangements. This report provides the Audit and Risk Subcommittee with an additional level of assurance on delivery, funding compliance and programme risk.

EXECUTIVE SUMMARY

[4] This report provides an assurance update on major central government-funded programmes currently managed or supported by ORC. The programmes include Regional Infrastructure Funded (RIF) flood resilience projects, the Otago Regional LiDAR Collection programme, and biosecurity programmes relating to wilding conifers, wallabies and freshwater pest spread prevention.

[5] Project dashboards provide consistent reporting across project purpose, establishment, time, cost, quality, health and safety, risk, and funding compliance.

[6] The RIF dashboards are generally reporting Green ratings, with one Orange cost rating for the Silver Stream Capacity Improvements project because the forecast cost at completion exceeds the funding-agreement value. The additional funding has been approved by Council, and ORC will continue to pursue RIF funding opportunities to offset the additional Council cost. The RIF programme remains supported by established engineering, contractor management, funding compliance and project governance controls.

[7] The Otago Regional LiDAR Collection programme is reporting Green across project establishment, time, cost, quality, health and safety, and funding compliance, reflecting a well-established and well-managed programme. The single Orange rating relates to weather and quality-control sequencing dependencies, which are being actively

managed through flexible delivery planning, oversight of capture constraints, and ORC and LINZ quality-control processes before public release of datasets.

[8] Biosecurity programme dashboards are generally Green across programme purpose, time, cost, health and safety and funding compliance. Orange ratings mainly relate to funding administration, agreement and contract matters requiring active management, including MPI funding and agreement updates for the National Wilding Conifer Control Programme, risk management for the Tipu Mātoro National Wallaby Eradication Programme, and the formal funding agreement, seasonal milestones and recruitment arrangements for the Clean Check Dry Programme.

[9] Identified risks are being managed through established programme controls, contractor oversight, quality assurance processes and mitigation actions. Orange ratings reflect matters that require active management but remain within existing governance and management tolerance because controls and reporting arrangements are in place. No matters currently require escalation or intervention by the Committee.

[10] For completed or materially advanced projects, assurance should also remain focused on disciplined close-out, including final claims, contribution approvals, confirmation of any under-budget positions, benefits realisation, lessons learnt and transfer of any residual matters into business-as-usual management.

RECOMMENDATION

That the Committee:

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

BACKGROUND

[11] Government co-funding enables Otago Regional Council (ORC) to bring national investment into the region and deliver programmes that would otherwise place greater pressure on ratepayers and/or be delivered at a slower pace. These partnerships support flood resilience, pest management, natural hazard preparedness, public transport, environmental information and science programmes.

[12] Recent examples include Regional Infrastructure Fund support for flood protection projects across the Taieri and Clutha catchments, Ministry for the Environment (MfE)/ Ministry for Cities, Environment, Regions and Transport funding to expand region-wide LiDAR mapping and Ministry for Primary Industries (MPI) funding for wilding conifer and wallaby control. Effective oversight is important to manage delivery progress, risk, funding compliance and benefits for Otago communities.

[13] Project governance arrangements are in place for central government-funded programmes, with oversight through internal governance groups and, where relevant, external funding partners and stakeholders.

[14] This oversight ensures that the CE and Executive Leadership Team are well informed about the programmes for which ORC is responsible, and that:

- risks are being managed and addressed;
- opportunities are identified and realised;

- Council and the community receive the greatest practicable benefit from the programmes; and
- ORC maintains confidence and strong working relationships with central government as a key funding partner.

DISCUSSION

[15] This report covers five major central government-funded programmes: the Regional Infrastructure Fund, the Otago Regional LiDAR Collection programme, the National Wilding Conifer Control Programme, the Tipu Mātoro National Wallaby Eradication Programme, and the Clean Check Dry Programme.

[16] Project-level dashboards are provided for each programme to support consistent assurance reporting. The dashboards summarise establishment, time, cost, quality, health and safety, risk, and funding compliance, and identify the main mitigation or assurance focus for each area.

[17] The dashboards use a consistent R/O/G scale to indicate the level of assurance and risk for each metric. Green indicates that there are no identified issues or risks with the metric. Orange indicates that there are some issues or risks, but the programme remains generally on track and Red indicates significant issues or risks requiring immediate action or intervention.

[18] Across the programmes covered in this report, identified risks are being managed through established programme controls, partner oversight and mitigation actions. No matters currently require escalation or intervention by the Committee.

REGIONAL INFRASTRUCTURE FUND – FLOOD RESILIENCE FUNDING

[19] The Regional Infrastructure Fund is a $1.2 billion central government fund administered by Kānoa – Regional Economic Development & Investment Unit to support regional growth, resilience and productivity through capital infrastructure investment. Flood resilience is a key investment priority, reflecting the economic, social, cultural and environmental benefits of flood protection infrastructure.

[20] RIF flood resilience funding has been provided through two tranches. Tranche 1, announced in May 2024, invested $101.1 million nationally in 42 priority flood resilience projects. Tranche 2, announced in October 2025, invested a further $96.8 million in 32 projects, bringing total RIF flood resilience investment to nearly $200 million across 74 projects.

[21] ORC received Tranche 1 co-funding for the Continuation of Contour Channel (West Taieri) Resilience Upgrade and Tranche 2 support for additional flood resilience projects across the Taieri and Clutha catchments, and a component of the national early warning and flood infrastructure upgrades project.

[22] ORC has completed the conditions precedent required under the RIF agreements. The seven ORC RIF projects and ORC's two national programme components are progressing, with delivery status varying by project stage. One project is complete, some works are in construction or site establishment, and others are progressing through design, procurement or landowner discussions. One project has a forecast cost at completion above its funding-agreement value, with additional Council funding

approved. Grant and national programme claims have commenced, while claims for suspensory loan projects are expected to follow. The main assurance focus is maintaining delivery momentum, meeting funding agreement obligations, progressing landowner and procurement matters, and resolving outstanding contribution or claim requirements where relevant.

[23] The following table summarises ORC's RIF-funded flood resilience projects and national programme components. The related dashboards provide assurance reporting on delivery progress, flood protection benefits, funding compliance and the management of residual infrastructure risks.

Table 1: Overview of Regional Infrastructure Fund Investment in Otago

Audit and Risk Project ID	Tranche	Project	Scope / description	RIF co-funding	Council co-funding	Total funding-agreement value
RIF-01	1	Continuation of Contour Channel (West Taieri) Resilience Upgrade	Continuation of the current work programme to upgrade the Contour Channel floodbank, a key asset in the Lower Taieri Flood Protection Scheme.	$5.400m	$3.600m	$9.000m
RIF-02	2	Silver Stream Capacity Improvements	Removal of accumulated sediment within the channel and berms to improve flood conveyance	$0.480m	$0.320m	$0.800m
RIF-03	2	Kaitangata floodbank reconstruction	Upgrade and reconstruct stopbank infrastructure to provide increased protection to Kaitangata.	$0.420m	$0.280m	$0.700m
RIF-04	2	Puerua flood protection strengthening	Upgrade and repair stopbanks and associated flood resilience infrastructure around the Paretai area between the Clutha River Koau Branch and the Puerua River.	$0.600m	$0.400m	$1.000m
RIF-05	2	Riverbank Road flood risk mitigation	Floodbank setback and bank repairs to improve flow capacity of the Clutha River, Matau Branch.	$0.960m	$0.640m	$1.600m
RIF-06	2	East Taieri Lower Pond structure upgrades	Upgrade stopbanks and flood infrastructure to improve protection for the Lower Taieri flood scheme.	$1.020m	$0.680m	$1.700m
RIF-07	2	Puerua outfall structure upgrades	Two-stage upgrade involving culvert installation and training line strengthening on the Lower Clutha, increasing levels of protection to Balclutha and Kaitangata areas.	$1.200m	$0.800m	$2.000m
RIF-08	2	Pumpstation and river monitoring telemetry upgrades	ORC component of a national early warning and flood infrastructure upgrades project led by Environment Canterbury.	$0.630m	$0.420m	$1.050m

[24] The individual RIF dashboards that follow expand on the overview in Table 1 by providing project-level assurance information for each funded project, including purpose, establishment, delivery status, cost, quality, health and safety, risks, mitigation and funding compliance.

Table 2: RIF-01 – Project dashboard – Continuation of Contour Channel (West Taieri) Resilience Upgrade

Item	R/O/G[1]	Commentary and Mitigation
Project Purpose	Green	This project upgrades the Contour Channel floodbank to improve the reliability of a key Lower Taieri flood defence and strengthen protection for West Taieri communities, productive land and infrastructure.
Project Establishment	Green	ORC is responsible for project delivery, governance oversight, local co-funding and compliance with funding requirements. MBIE, through Kānoa, administers the RIF funding agreement and monitors delivery and reporting. Project governance, funding reporting and executive monitoring are in place.
Time	Green	The project is progressing to programme. Bridge 14 was completed in March 2025, the first 1.0 km of floodbank works at the Woodside end has been completed, the Miller Road Culvert upgrade design is complete and consent has been submitted. The main contractor is planning to re-establish on site in October 2026 to continue floodbank construction.
Cost	Green	Total funding-agreement value is $9.000 million, comprising $5.400 million RIF grant funding and $3.600 million Council co-funding. Approved project budget and forecast cost at completion are also $9.000 million. Actual cost to date is $2.17 million and RIF funding received to date is $1.30 million.
Quality	Green	Scope remains focused on improving the reliability of the Contour Channel floodbank as a key Lower Taieri Flood Protection Scheme asset. Appropriate technical and delivery expertise is in place.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	The key risk is the existing undulating floodbank profile, which can concentrate overtopping during flood events and increase the risk of rapid failure. Mitigation is continued upgrade delivery and active oversight.
Funding Compliance	Green	The project is funded through RIF Tranche 1 and is subject to external funding agreement reporting and compliance requirements. Conditions precedent have been completed and confirmed by MBIE, with ongoing compliance supported by reporting to the funder and internal oversight.

[25] The Continuation of Contour Channel (West Taieri) Resilience Upgrade is reporting Green across all dashboard metrics. Assurance should remain focused on maintaining delivery momentum, completing the next stage of floodbank construction from October 2026, and keeping the consented Miller Road Culvert works and funding compliance requirements on track.

Table 3: RIF-02 – Project dashboard – Silver Stream Capacity Improvements

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project increases the capacity of the Silver Stream and improves associated flood resilience infrastructure to enhance protection for Mosgiel, East Taieri and downstream properties.
Project Establishment	Green	ORC is responsible for project delivery, local co-funding and reporting through the RIF grant funding agreement. MBIE, through Kānoa, administers the RIF grant and monitors

[1] The dashboards use a consistent R / O / G scale to indicate the level of assurance and risk for each metric. Green indicates that there are no identified issues or risks with the metric; Orange indicates that there are some issues or risks, but the programme remains generally on track; and Red indicates significant issues or risks requiring immediate action or intervention.

		conditions, milestones and reporting. The project is established within the Lower Taieri Flood Protection Scheme programme, with Council co-funding secured through the Long-Term Plan.
Time	Green	Sediment removal works have been completed from the confluence with the Taieri River to Riccarton Road within the 2025/2026 construction season. The next phase from Riccarton Road to Gordon Road is planned for completion within the 2026/2027 season.
Cost	Orange	Total funding-agreement value is $0.800 million, comprising $0.480 million RIF grant funding and $0.320 million Council co-funding. The forecast cost at completion is $1.920 million. The additional funding to meet this cost was approved by Council at its 27 August 2025 meeting. ORC will continue to pursue funding opportunities through the RIF to offset this additional cost. Actual cost to date is $0.82 million and RIF funding received to date is $0.48 million.
Quality	Green	Scope is focused on improving Silver Stream capacity and the Gordon Road spillway operating threshold. Appropriate technical and delivery expertise is expected through the established flood protection programme.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Key risk is maintaining flood protection performance for a critical Lower Taieri scheme component until the capacity improvements are completed. Mitigation is staged delivery, governance oversight and funder reporting.
Funding Compliance	Green	The project is grant-funded through RIF and must meet grant funding conditions, milestones and reporting requirements. Conditions precedent have been completed and confirmed by MBIE, and the first claim for Tranche 2 grant projects has been submitted and accepted.

[26] The Silver Stream Capacity Improvements project is reporting Green across most dashboard metrics, with Cost rated Orange because the forecast cost at completion exceeds the funding-agreement value. The additional funding required to meet the forecast cost has been approved by Council, and ORC will continue to pursue RIF funding opportunities to offset the additional cost. Assurance will remain focused on completing the next construction stage between Riccarton Road and Gordon Road during the 2026/2027 season, while maintaining flood protection performance, cost oversight and funding compliance.

Table 4: RIF-03 – Project dashboard – Kaitangata floodbank reconstruction

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project reconstructs the Kaitangata floodbank to restore the intended level of flood protection for Kaitangata township following damage from successive flood events.
Project Establishment	Green	ORC is responsible for delivery, scheme reserve contribution and reporting through the RIF grant funding agreement. MBIE, through Kānoa, administers the grant funding and monitors delivery against agreed conditions and milestones. The project is established as a flood-damage recovery and resilience project within the Lower Clutha Flood Protection and Drainage Scheme.
Time	Green	The first section and road crossing were completed in 2025. When the contractor re-established in early 2026, unforeseen ground conditions were identified and additional investigation and testing were undertaken. The design and methodology have been amended and the final 200 m of work is planned for completion by December 2026.
Cost	Green	Total funding-agreement value is $0.700 million, comprising $0.420 million RIF grant funding and $0.280 million Council co-funding from scheme reserves. Approved project budget and forecast cost at completion are also $0.700 million. Actual cost to date is $0.22 million and RIF funding received to date is $0.13 million.
Quality	Green	Scope is focused on reconstructing floodbank infrastructure to restore the intended design level of protection for Kaitangata township. Appropriate technical and delivery oversight is in place.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and

		safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Key risks are further floodbank damage, scour and erosion during high flows until reconstruction is complete. Mitigation is accelerated delivery, staged works and active project oversight.
Funding Compliance	Green	The project is grant-funded through RIF and must meet grant funding conditions, milestones and reporting requirements. Conditions precedent have been completed and confirmed by MBIE, and the first claim for Tranche 2 grant projects has been submitted and accepted.

[27] The Kaitangata floodbank reconstruction project is reporting Green across all dashboard metrics. Assurance should remain focused on completing the final 200 m of floodbank reconstruction by December 2026, following the revised design and methodology developed in response to unforeseen ground conditions identified in early 2026.

Table 5: RIF-04 – Project dashboard – Puerua flood protection strengthening

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project strengthens and repairs the Puerua floodbank to maintain flood protection for productive rural land in the Paretai area and reduce the risk of rapid failure during flood events.
Project Establishment	Green	ORC is responsible for project delivery, scheme reserve contribution, technical investigation and reporting through the RIF grant funding agreement. MBIE, through Kānoa, administers the grant funding and monitors conditions, milestones and reporting. The project is established as a flood-damage response and resilience project within the Lower Clutha Flood Protection and Drainage Scheme.
Time	Green	All bank investigation is complete and the project is moving into detailed design. The construction package is planned to go to market later in 2026, with an early 2027 construction start date.
Cost	Green	Total funding-agreement value is $1.000 million, comprising $0.600 million RIF grant funding and $0.400 million Council co-funding from scheme reserves. Approved project budget and forecast cost at completion are also $1.000 million. Actual cost to date is $0.03 million and RIF funding received to date is $0.02 million.
Quality	Green	Scope includes geotechnical investigation, high-priority repair and remediation of floodbank sections where piping is evident. Appropriate technical investigation and design input supports the quality of the proposed remediation.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Key risk is rapid floodbank failure during a flood event if piping and slumping are not remediated. Mitigation is urgent geotechnical investigation, prioritised repairs and staged remediation across identified sections.
Funding Compliance	Green	The project is grant-funded through RIF and must meet grant funding conditions, milestones and reporting requirements. Conditions precedent have been completed and confirmed by MBIE, and the first claim for Tranche 2 grant projects has been submitted and accepted.

[28] The Puerua flood protection strengthening project is reporting Green across all dashboard metrics. Assurance should remain focused on completing detailed design, progressing procurement later in 2026, and maintaining floodbank risk controls ahead of the planned early 2027 construction start.

Table 6: RIF-05 – Project dashboard – Riverbank Road flood risk mitigation

Item	R/O/G	Commentary and Mitigation
Project	Green	This project reduces long-term flood risk at Riverbank Road by making more room for

Purpose		the river through floodbank realignment, bank repairs and gravel management.
Project Establishment	Green	ORC is responsible for project delivery, local co-funding and reporting through the RIF grant funding agreement. MBIE, through Kānoa, administers the grant funding and monitors delivery against agreed conditions and milestones. The project is established within the Lower Clutha Flood Protection and Drainage Scheme, with scope focused on long-term flood risk mitigation at Riverbank Road.
Time	Green	Design is complete and the consenting process is also complete. Discussions have begun with affected landowners about the land purchase required for the new floodbank alignment.
Cost	Green	Total funding-agreement value is $1.600 million, comprising $0.960 million RIF grant funding and $0.640 million Council co-funding. Approved project budget and forecast cost at completion are also $1.600 million. Actual cost to date is $0.04 million and RIF funding received to date is $0.02 million.
Quality	Green	Scope includes gravel removal, floodbank setback and bank repairs to improve flow capacity in the Clutha River, Matau Branch. Appropriate technical and delivery oversight supports the intended flood resilience outcome.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Key risk is ongoing pressure on the Riverbank Road floodbank if river capacity and alignment issues are not addressed. Mitigation is accelerated programme delivery, consented works and staged construction.
Funding Compliance	Green	The project is grant-funded through RIF and must meet grant funding conditions, milestones and reporting requirements. Conditions precedent have been completed and confirmed by MBIE, and the first claim for Tranche 2 grant projects has been submitted and accepted.

[29] The Riverbank Road flood risk mitigation project is reporting Green across all dashboard metrics. Assurance should remain focused on completing landowner discussions and securing the land purchase arrangements required for the new floodbank alignment before construction proceeds.

Table 7: RIF-06 – Project dashboard – East Taieri Lower Pond structure upgrades

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project upgrades the Lower Pond gravity gates, culverts and associated structures to reduce backflow risk and maintain the performance of the Lower Taieri Flood Protection Scheme.
Project Establishment	Green	ORC is responsible for project delivery, local co-funding and reporting through the RIF suspensory loan agreement. MBIE, through Kānoa, administers the loan funding and monitors drawdown conditions, milestones and reporting. The project is established within the Lower Taieri Flood Protection Scheme programme.
Time	Green	A contractor has been assigned. Site establishment is planned for mid-September 2026 and site works are forecast to be completed by December 2026.
Cost	Green	Total funding-agreement value is $1.700 million, comprising $1.020 million RIF suspensory loan funding and $0.680 million Council co-funding. Approved project budget is $1.700 million. Actual cost to date is $0.03 million and the current forecast cost at completion is $0.50 million, reflecting reduced scope after detailed investigation confirmed that the existing large culverts can be retained with a protective coating applied, the headwall structures replaced, and the existing gates refurbished.
Quality	Green	Scope includes upgrading or replacing gabion headwalls, culverts and gravity gates to maintain structural integrity and reduce backflow risk during high river flow events. Appropriate technical and delivery oversight supports the intended outcome.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.

Risk	Green	Key risk relates to ageing infrastructure and backflow from the Taieri River into the Lower Pond during high-flow events until upgrades are complete. Mitigation is planned structural upgrade works, milestone monitoring and funding compliance controls.
Funding Compliance	Green	The project is supported by RIF suspensory loan funding and must meet loan agreement conditions, drawdown and reporting requirements. Loan project claims are expected to be submitted in the coming weeks.

[30] The East Taieri Lower Pond structure upgrades project is reporting Green across all dashboard metrics. Assurance should remain focused on completing site works by December 2026, confirming the reduced scope and forecast under-budget position, and maintaining compliance with suspensory loan drawdown and reporting requirements.

Table 8: RIF-07 – Project dashboard – Puerua outfall structure upgrades

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project upgrades the Puerua outfall culverts and training line to maintain drainage and flood protection for the Lower Clutha scheme and reduce the risk of river mouth movement.
Project Establishment	Green	ORC is responsible for project delivery, local co-funding and reporting through the RIF suspensory loan agreement. MBIE, through Kānoa, administers the loan funding and monitors drawdown conditions, milestones and reporting. The project is established within the Lower Clutha flood protection programme, with scope focused on culvert replacement and training line strengthening.
Time	Green	The project is complete. The training line has been reinstated, the last of the six 2.5 m diameter culverts was installed on 20 July 2026, the culverts were commissioned on 12 August 2026, and final backfill to the training line has been completed to finished design height.
Cost	Green	Total funding-agreement value is $2.000 million, comprising $1.200 million RIF suspensory loan funding and $0.800 million Council co-funding. Approved project budget and forecast cost at completion are $2.900 million. Actual cost to date is $2.60 million. To date, Contact Energy Limited has paid $519,724 towards the Puerua Outfall Structure Upgrade, and ORC has negotiated a total contribution with CEL staff of $1,732,412 and is awaiting CEL board approval.
Quality	Green	Scope includes replacing Puerua outfall culverts and strengthening the training line to maintain drainage, flood protection and river mouth control. Appropriate technical and delivery oversight supports the intended scheme resilience outcome.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Residual risk relates to project close-out, confirmation of funding claim requirements, and completion of contribution arrangements. Mitigation is active project close-out, confirmation of suspensory loan claim requirements, and resolution of the outstanding Contact Energy Limited contribution approval.
Funding Compliance	Green	The project is supported by RIF suspensory loan funding and must meet loan agreement conditions, drawdown requirements and reporting obligations. Loan project claims are expected to be submitted in the coming weeks.

[31] The Puerua outfall structure upgrades project is complete and is reporting Green across all dashboard metrics. Assurance should now focus on project close-out, confirmation of suspensory loan claim requirements, and resolution of the outstanding Contact Energy Limited contribution approval.

Table 9: RIF-08 – Project dashboard – Pumpstation and river monitoring telemetry upgrades

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project improves flood event monitoring and operational visibility by installing telemetry, remote monitoring and control equipment across ORC pumpstations and river monitoring sites.

Project Establishment	Green	ORC is responsible for its local component, contribution tracking and internal delivery controls. Environment Canterbury administers the national monitoring and telemetry programme on behalf of participating regional councils. MBIE, through Kānoa, administers the RIF funding and monitors programme reporting and compliance.
Time	Green	The river monitoring telemetry project is well advanced and is being delivered in house by the ORC Environmental Monitoring team. The pumpstation telemetry upgrade package is planned to go to market in the coming months and be completed within the contracted programme timeframe.
Cost	Green	Total project value for ORC's national telemetry components is $1.050 million, with $0.630 million RIF grant funding and $0.420 million Council co-funding. Cost to date is $0.10 million, RIF funding received to date is $0.06 million, and a claim has been submitted to Environment Canterbury for 60% of costs to date totalling $57,213.52.
Quality	Green	Scope includes telemetry, remote monitoring and operation equipment across ORC pumpstations and river monitoring sites, supported by systems that enable operations teams to monitor asset and river conditions during flood events.
H&S	Green	Contractors and project delivery arrangements are expected to meet all health and safety obligations outlined in ORC's Contractor Health and Safety - Policy and Procedure, alongside any health and safety requirements arising through consent processes, including traffic management plans where required. Site-specific safety plans are to be in place for medium and high-risk work.
Risk	Green	Key risk is reduced operational visibility during flood events until telemetry and remote monitoring upgrades are implemented. Mitigation is accelerated installation, systems implementation and operational readiness planning.
Funding Compliance	Green	The project forms part of the national monitoring and telemetry programme administered through Environment Canterbury. Compliance is managed through national programme reporting, ORC contribution tracking, and claims submitted through Environment Canterbury.

[32] The Pumpstation and river monitoring telemetry upgrades project is reporting Green across all dashboard metrics. Assurance should remain focused on progressing the pumpstation telemetry procurement package, completing the river monitoring telemetry work within the contracted programme, and maintaining claim and reporting alignment through Environment Canterbury.

LiDAR PROJECT DASHBOARD

[33] The Otago Regional LiDAR Collection programme is a multi-year, region-wide LiDAR capture programme supported by Ministry for the Environment co-funding and aligned with LINZ's national elevation programme. It will complete high-accuracy LiDAR coverage across Otago by 2027–2028, supporting natural hazard assessment, infrastructure planning, climate resilience and environmental management.

[34] Oversight is focused on weather-dependent delivery, quality control, funding compliance and the progressive release of approved datasets through the LINZ Data Service.

Table 10: LiDAR-01 – Project dashboard – Otago Regional LiDAR Collection programme

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This project will complete LiDAR coverage for the Otago region, providing high-accuracy elevation data to support flood modelling, natural hazard planning, infrastructure management and climate adaptation work.
Project Establishment	Green	The programme is established and led by ORC's Natural Hazards team. Landpro Ltd was contracted following an open tender process in late 2025 to deliver the remaining LiDAR capture. MfE co-funding and ORC LTP funding are in place, and the programme is aligned with LINZ's national elevation programme, with ORC and LINZ quality-control checks supporting approval and public release through the LINZ Data Service.
Time	Green	Capture commenced in October 2025. As at early June 2026, Western Catchments

		capture was 91% complete, Hollyford and Livingstone variation-area capture was 100% complete, and overall capture represented about 59% of total flight distance. Western Catchments capture is likely to pause over winter due to snow cover, with eastern catchment capture to recommence where weather and ground conditions allow.
Cost	Green	The programme has a $3.000 million LTP budget, with MfE co-funding now totalling $1.841 million, just over 60% of the total budget. As at 4 June 2026, Western Catchments invoices paid totalled $1.025 million, Hollyford payments totalled $79,359, and Livingstone payments totalled $8,773.
Quality	Green	Data is being delivered in blocks for ORC and LINZ quality control before approval and public release. Western Catchments block 1 was received in late May 2026 and QC was underway. Block 2/3 preliminary delivery was expected in late June to early July, with approved datasets to be released progressively through the LINZ Data Service.
H&S	Green	LiDAR capture requires aircraft operations and is dependent on safe flight windows. Weather, snow cover, fog and wind are actively considered in operational decision-making, with capture rescheduled between areas where conditions allow. Contractor delivery arrangements should continue to comply with ORC's Contractor Health and Safety - Policy and Procedure, including operational risk assessment, appropriate induction, job-specific health and safety documentation and site-specific safety planning where required.
Risk	Orange	Primary delivery risks are weather, snow cover, fog and wind restricting safe flight windows, particularly in Western Catchments and alpine areas. Western Catchments capture may pause until later in the year because of winter snow cover. Block 1 quality control is underway, with Block 2/3 preliminary delivery expected in late June to early July, creating sequencing dependencies before public release. Eastern Catchments capture is also dependent on contract variation confirmation and suitable weather and ground conditions. Mitigation is flexible Landpro Ltd mobilisation between capture areas, rescheduling capture to areas where conditions are suitable, and continuing ORC and LINZ quality control as blocks are delivered.
Funding Compliance	Green	MfE co-funding is in place and increased in May 2026. The project aligns with LINZ's national elevation programme and supports ORC's responsibilities for natural hazards information. Approved datasets will be made freely available on the LINZ Data Service following ORC and LINZ quality control.

[35] The Otago Regional LiDAR Collection programme dashboard shows Green ratings for project establishment, time, cost, quality, health and safety, and funding compliance, with an Orange rating for risk. The programme is well established, MfE co-funding has increased to $1.841 million, Western Catchments capture is 91% complete, Hollyford and Livingstone capture is complete, and Block 1 quality control is underway. The main assurance focus is managing weather and winter capture constraints, completing ORC and LINZ quality control, and releasing approved datasets through the LINZ Data Service.

BIOSECURITY PROGRAMME DASHBOARDS

[36] The biosecurity dashboards cover central government-supported programmes that contribute to pest management, biodiversity protection and freshwater biosecurity outcomes in Otago. These dashboards provide an assurance reporting structure for programme establishment, delivery, cost, quality, health and safety, risks and funding compliance.

Table 11: BIO-01 – Project dashboard – National Wilding Conifer Control Programme

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	This programme supports national and regional wilding conifer control to protect biodiversity, productive land, water yield and landscapes. In Otago, it supports coordinated control activity with government, council, landowner, community and contractor partners to reduce spread and long-term reinvasion risk.
Project Establishment	Orange	The project is established and led by ORC's Environmental Implementation team. Relationships with community groups and delivery partners are well embedded and

		have been established over many years. Annual updates of community grant agreements and collaboration agreements are delayed pending revisions. The flow of funding from MPI to ORC is delayed while MPI administrative processes are completed. Approval has been provided by Council to commence delivery while awaiting funding.
Time	Green	Control operations have commenced in the Wakatipu and Central Otago areas, with planning underway in Upper Clutha. All MPI-funded operational projects are to be completed by 30 June 2027. Summer seasonal work windows are required for aerial herbicide applications. Access for ground-based control operations requires consideration of seasonal fire risk and farming operations.
Cost	Green	The programme has a confirmed budget of $4,517,552 from MPI, coupled with an estimated $796,225 required from Otago landowners. Community grant funding is confirmed at $260,610 from ORC targeted rates.
Quality	Orange	The ORC team provides oversight and technical advice to delivery partner operational planning and project management. Operational results and quality assurance reporting are managed through the Wilding Conifer Information System online portal. A 5% placeholder allocation for monitoring and quality assurance activities has been set aside in MPI funding. Quality assurance protocols are under negotiation with MPI, community groups and delivery partners.
H&S	Green	The annual review of the programme Health and Safety Risk Management Plan is underway and on schedule. Placeholder funds for health and safety monitoring activities have been set aside in MPI funding. Health and safety monitoring protocols are under negotiation with MPI, community groups and delivery partners.
Risk	Orange	Key risks may include weather windows, contractor capacity, land access, reinvasion pressure, delivery across remote terrain, landowner financial capacity to meet contribution obligations, and delays negotiating agreements with communities and delivery partners. Mitigations are being managed through programme reporting, MPI agreement updates, delivery partner oversight, quality assurance arrangements and seasonal operational planning.
Funding Compliance	Green	Operational results and quality assurance reporting are managed through the Wilding Conifer Information System online portal. Financial reporting is provided to MPI monthly. Health and safety and operational reporting are provided to MPI bi-monthly.

[37] The National Wilding Conifer Control Programme dashboard is generally Green, with Orange ratings for project establishment, quality and risk. The programme is established and operational, with control work underway in Wakatipu and Central Otago and planning underway in Upper Clutha. The main assurance focus is resolving MPI funding administration delays, completing community grant and collaboration agreement updates, confirming quality assurance and health and safety monitoring protocols, and managing seasonal delivery risks including weather windows, contractor capacity, land access, fire risk, farming operations and landowner contribution requirements.

Table 12: BIO-02 – Project dashboard – Tipu Mātoro National Wallaby Eradication Programme

Item	R/O/G	Commentary and Mitigation
Project Purpose	Green	Tipu Mātoro is the national wallaby eradication programme, with a long-term aspiration of a wallaby-free Aotearoa. In Otago, it supports surveillance, control and response activities to reduce wallaby impacts on biodiversity, productive land and regional biosecurity outcomes.
Project Establishment	Green	The programme is well established and led by ORC's Environmental Implementation team, under the current 2025-2030 Service Agreement with MPI. MPI retains strategic oversight, national governance, and crown funding control, while ORC is responsible for regional coordination, delivery and reporting. Specialist contractors are selected from the 2025-2028 ORC Biosecurity Panel to complete all physical works. A Regional Coordination Group for Wallaby Management is established to ensure operations are defined, prioritised, and communicated across a network of stakeholders.
Time	Green	Operations covering 134,000ha are approved and work is underway across all areas (Dunedin, Hawea and North Otago). A total of 6% (8,500ha) is completed and a further 41% (55,000ha) is in progress as of 31 August 2026. The remaining 53% is to start in October 2026. All operations are to be completed by 31 May 2027. All reliable public sighting reports will be responded to in 1-3 working days.

Cost	Green	The programme has a confirmed budget of $992,877 for 2026/27, comprising Tipu Mātoro funding of $740,000 and LTP funding of $252,877. MPI's funds have been received. Payments totalling $108,064 have been made to contractors for work completed to 31 August 2026.
Quality	Green	Operational results are recorded and managed through the Wallaby Information System. Quality assurance protocols for operations are detailed in each Supplier's Statement of Work and verified through systematic reviews, spatial data analyses and site visits.
H&S	Green	The annual review of the Otago Wallaby Health and Safety Critical Risk Management Plan is completed and approved, and has been shared with all wallaby contractor personnel. Health and safety auditing protocols (for systems, depot and fieldwork audits) are established, and an external auditor engaged to undertake formal health and safety audits on all contractors. No specific health and safety issues are reported.
Risk	Orange	Project delivery risks may include weather, contractor capacity and land access. Mitigations are to be confirmed through programme reporting. Long-term risks to eradication include security of Crown funding, reinvasion pressure, evolving public perceptions, and limitations with current methods for detecting wallaby. Mitigations are to be confirmed through strategy, operations, communications, engagement and research plans and reports.
Funding Compliance	Green	Operational results and quality assurance reporting are managed through the Wallaby Information System. Financial reporting is provided to MPI monthly. Health and Safety and operational reporting are provided to MPI bi-monthly.

[38] The Tipu Mātoro National Wallaby Eradication Programme dashboard is generally Green, with an Orange rating for Risk. The programme is established and operational, with control work underway across all areas. Delivery risks include weather windows, contractor capacity and land access.

Table 13: BIO-03 – Project dashboard – Clean Check Dry Programme

Item	R / O / G	Commentary and Mitigation
Project Purpose	Green	The Clean Check Dry Programme reduces the risk of freshwater pest spread by encouraging people to check, clean and dry boats, watercraft and gear between waterways. In Otago, it supports public awareness, behaviour change and partner-led prevention activity to reduce spread risk.
Project Establishment	Green	The programme is well established and has operated over several seasons. Subject to contractual confirmation, the delivery structure is expected to follow the approach below. • MPI provides programme funding, programme direction, campaign materials, training reporting requirements, and overall programme coordination. • ORC manages regional programme delivery, recruitment, ambassador support, health and safety oversight, communications, contract management, and reporting. • CCD Ambassadors deliver public engagement activities, promote CCD messages, attend events, record interactions, and report programme activity. • Programme partners may provide local support, venue access, and event opportunities.
Time	Green	• Ambassadors are expected to work primarily between December and February, aligning with peak summer visitor numbers and key events. • Employment dates are to be confirmed. • Additional support may be required at events throughout the year as opportunities arise.
Cost	Green	• Programme partner contribution has been approved, with funding expected to be $20,000. The final contribution amount is yet to be confirmed. • ORC co-funding contribution (in-kind) and operational expenditure are yet to be confirmed for the upcoming season.

Quality	Green	• Updated information resources and brochures will be provided to reflect changes to Check, Clean, Dry (CCD) methods. • MPI is introducing a new mobile app this season to record and track ambassador interactions and activity. • ORC's internal processes and procedures will continue as they have in previous seasons. • ORC staff will provide ongoing support and guidance to ambassadors throughout the season to help them meet their contract requirements. • End of season reports will be reviewed internally by ORC before being submitted.
H&S	Green	Health and safety arrangements are well established and consistent with previous seasons. MPI provides training on the following areas. • Check, Clean, Dry (CCD) messaging • Public engagement protocols • Freshwater pest identification ORC provides induction and onboarding within the first two weeks of employment, covering the following areas. • Health and safety requirements • Incident and near miss reporting • Site and event procedures • Public engagement expectations • Programme administration and reporting requirements Ongoing support, supervision, and guidance are provided by ORC staff throughout the season. Event safety, public-facing engagement risks, and field activity controls are managed through established procedures. Incidents and near misses are reported and managed through ORC systems. No contractors will be engaged as part of the programme.
Risk	Orange	• Funding agreement delayed or not finalised ORC will manage this by maintaining regular communication with MPI, undertaking preparatory planning, and progressing recruitment and operational planning in line with programme communications. • Recruitment delays due to a limited local candidate pool or difficulty securing accommodation ORC will manage this by commencing recruitment early, advertising broadly, encouraging applications from candidates with existing accommodation in the area, and maintaining a pool of suitable reserve candidates where possible. • Adverse weather or lower than expected public interactions ORC will manage this by prioritising high-use locations and periods, utilising events and other engagement opportunities, and documenting weather-related impacts in reporting. • Ambassadors unavailable due to illness or personal circumstances ORC will manage this by maintaining flexible rostering, providing ORC support where required, and documenting impacts in reporting. • Delays in receiving programme materials or resources ORC will manage this by confirming requirements early and retaining existing

		materials as a contingency until updated resources are available.
Funding Compliance	**Green**	• Funding has been verbally confirmed. However, based on previous seasons, the formal funding agreement is not usually received until after recruitment and other employment processes have been completed, typically in November. • Seasonal milestones and performance measures are still to be confirmed. These may include social media activities, community events, and public interactions. • Funding is typically provided in two instalments: an initial payment following signage installation and a final payment after submission of the end of season report.

[39] The Clean Check Dry Programme dashboard is generally Green, with risk held as Orange while the formal funding agreement, seasonal milestones and final programme details are confirmed. The main assurance focus is confirming funding arrangements with MPI, completing recruitment and onboarding, preparing ambassadors for the summer delivery period, and maintaining clear reporting on public engagement, programme activity and any delivery impacts.

SUMMARY OF CONSIDERATIONS

Community Outcomes
These programmes primarily contribute to the Communities, Environment, Resilience and Climate outcomes. They may also support the Partnership outcome where programme planning, consenting, environmental management or delivery requires engagement with mana whenua, particularly where projects affect awa, floodplains, biodiversity or other environmental settings. Transport outcomes may also be supported where flood resilience and monitoring projects protect access, connectivity and transport infrastructure during significant weather events.

Alignment with Central Government Legislation
This report relates to central government-funded programmes and associated funding, reporting and delivery obligations. Relevant legislative, policy or funding requirements are managed through each programme’s governance, funding agreement and reporting arrangements.

Alignment with Otago Regional Council Internal Policy
Programme delivery is supported through established ORC project governance, financial controls, procurement, health and safety, and risk management processes. Where consultants, contractors or subcontractors are engaged, relevant ORC policies and procedures apply, including contractor risk assessment, induction, job-specific health and safety documentation, monitoring and coordination of overlapping duties.

Delivery teams continue to monitor programme milestones, funding obligations, contractor performance, risks and any matters requiring escalation through established governance and reporting channels.

Financial Considerations
Financial considerations vary by programme and are managed through approved budgets, external funding agreements, grant or loan conditions, claim processes and internal financial controls. Programme dashboards identify available budget, cost, funding and forecast information where confirmed.

Legal Compliance/Risk
Legal and compliance risks are managed through adherence to applicable funding agreements, procurement requirements, consent conditions, health and safety obligations, and programme reporting controls. Any material legal or compliance matters would be escalated through the relevant governance process.

Reputational Risk
Reputational risk is managed through effective programme delivery, clear accountability, accurate reporting, and appropriate communication with funding partners, communities, landowners and stakeholders. Ongoing communication remains important where programme delivery affects communities, assets, timing, access or expected levels of service.

Climate Resilience
The programmes covered in this report may contribute to regional resilience by supporting infrastructure, natural hazards information, biosecurity outcomes, environmental monitoring, operational readiness, or community preparedness. Climate resilience considerations will vary by programme and should continue to be considered through project delivery and benefits reporting.

Carbon Emissions
Carbon emissions have not been separately assessed for this assurance report. Individual programmes may generate emissions through field work, travel, contractor activity or construction-related works. Any material carbon implications should be considered through the relevant programme or project planning processes where required.

He Mahi Rau Rika: Significance, Engagement and Māori Participation Policy
This report is an assurance update and does not seek a decision that triggers significance and engagement requirements. Individual programmes or projects may require engagement or participation considerations where delivery affects communities, landowners, mana whenua, stakeholders or environmental settings.

Engagement with Mana Whenua
Mana whenua engagement requirements vary by programme and project. Where relevant, engagement should be considered through consenting, environmental management, programme planning and delivery processes, and recorded through the appropriate reporting channels.

Stakeholder Engagement
Stakeholder engagement varies by programme and may include communication with funding partners, delivery partners, affected landowners, contractors, community groups, liaison groups or other stakeholders. Engagement requirements should continue to be managed through each programme's delivery and reporting arrangements.

Communications
There are no specific communication considerations arising from this paper. Any communications will be managed through the individual programmes as required.

NEXT STEPS

[40] Delivery teams will continue to monitor programme milestones, funding agreement obligations, claims, contractor controls, health and safety assurance, and Orange-rated risks through established governance and reporting arrangements. Any material change in risk, cost, timing or compliance will be escalated through the relevant reporting channel.

ATTACHMENTS

Nil

8.2. People and Safety Report

Prepared for:	Audit and Risk Committee
Report No.	A&R2624
Activity:	People and Safety
Author:	Mark Olsen (Manager People and Safety), Kelly Stuart (People Services Lead)
Endorsed by:	Tami Sargeant (General Manager People and Corporate)
Date:	25 September 2026

PURPOSE

[1] This report summarises activities and information on health, safety, and wellbeing (HSW), and people and culture at Otago Regional Council (ORC).

EXECUTIVE SUMMARY

Health, Safety and Wellbeing (HSW)

[2] ORC continues to mature its HSW practices, maintaining high employee involvement and taking a structured approach to systematically reduce the risk of harm from our critical risks via our critical risk action plan.

[3] A big area of focus in the last quarter has been progressing high priority projects including contractor health and safety management and traffic management procedures.

People and Culture

[4] ORC continues to strengthen its people and culture practices through implementing the People Strategy, partnering with people leaders and maintaining day to day service delivery.

[5] A key focus in the last quarter was implementing the ORC Performance and Development module in the Human Resources Information System (HRIS) and another highlight was the launch of the WorkRide scheme.

RECOMMENDATION

That the Committee:

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

HEALTH, SAFETY AND WELLBEING REPORT

CONTEXT

[6] ORC has duties under the Health and Safety at Work Act 2015 (HSWA) and subsequent regulations to ensure the health, safety and wellbeing of employees, and all other

persons, at, or in, the vicinity of work or subsequently affected by the work. This duty is upheld through ORC's health and safety management system, which is guided by good practice and continuously improved via a Plan-Do-Check-Act cycle. A summary of the key changes from the Health and Safety at Work Amendment Act 2026 and what it means for Elected Councillors and for ORC is provided in Attachment 1.

[7] This report provides commentary and updates in relation to risks, efficacy of controls, incidents, work programmes and a range of key performance indicators to enable the Audit and Risk Committee to exercise due diligence obligations under the HSWA. HSW key performance indicators are provided in Attachment 2.

[8] The HSW team actively manages ORC's health and safety obligations through Complywith, ORC's legal compliance platform. The team currently oversees 109 legislative obligations under the HSWA and associated regulations.

RISK

[9] HSW performance remains stable, with continued progress against the Critical Risk Action Plan. No significant deterioration in safety performance was identified during the reporting period, and priority controls remain in place while outstanding high priority actions are completed.

Critical Risk Management

[10] ORC has nine identified health and safety critical risks. Over the past two years, the HSW team has undertaken bow tie analysis, reviewed incident and near miss data, and worked with subject matter experts across ORC to clarify key risk events, threats, consequences, and the primary controls required to prevent serious harm. This work has resulted in revised Critical Risk Profiles and a consolidated Critical Risk Action Plan.

<u>Updated Critical Risk Profiles</u>

[11] The critical risk profiles provided in Attachment 3 provide a transparent view of risk exposure and control effectiveness, including an outline of controls that are in place, partially in place, or not yet in place.

<u>Critical Risk Action Plan</u>

[12] The Critical Risk Action Plan translates control gaps and weaknesses identified in the critical risk profiles into one integrated plan with an organisation-wide set of priority actions. In total, the original plan contained 88 actions spanning policy, procedures, systems, capability, change management, and assurance.

[13] Actions are categorised as low, medium, or high priority based on their importance to managing serious harm risk.

- High priority actions address critical control gaps or dependencies where a control is not yet in place or not sufficiently embedded. In these situations, failure or absence of the control could reasonably result in serious harm or fatality, and there are limited or no effective interim controls. These actions require active oversight and escalation if progress stalls.
- Medium priority actions focus on strengthening, embedding, or assuring critical controls that exist but are not yet consistently effective. This includes policy refresh

or implementation, capability uplift or training, system improvements, and assurance or monitoring activities. While these actions do not represent a current critical control failure, they are essential to improving control effectiveness over time.

- Low priority actions support maturity, sustainability, or future improvement. These include exploratory work, optional enhancements, enabling systems or frameworks, or actions that are dependent on other work being completed first. Delaying these actions does not materially increase serious harm risk in the short term.

[14] The table below provides a summary of the number of remaining high, medium, and low priority actions across each critical risk.

Table 1: *Critical Risk Action Plan Actions by Priority*

Critical Risk	High	Medium	Low	Total
Contractor Management	2	4		**6**
Vehicles and Driving Operations	2	6	2	**10**
Lone, remote or isolated work	1	3	3	**7**
Fatigue		4	1	**5**
Violence and aggression	2	8	5	**13**
Falls from height	1	1		**2**
Mental health	2	7	12	**21**
Working around water	2	2	1	**5**
Hazardous substances		4	11	**15**
Change Management & Assurance		2		**2**
Total	**12**	**41**	**33**	**86**

[15] During the quarter, two actions were completed: the review of duress procedures and the update to the Protected Disclosures (Whistleblower) Policy. This reduced the original plan from 88 to 86 remaining actions. Multiple actions are in progress and are expected to be completed during the next quarter.

[16] Priority actions currently include:

- Updated Contractor Management Policy and Procedures, revised tender and RFP process, updated safety plan guidance, revised processes for low, medium and high risk work.
- Traffic Management procedure implementation – we are currently working with a local provider to update our Traffic Management plans in the new Pre-Approved Reusable Schemes (PARS) format – a more risk-based approach under the New Zealand Guide to Temporary Traffic Management.
- Continuing with our Lone, Remote and Isolated Work Procedure Implementation.

- Refreshing staff on our updated emergency procedures and completing emergency drills (i.e. fire drill for Aonui, and a lockdown drill).

Update on Addressing Other Current or Emerging Risks and Strengthening Controls

[17] *Speed management:* E-Road reports are continuing to be sent to managers monthly, along with guidance on facilitating constructive conversations about overspeed events.

Table 2: *Monthly Overspeed Incidents by Speed Category*

Row Labels	Completed last month (August)	Previous completed month (July)	FY27 YTD Average (completed months only)	Calendar YTD Average (completed months only)
10-19 KMP Overspeed	155	239	239.2	214.75
20-29 KMP Overspeed	11	15	9.8	12.75
>29 KMP Overspeed			0.7	0.75
Grand Total	166	254	249.6	228.25
Total kms travelled	133,574km	127,605km		

[18] Total overspeed events in June and July were broadly in line with the 12-month average, before declining significantly in August. ELT and the wider Senior Leadership Team have reviewed speed management and reporting to better understand the factors contributing to overspeed events and identify opportunities for improvement.

SAFETY EVENTS & INCIDENT REPORTING 1 June - 31 August 2026

Summary

[19] Incident reporting levels remain consistent with previous periods, with no significant emerging themes identified. Reported events continue to provide opportunities for learning and improvement, and corrective actions have been implemented where required.

[20] 36 incidents have occurred since the last report including:

- 24 related to ORC staff
- 12 relating to contractors – reported by contractors or members of the public

[21] Refer to the HSW Dashboard in Attachment 2 for a breakdown of incidents by type.

Staff Incidents

[22] During the reporting period, staff incidents included vehicle-related events (five), slips, trips or falls (four), and violence, aggression or associated psychological impacts (two). No material systemic issue has been identified and management continues to monitor these themes and progress the relevant corrective and preventative actions.

[23] Two vehicle incidents involved utilities sliding on wet grass verges after staff pulled over to undertake field work. In response, management will trial higher-performance hybrid all-terrain and mud tyres and assess whether they provide an effective additional control for these operating conditions.

Contractor Related Incidents

[24] The majority of contractor and member of public incidents involved bus operations and customer-reported events. Actions taken in response have included incident reviews, communication with operators, and follow-up where required to support safe operations and manage customer-related risks.

WORKER ENGAGEMENT AND COMMUNICATIONS

[25] Recent engagement with staff included the health and Safety Representatives (HSRs) and Health and Safety Committee (HSC) meetings held in August 2026. Discussion and updates focused on workplace controls at Aonui, vehicle and roadside safety, lone and remote work, emergency preparedness, winter wellbeing and timely incident reporting.

[26] Regular health, safety and wellbeing information has been included in the internal newsletter 'In the Loop' e.g. advertising wellbeing events and activities, a how to guide for event safety plans, winter illness / hygiene reminders and safe winter driving tips.

Safety Alerts

[27] A safety alert was issued following a customer aggression incident at Aonui reception. The alert reinforced that staff should prioritise personal safety, avoid actions that may escalate an incident, maintain a safe distance, and follow the Violence and Aggression Policy and Procedure and the Duress Procedure.

[28] Safety alerts were also sent out as required in relation to weather related precautions such as snow and flooding.

TRAINING

[29] In our new Learning Management System we have a clearer picture of required health and safety training by role and it is easier and more efficient for staff to enrol in required training and for training courses to be organised. Over the past quarter staff have participated in a range of training courses including:

- First Aid (14 people)
- Health and Safety rep training (2 people)
- Grow safe training (11 people)
- Driver training - 4WD driver safety (13 people); Advanced Driver Safety (11 people); Side by Side (9 people)
- Lone, Remote and Isolated Worker – Get Home Safe App training (22 people)
- Low-risk roadside management (2 people)
- Winch training (10 people)

[30] The new self-paced e-learning health and safety induction module is now live providing an enhanced learning experience and improved tracking of completion.

WELLBEING

[31] Staff wellbeing continues to be a focus, both through the 2026 Wellbeing Programme and more generally as ORC navigates change and uncertainty. In the last quarter, wellbeing activities have included the remaining two webinars in the Unlocking Peak Performance and Wellbeing series, women's health week, and 157 staff took up the offer of flu vaccinations.

HEALTH, SAFETY AND WELLBEING PLAN 2024-2027

[32] The Health, Safety, and Wellbeing Plan 2024-2027 provides a strategic roadmap for embedding health, safety, and wellbeing across our organisation. Projects and initiatives are still progressing where they align with the Critical Risk Action Plan actions.

PEOPLE AND CULTURE REPORT

Recent Activities

[33] Key focus areas and achievements in the last quarter (to date 31 August 2026) include:

- **HRIS Project (Phase 2):** Phase 2 of the HRIS project progressed during the quarter. The Performance and Development module went live on 22 June, supported by training for staff and people leaders, and all staff have since completed FY27 goal setting in the system. The Learning Management System continues to be embedded, improving enrolment and tracking for required e-learning (eg. Cyber security and privacy). Integration planning is also under way for five ORC systems to reduce administration and data-entry risk.

- **Workplace Travel Plan:** As part of the Workplace Travel Plan, ORC launched the WorkRide scheme on 1 July 2026. WorkRide is a workplace benefit that enables staff to obtain a bicycle or scooter through a salary-sacrifice arrangement, supporting more sustainable and active travel. The scheme attracted 17 registrations of interest in its first month, with five staff having collected bikes through the scheme and further uptake since.

- **Regional staff day:** 64 staff from regional offices and depots gathered in Cromwell on 19 August for a regional workshop aimed at strengthening organisational connection and understanding regional perspectives. The event was well attended and generated strong engagement, with valuable discussions on what is working well and opportunities to better support regional staff in delivering their work across the region.

- **Cultural competency training:** Fourteen staff attended Modules 5–7 of the Te Rito programme at Puketeraki Marae, strengthening their understanding of local history, cultural values, te ao Māori worldviews and regional knowledge systems.

- Six staff attended the Worldwide Mosiac Cultural Awareness Workshop which covered actionable techniques and tools for effective cross-cultural communication and inclusive practices.

- An updated **Working Better Together – Anti Bullying and Harassment Policy** has been published and communicated to all staff along with a requirement to complete refresher training via a bespoke e-learning module within the next three months.

[34] Key projects and initiatives in progress include:

- Updated ORC Leave Policies have been presented to and discussed by ELT, including strengthened requirements for earlier management of high leave balances to avoid staff accumulating leave. The policies and changes are currently being socialised with managers for feedback before being shared with staff.

- Developing programmes and the People and Safety budget and supporting managers as required with workforce planning to inform the Long-Term Plan.

Human Resources Dashboard Reporting

[35] Workforce indicators remain stable. Staff turnover remains within expected levels and does not indicate elevated retention risk. Leave balances and sick leave usage are being actively monitored.

[36] The 2026/27 Annual Plan provides for a total of 366.6 full-time equivalent (FTE) positions. In alignment with our commitment to efficient and sustainable resourcing, ORC prioritises the recruitment of fixed-term staff over the use of external consultants for project-related roles wherever appropriate. This approach not only delivers cost efficiencies but also ensures that project teams are more closely aligned with the ORC's values, culture, and long-term strategic goals.

[37] Workforce snapshot information as at 31 August 2026:

- 378 total staff (headcount), 343 permanent / 35 fixed term
- FTE of 368.23
- 12 current vacancies
- Average tenure is 5.2 years
- Average annual leave balance, 20.9 days
- Average sick leave taken, 6.2 days (last 12 months)
- Annual staff turnover of 10.0% (for the 12 months to 31/8/2026, excluding fixed term terminations).

[38] Workforce mobility – reporting period to 31 August 2026:

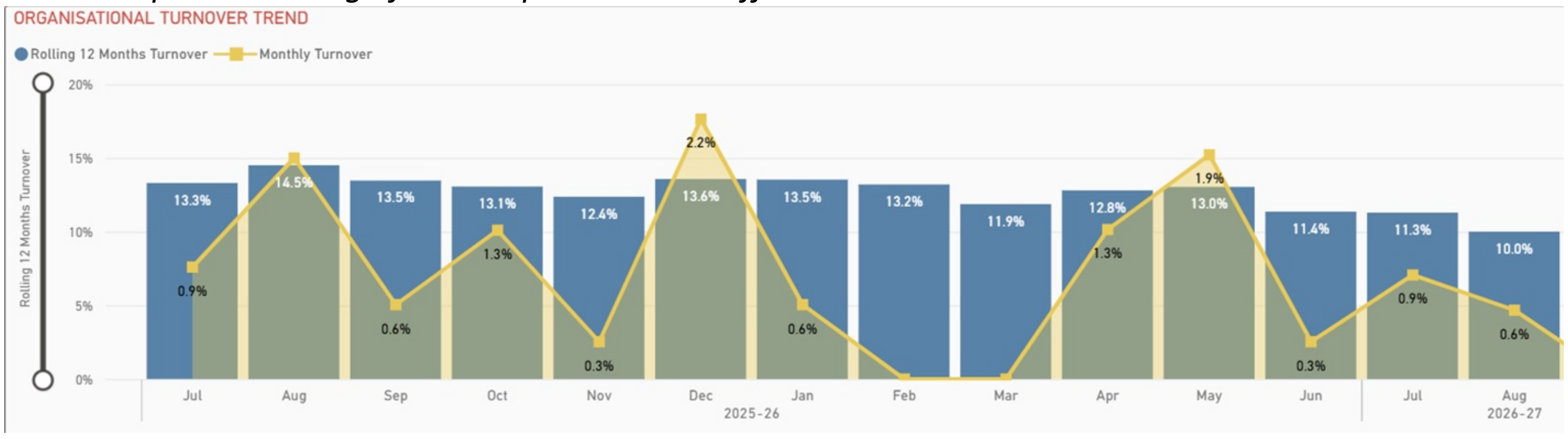
- One internal sideways move
- Five internal promotions/upwards moves
- One internal secondments commenced

[39] Recruitment snapshot – reporting period to 31 August 2026:

- Roles that have been advertised: 29
- Roles successfully filled: 29
- Average time to fill positions: 47 days
- 594 job applications received, an average of 20 applications per role

[40] Staff turnover tracking:

Graph 4: Tracking of annual permanent staff turnover



SUMMARY OF CONSIDERATIONS

Community Outcomes

This work aligns with the following community outcomes from the ORC 2024-2034 Long-Term Plan:

Whole of Organisation

This work supports the whole organisation and, therefore, all Community Outcomes.

Alignment with Central Government Legislation

This work is consistent with relevant central government policy and direction. Specifically, it aligns with the Health and Safety at Work Act 2015, Employment Relations Act 2000 and related regulations.

Alignment with Otago Regional Council Internal Policy

This work is consistent with relevant ORC policies, and in particular the Health and Safety Work Plan and People Strategy.

Financial Considerations

The activities and work programmes outlined in this report are being delivered within the budgets provided through the 2026/27 Annual Plan.

Legal Compliance/Risk

This report supports the Committee’s oversight of ORC’s health and safety and employment-related legal obligations. No material legal or regulatory compliance issues were identified during the reporting period. Legal and operational risk remains where critical controls and planned improvement actions are not yet fully implemented or embedded, and these matters continue to be monitored through the relevant work programmes.

Reputational Risk

There is insignificant/minor risk that decisions arising from this report could adversely impact Council’s reputation or community trust.

Climate Resilience

The impacts of climate-related risks (e.g. flooding, drought, extreme winds, coastal erosion, wildfires) on this work has not been assessed.

Carbon Emissions
The implications of this work on organisational or regional greenhouse gas emissions has not been assessed.

He Mahi Rau Rika: Significance, Engagement and Māori Participation Policy
Not Applicable.

Engagement with Mana Whenua
There has been no engagement with mana whenua or Māori specifically for this work. The report notes staff participation in Te Rito cultural competence training at Puketeraki Marae as part of ORC's broader capability development.

Stakeholder Engagement
There has been no engagement with external stakeholders and/or the public specifically for this work.

Communications
Not applicable.

ATTACHMENTS

1. Detailed Summary of the Health and Safety at Work Amendment Act 2026 [**8.2.1** - 2 pages]
2. Health Safety and Wellbeing Dashboard August 2026 [**8.2.2** - 4 pages]
3. HSW Critical Risks Profiles August 2026 [**8.2.3** - 13 pages]

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Detailed Summary of Health, Safety at Work Amendment Act 2026

Purpose

The Health and Safety at Work Amendment Act 2026 introduces the most significant changes to New Zealand's health and safety legislation since the Health and Safety at Work Act (HSWA) 2015. The amendments were enacted on 9 July 2026 and come into force on 1 April 2027. The reforms are intended to focus organisations on managing risks that have the potential to cause death, serious injury, or serious illness, while reducing unnecessary compliance activity.

Key Changes

1. Greater focus on "critical risks"

- The Act prioritizes the management of **critical risks**, being hazards that could result in death, notifiable injury, notifiable illness, notifiable incidents, or specified occupational diseases.
- PCBUs (Persons Conducting a Business or Undertaking) must prioritise the identification and management of critical risks above lower-level hazards; with Regulators, codes of practice, and enforcement activities also placing greater emphasis on critical risks.

2. Revised duties for PCBUs

- Large PCBUs (20 or more workers) must continue to manage all workplace risks but must give highest priority to critical risks.
- Whereas smaller organisations have more proportionate obligations and are primarily required to focus on critical risks. This is relevant to some contractors the council works with.

3. Stronger role for Approved Codes of Practice (ACOPs)

- ACOPs will have greater practical significance as recognised methods of achieving compliance.
- Following an approved code will provide organisations with increased certainty that they are meeting their health and safety obligations.

Implications for Elected Councillors

As a PCBU the Otago Regional Council must continue to ensure, so far as is reasonably practicable, the health and safety of workers and other persons who may be put at risk by Council activities, including contractors, volunteers, elected members, and members of the public.

The Amendment Act does not change the exemption that applies to local authority elected members. Councillors remain exempt from personal prosecution as officers under HSWA solely by virtue of their elected role. However, elected members continue to have an important governance responsibility to oversee health and safety performance and seek assurance that Council's critical risks are being effectively managed and that there are appropriate systems and resources in place to support Council's obligations as a PCBU.

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Councillors should continue to:

- Maintain oversight of Council's critical health and safety risks and associated controls.
- Seek assurance that systems effectively identify and manage risks with the potential for serious harm.
- Monitor health and safety performance through the quarterly reporting, particularly regarding critical risks, incidents, and near misses.
- Ensure adequate resourcing for risk management, worker engagement, training, and compliance activities.
- Consider health and safety implications when making governance and strategic decisions.

What This Means for Our Council

The practical impact is expected to be limited because Council already operates mature health and safety processes with a strong focus on the identification and management of critical risks. Existing critical risk protocols, reporting, and improvement initiatives are broadly aligned with the direction of the reforms.

However, key areas we will actively review between now and the 1 April 2027 commencement date include:

- Through our Contractor Management Working Group, reviewing whether any changes are required to ensure Council's contractor prequalification and assurance requirements remain proportionate for smaller organisations (fewer than 20 workers), while maintaining an appropriate focus on critical risks.
- Further developing our critical risk assurance programme to provide greater verification that critical risk controls are in place, operating effectively, and achieving their intended outcomes.

On an ongoing basis we will also monitor for new or updated Approved Codes of Practice issued by WorkSafe.

No material changes to Council's governance arrangements are anticipated as a result of the Amendment Act.

Conclusion

The Amendment Act shifts the focus of HSWA toward the management of critical risks that could cause serious harm. For elected members, governance expectations and liability settings remain unchanged. Council's existing health and safety framework is broadly aligned with the reforms, with only minor adjustments anticipated before implementation on 1 April 2027.

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Health, Safety and Wellbeing Dashboard

Reporting Period: 1 June – 31 August 2026

Note: The Health, Safety and Wellbeing (HSW) Dashboard is in early development and will be improved over time based on feedback and as more data becomes available

Part 1 - Lead Indicators

Lead indicators provide information about proactive and preventative activities the Council is taking to reduce risk and further improve HSW outcomes. Lead indicators provide early insights into the effectiveness of our health, safety and systems and practices.

Key Lead Indicators

Metric	This Quarter (1 Jun – 31 Aug 26)	Last Quarter (11 Feb – 31 May 26)	Previous Quarter (20 Nov 25 – 10 Feb 26)	12 Month Trend
Health & Safety Representatives trained	93%	100%	100%	→
Site Audits completed^	4	23	12	→
Staff Participation in Safety Training	94	61	35	↗
Near Misses reported	0	6	2	→
Hazards reported	5	13	1	↗
Overall Wellbeing scores	N/A	N/A	N/A	
Safety plans reviewed or supported (excluding for contractors)	25	21	14	↗
Standard Operating Procedures reviewed	0	2	N/A	→
Participation in wellbeing events	See comments below			→
Safety meetings held	For future development			
Improvement actions completed				
Safety observations held				

Insights on Lead indicators

- Some minor incidents reported could have been categorised as near misses e.g. finding a needle when picking up rubbish in a stream, but no contact with the needle.
- Site Audits completed – currently represents HSW building audits and Engineering – Operations team site audits only. A clear process and data capture to be determined.
- Wellbeing score will be measured in an employee survey during the next quarter.
- As part of the SOP Project, an initial assessment has been made of the different formats and quality of existing SOPs. Once we confirm the new SOP template we will engage relevant teams for the review an update of existing SOPs.

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- Participation in wellbeing events remains strong – e.g. Women's Health Week promoted in July, 157 staff took up flu vaccinations

Part 2 - Lag Indicators

Lag indicators provide retrospective insights into HSW performance by measuring events and impacts that have already occurred. These indicators are essential for understanding the outcomes of our HSW practices and identifying areas where further improvement is needed.

Key Lag Indicators

Metric	This Quarter (1 Jun – 31 Aug 26)	Last Quarter (11 Feb – 31 May 26)	Previous Quarter (20 Nov 25 – 10 Feb 26)	12 Month Trend
Total Recordable Injuries *	0	4	2	No material change (neutral)
Violence, aggression & abuse incidents **	2	4	2	Decreasing (positive)
Psychological impact	0	1	1	Decreasing (positive)
Work related ACC injury claims	0	2	1	No material change (neutral)
Average Sick Days Taken in The Last 12 Months	6.2	6.6	6.0	Increasing (negative)

*Total Recordable Injuries include serious harm, lost time injuries, medical treatment injuries and restricted work injuries.

** Violence, aggression & abuse incidents – measures the number of instances when ORC employees have been subjected to violence, aggression or abuse either in person, via the phone or other media.

Insights on Lag indicators

- No recordable injuries in this quarter.

Key for Lead and Lag Indicators

Increasing (positive)	Increasing (negative)
No change (positive)	No change(negative)
Decreasing (positive)	Decreasing (negative)
No material change (neutral)	

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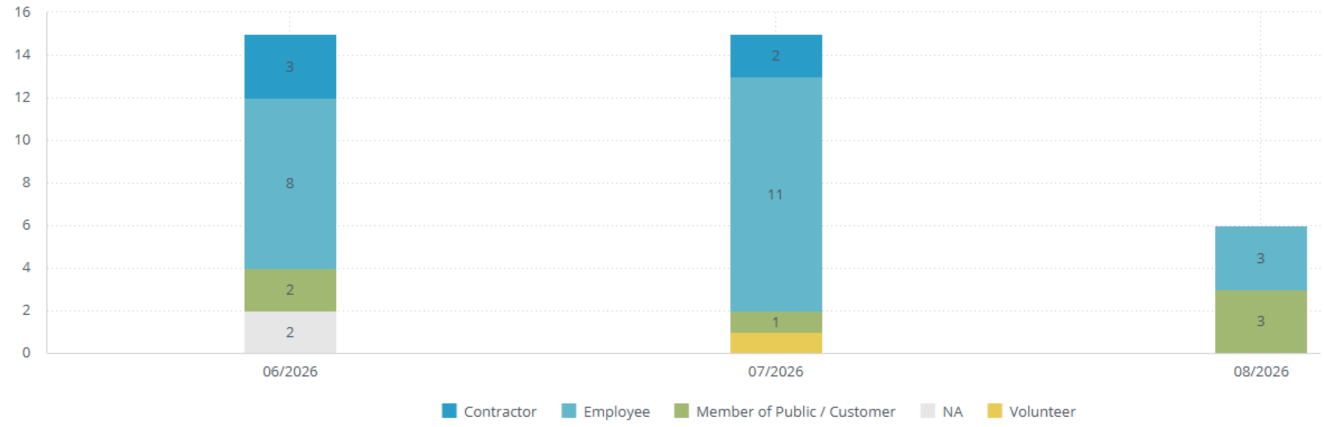
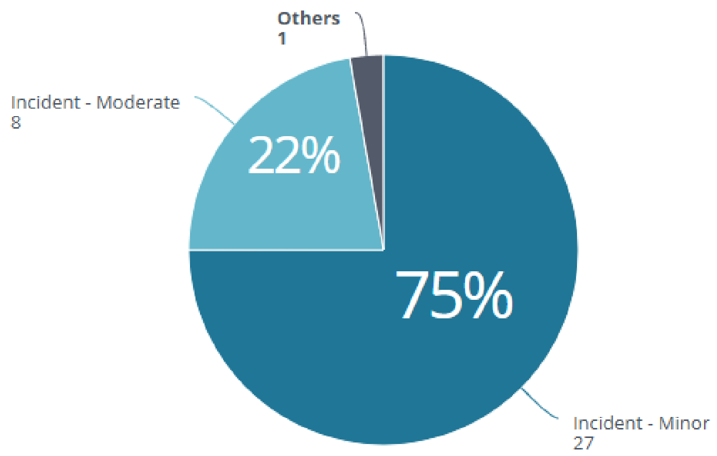
Part Three – Incident Data for Last Quarter

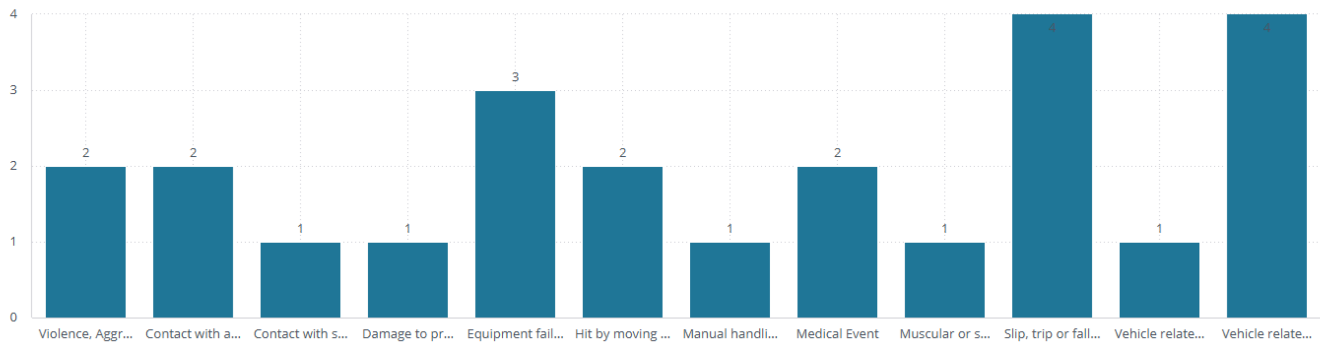
Number of Incidents by month



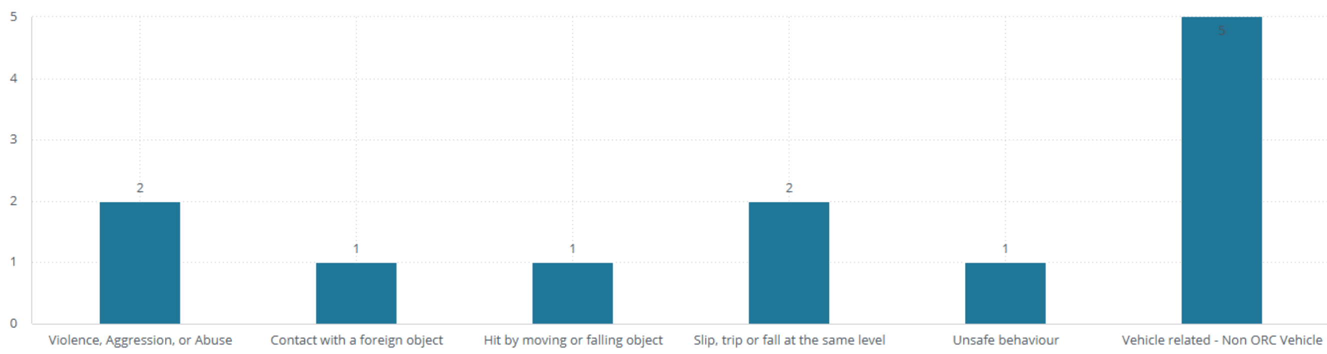
Incidents by severity



ORC Incidents by Type



Contractor Incidents by Type



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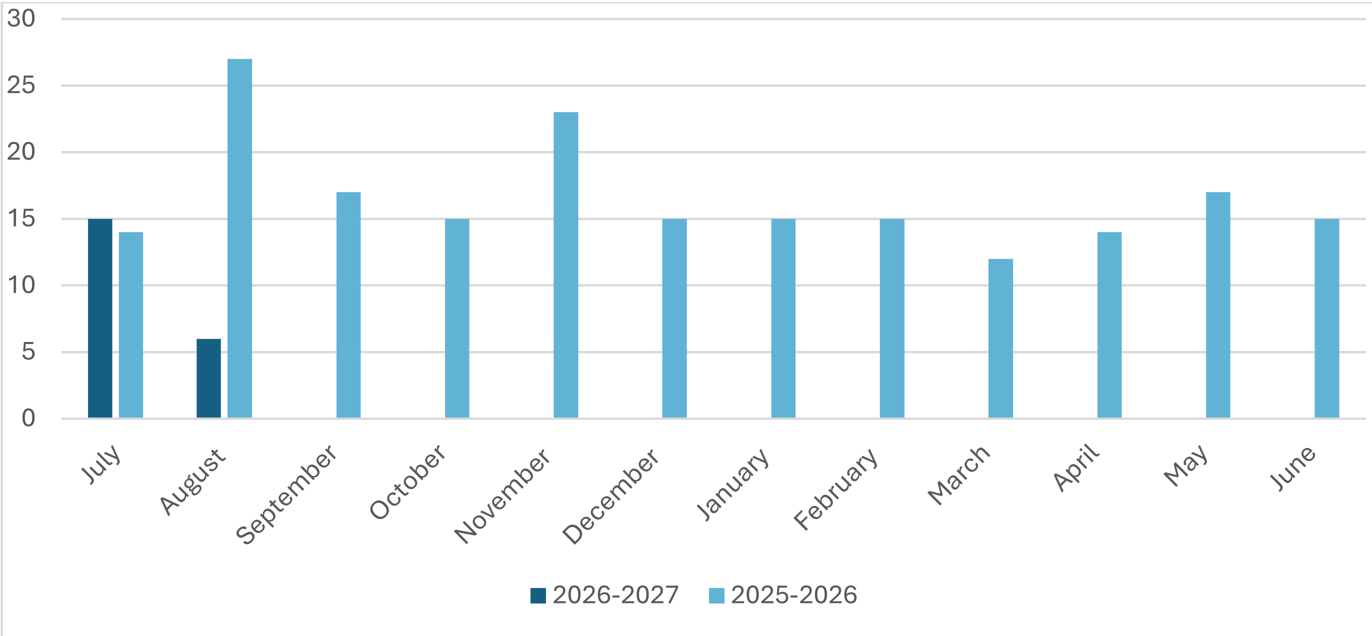
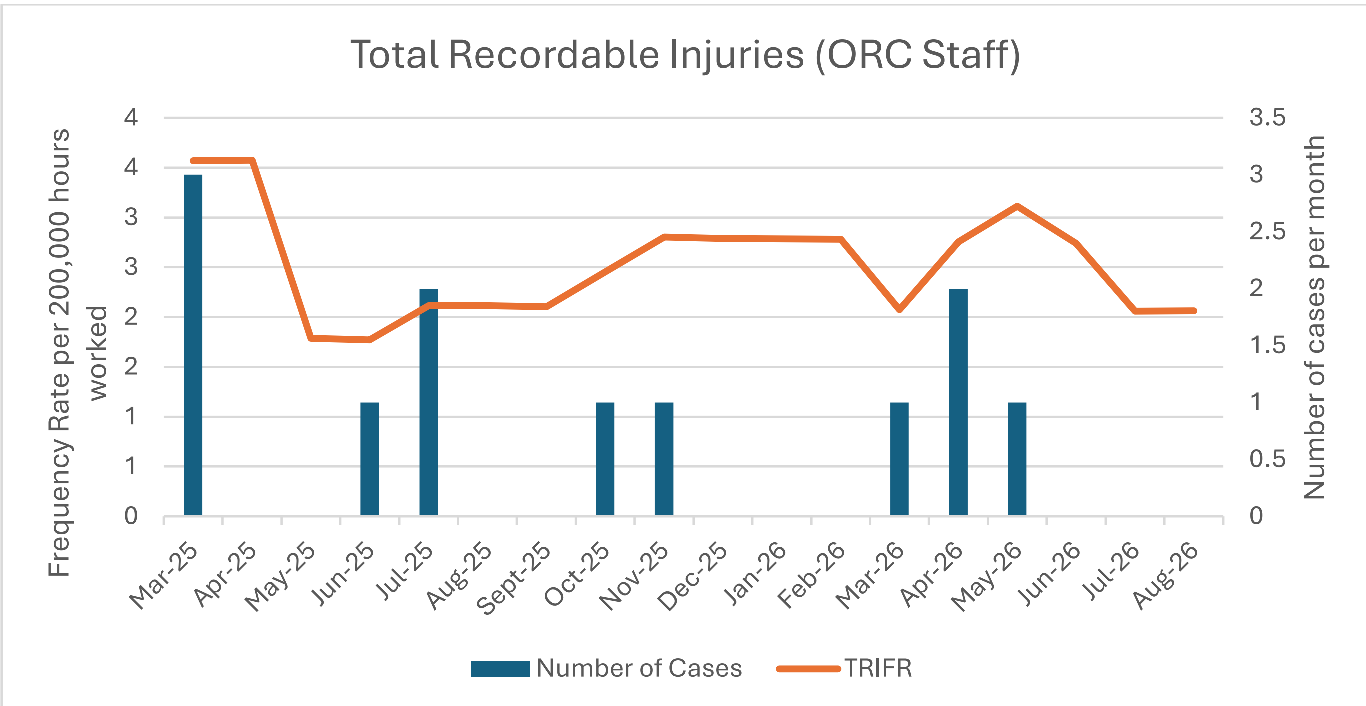
Part Four – Incident Trends

Incident Comparison by Month



Total Recordable Injuries

The following graph shows total recordable injuries including serious harm, lost-time injuries, medical treatment injuries and restricted work injuries incurred by ORC staff. The Total Recordable Injury Frequency Rate (TRIFR) is the total number of recordable injuries per 200,000 hours worked by ORC staff.



Note:

- TRIFR provides a standardized way to track ORC's safety performance over time with respect to physical harm of workers and compare this externally.
- ORC's TRIFR in relation to staff for the last 12 months is 2.06. This excludes contractors.
- The last report from the Business Leader's Health and Safety Forum before they stopped benchmarking, for the 2022 calendar year had an overall TRIFR for all workers – employees and contractors of 3.58

Health, Safety & Wellbeing Critical Risk Profiles

Author: Gina Louie, 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.

Development of critical risk profiles

The critical risk profiles have been developed using a combination of organisational incident and near miss data, bow tie analysis, and subject matter expertise. Bow tie analysis has been used to identify key risk events, threats, consequences, and the primary controls required to prevent or mitigate serious harm. The profiles are directly linked to the Critical Risk Action Plan, which identifies priority actions to strengthen, embed, or assure the effectiveness of key controls where gaps or weaknesses have been identified.

Control effectiveness ratings

To support consistent interpretation of key control status across all critical risks, the following definitions apply.

- **Yes:** The control is in place, implemented consistently, and operating as intended across relevant areas. There is reasonable confidence the control would be effective in preventing or mitigating serious harm if required.
- **Partially:** The control exists but is not yet fully implemented, consistently applied, or reliably effective. This may include controls that are in place for some teams or situations, rely on individual practice rather than systemised processes, or require further embedding, assurance, or capability uplift.
- **No:** The control is not currently in place, is planned but not yet implemented, or is insufficient to materially prevent or mitigate the risk of serious harm.

Ratings reflect the current state at the time of review and are used to inform priority actions to strengthen key controls.

Contractor Management

Risk Description	Inadequate contractor management risks the health and safety of employees, contractors, visitors, and members of the public. The risk arises when the contractor engager fails to effectively plan, monitor, and control the activities of contractors working on their premises or carrying out work on their behalf. A range of potential hazards and risks may arise from inadequate contractor prequalification, inadequate training for ORC staff that engage contractors, monitoring and assurance, and communication.	Initial risk level	High
What we know about this risk in our business	Contractor engagement occurs across the Otago Regional Council including construction, maintenance, and specialised tasks such as aviation, public transport, and pest management. As at 31/5/26 we have had 204 contractor related incidents since 2022. 54% percent of these incidents were minor, 25% moderate, 20% near miss occurrences and 1% major.	Residual risk level	Moderate

Key risk event: A contractor undertaking work on behalf of ORC causes serious harm to themselves or others due to inadequate planning, coordination, monitoring and assurance or oversight of contractor activities.

Threats	Consequences
The following threats could lead to an event: • Inadequate or inconsistent contractor engagement processes, including appropriate prequalification or competency checks • Inadequate or inconsistent contractor safety planning for the scope of work • Poor communication and alignment of roles, responsibilities, or site-specific risks between contractors and ORC • Insufficient monitoring and assurance of contractor health and safety performance • Misalignment between HSW, Legal, Finance, and procurement requirements • Insufficient clarity or communication of ORC expectations, procedures, or escalation pathways • Changes to scope or conditions not reassessed or communicated by all parties	**Potential consequences include:** • Serious injury or fatality to contractors, workers, or members of the public • Legal and regulatory action against ORC • Reputational damage and loss of public trust • Disruption to critical services and operations • Psychological harm to workers involved in or exposed to incidents

Key controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?

2

Contractor Management Policy sets out ORCs approach to engaging, coordinating, and assuring contractor health and safety	Partially	Scope of work, associated risks, and required controls are defined prior to contractor engagement	Partially
Roles and responsibilities and overlapping duties between contractors and ORC are defined before work begins	Yes	Contractors are provided with site-specific and task-specific information, and organisational health and safety expectations to support safe work planning	Partially
Contractor prequalification processes are used to assess capability and experience appropriate to the level of risk	Partially	Contractors are inducted prior to commencing work	Partially
Contractor competency and qualifications are checked prior to engagement	Partially	Contractors are required to report incidents, near misses, and hazards	Yes
Contractors are required to provide safety plans for higher-risk work that demonstrate how they will manage identified risks	Yes	Contractor incidents are investigated to identify contributing factors across both contractor and ORC systems, and learning is identified	Yes
Safety plans are reviewed by ORC prior to work commencing to confirm they are aligned with the defined scope, risks, and required controls prior to work commencing	Partially	Expectations exist to stop or pause unsafe contractor work or where there is a risk of serious harm	Yes
Contractor performance is reviewed during and after work completion to inform future engagement decisions	Partially	Escalation pathways are available when contractor safety issues arise	Partially
ORC staff undertake monitoring and assurance activities (through site visits and check-ins) to verify that contractor work is being conducted in line with agreed controls	Partially	Contractor-related health and safety information is retained to support assurance, oversight, and continuous improvement	Yes

Priority actions:

- Implement and embed a consistent Contractor Management Policy and supporting procedures
- Improve the quality and consistency of contractor safety planning and review eg. prequal review
- Implement risk-based monitoring and assurance activities (e.g. audits, site visits, and reviews) to verify that key controls are effective
- Strengthen alignment between HSW, Legal and Finance to support consistent contractor risk management
- Improve integration of health and safety expectations into procurement and tender processes
- Build capability of ORC staff involved in contractor management, including training in contractor engagement, understanding overlapping duties, risk management, and assurance practices

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	As at 31/5/26 we have had 27 driving-related incidents involving an ORC vehicle in the past 2 years. This excludes speed violations.	Residual risk level	Moderate

Key risk event: A person is seriously injured or killed while driving or operating a vehicle for work.

Threats	Consequences
The following threats could lead to an event: - Speeding and other unsafe driving behaviours or decision-making - Fatigue or excessive working and driving hours - Inappropriate vehicle selection for terrain or task - Poor journey planning or adverse conditions - Inadequate driver competency or licence status	**Potential consequences include:** - Serious injury or fatality - Damage to vehicles or third-party property - Legal and regulatory consequences - Reputational harm

Key controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?
Driving and working time limits, including rest and break requirements	Yes	Driver behaviour is monitored and reviewed following incidents	Partially
Defensive and advanced driver training provided to staff	Yes	Journey planning expectations are in place	Partially
Visual vehicle checks completed prior to use	Yes	Alcohol and drug testing required following incidents	Yes
Vehicles are regularly serviced and maintained	Yes	Driver licences are checked prior to driving for work	Partially

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Fit-for-purpose vehicles selected for terrain and use	Yes	Hands-free kits and GPS available in vehicles	Partially
Seatbelts and safety features fitted to vehicles	Yes	Items in vehicles are secured to prevent movement	Partially
Snow chains available and guidance provided for winter driving	Yes	Emergency assistance information available to drivers	Yes

Priority actions:

- Strengthen licence and competency verification for staff who drive for work
- Embed traffic management requirements and guidance for road and roadside activities
- Improve journey planning and fatigue considerations for work-related travel
- Use incident data and driving insights to inform learning and prevention
- Continued focus on speed reporting and strengthen accountability mechanisms

Lone, Remote or Isolated Work

Risk Description	Work can be remote because of the nature of work, location, and time, such as visiting sites, inspecting sites, working in remote sites, or responding to calls after hours. The potential risks associated with performing work activities increase significantly when the activity is performed in remote, or isolated situations as assistance may not be readily available to an employee in the event of an injury, ill health, or an emergency. Whether a situation is a high or low risk will depend on the location, type of work, interaction with the public, or the consequences of an emergency, accident, injury, etc. Given that there are a wide variety of situations where employees can be working alone with varying levels of risk.	Initial risk level	High
What we know about this risk in our business	Lone, remote, and isolated work and the risks it presents occurs across Council operations including teams such as environmental monitoring and environmental implementation. Lone, remote, and isolated work has been a contributing factor to one incident in the past two years, involving a false Garmin InReach panic alert, which was accidentally activated, triggering an emergency services response.	Residual risk level	Moderate

Key risk event: A person working alone, remotely, or in isolation is seriously harmed without timely assistance.

Threats	Consequences
The following threats could lead to an event: - Delayed emergency response due to location or communication failure - Inadequate risk assessment for remote tasks	**Potential consequences include:** - Serious injury or fatality - Delayed rescue or medical treatment

- Environmental or weather-related hazards - Medical events without immediate support	- Psychological harm to staff and colleague

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	**Control in place and working?**	**Brief control description (what's in place to manage the risk)**	**Control in place and working?**
Lone, remote, and isolated work policy sets expectations	Partially	Risk assessments completed prior to lone or remote work	Partially
Check-in and communication expectations are defined	Partially	Satellite or emergency communication devices used	Yes
Escalation and emergency response processes effective	Partially	Field staff provided with local hazard information	Partially
Work planning considers location, timing, and environment	Partially	Training provided to support dynamic risk assessment	No
Incident reporting includes lone work events	Yes		

Priority actions:

- Embed Lone, Remote and Isolated Work Policy and guidance
- Strengthen field emergency preparedness
- Improve consistency of dynamic risk assessment

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

Key risk event: Fatigue impairs judgement or reaction time, resulting in serious harm.

Threats	**Consequences**

6

The following threats could lead to an event:	**Potential consequences include:**
- Excessive working hours or insufficient rest - High workload or emergency response demands - Long-distance travel or extended shifts - Failure to recognise or report fatigue	- Serious injury or fatality - Vehicle crashes or operational errors - Burnout - Long-term health impacts

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	**Control in place and working?**	**Brief control description (what's in place to manage the risk)**	**Control in place and working?**
Fatigue management policy outlines expectations	Partially	Fatigue considered during emergency and response work	Partially
Work hours and schedules monitored	Partially	People leaders discuss workload and fatigue risks	Yes
Staff encouraged to report fatigue	Partially	Health monitoring in place where required	Yes
Incident investigations consider fatigue as a factor	Yes		

Priority actions:

- Refresh and implement the Fatigue Management Policy
- Improve identification of fatigue risk in high-risk roles
- Strengthen use of work-hours data

Violence & Aggression

Risk Description	This risk refers to any behaviour or action that involves physical or verbal aggression, threats, harassment, intimidation, or any other form of violence, whether initiated by an employee, customer, or any other individual present in the workplace environment.	Initial risk level	High
What we know about this risk in our business	ORC staff interact with individuals and communities on a wide range of issues, including contentious matters such as policy decisions, enforcement actions, or public service delivery. These interactions, coupled with other factors, can potentially escalate into situations where violence and aggression become a significant concern. As at 31/5/26 we have had 69 violence and aggression related incidents (including in public transport) since 2022, 51% of these incidents were minor, 42% moderate, 6% near miss and 1% major. Most of the violence and	Residual risk level	Moderate

	aggression incidents are experienced within the Customer Experience, Compliance and Transport Teams.		

Key risk event: A person is physically or psychologically harmed due to violence or aggression while undertaking work.

Threats	Consequences
The following threats could lead to an event: - Aggressive or hostile members of the public - Inadequate physical security at sites - Insufficient preparation for public-facing work - Delayed response to escalating situations	**Potential consequences include:** - Serious injury or fatality - Psychological harm and trauma - Reputational damage

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?
Occupational Violence and Aggression Policy	Yes	Incident reporting includes violence and aggression	Yes
Duress systems available where required	Yes	Emergency response procedures in place	Yes
Post-incident support available to staff	Yes	De-escalation training and personal safety guidance provided	Yes
Physical security measures at site	Yes	Risk assessments for public-facing activities	Yes

Priority actions:

- Strengthen duress and emergency arrangements
- Improve site security and preparedness
- Embed consistent post-incident support processes

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 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,	Residual risk level	Moderate

this risk in our business	terrain), unsafe practices/behaviour, unsafe/faulty equipment, and working at an exposed edge. No incidents have been related to this risk in the last 2 years.		

Key risk event: A person falls from height or between levels, resulting in serious harm.

Threats	Consequences
The following threats could lead to an event: - Inadequate edge protection or fall prevention - Unsafe access to elevated areas - Inadequate equipment or anchor systems	**Potential consequences include:** - Serious injury or fatality - Long-term disability

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	**Control in place and working?**	**Brief control description (what's in place to manage the risk)**	**Control in place and working?**
Working at heights procedure	Yes	Risk assessment prior to working at height	Yes
Fit-for-purpose fall protection equipment	Yes	Inspection and maintenance of anchor systems	Partially
Competency requirements for working at height	Partially		

Priority actions:

- Maintain assurance of anchor systems and equipment
- Strengthen contractor competency requirements

Psychosocial / Mental Health

Risk Description	Mental health harm or mental ill-health is the significant cognitive, emotional, or behavioural impact arising from, or exacerbated by, work-related risk factors. Mental health harm may be immediate or long-term and can come from single or repeated exposure. Psychosocial risks can be grouped into four key areas; **task** (*demands, role clarity, workplace environment, remote and isolated work*), **individual** (*role autonomy, development opportunities, work-life balance, meaning and purpose*), **social** (*workplace culture, support, violence and aggression,*	Initial risk level	High

	workplace relationships), **and organisational** (*psychological safety, organisational justice, reward and recognition, change*).		
What we know about this risk in our business	Psychosocial risk factors are present across the organisation, and current information on mental health is gathered via high-level (anonymous) reporting from EAP, Incident data, wellbeing survey data, and engagement survey. The Health, Safety and Wellbeing Team have developed four Stay at Work plans in the last 2 years to support employee mental wellbeing. As at 31/5/26 we have had 11 incidents relating to mental health in the last 2 years including personal factors and psychosocial impact from 3rd party behaviour (e.g. customer aggression).	Residual risk level	Moderate

Key risk event: Work-related psychosocial hazards result in psychological and or physical harm.

Threats	Consequences
The following threats could lead to an event: - High workload or role ambiguity - Exposure to traumatic events - Poorly managed change or conflict - Inadequate support following incidents	**Potential consequences include:** - Psychological injury or illness - Reduced wellbeing and engagement - Increased absenteeism or turnover

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?
Wellbeing policy	Yes	Organisational mental health framework	Partially
Access to EAP and support services	Yes	Psychosocial risk assessment processes	Partially
Critical incident support arrangements	Partially	People leader capability in mental health	Partially

Priority actions:

- Strengthen psychosocial risk assessment and integration into work planning
- Improve post-incident and critical incident mental health support pathways
- Build people leader capability in mental health and wellbeing
- Embed organisational wellbeing planning and support mechanisms

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
Key risk event: A person is seriously harmed while working in, on, or around water.			

Threats	Consequences
The following threats could lead to an event: - Uncontrolled water conditions - Inadequate planning or PPE - Insufficient emergency response capability	**Potential consequences include:** - Drowning or serious injury - Hypothermia or exposure-related harm

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?
Organisational working around water guideline	No	Risk assessment for water-based work	Partially
PPE for working around water	Yes	Emergency response procedures	Partially
Competency requirements for water work	Partially	Water safety training	Yes

Priority actions:

- Develop and implement a working around water procedure or guideline
- Strengthen planning and risk assessment for water-based activities
- Improve contractor competency requirements and PPE guidance for water work

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

Key risk event: Exposure to hazardous substances causes serious harm.

Threats	Consequences
The following threats could lead to an event: - Inadequate storage or labelling - Inappropriate handling or use - Ineffective emergency response to spills	**Potential consequences include:** - Acute or chronic health effects - Severe injury or fatality - Environmental harm - Regulatory enforcement

Key Controls: How we manage the risk

Brief control description (what's in place to manage the risk)	Control in place and working?	Brief control description (what's in place to manage the risk)	Control in place and working?
Hazardous substance policy and procedure	Partially	Safety data sheet availability and access	Yes
Appropriate signage and labelling	Yes	Spill response equipment and procedures	Partially
Training and competency for hazardous substance use (	Partially	Health monitoring	Yes
Hazardous substance audits and assurance activities	Partially	PPE and RPE (including fit testing) where required	

Priority actions:

- Refresh hazardous substances policy and supporting procedures
- Improve emergency response arrangements and incident management for hazardous substances
- Strengthen training, competency, and guidance for staff and contractors
- Improve exposure monitoring and health surveillance where required

8.3. Treasury Report

Prepared for:	Audit and Risk Committee
Report No.	A&R2630
Activity:	Audit and Risk
Author:	Nick Donnelly (General Manager Finance)
Endorsed by:	Nick Donnelly (General Manager Finance)
Date:	25 September 2026

PURPOSE

[1] To present the quarterly Treasury Reporting Dashboard from Council's Investment Advisor, Bancorp, as at 30 June 2026.

EXECUTIVE SUMMARY

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

[3] As at 30 June 2026 Council had $25.0 million of core debt through the Local Government Funding Agency (LGFA). Total debt including on-lending to Port Otago and accrued interest / interest payable on maturity was $179.7 million.

[4] Borrowing was compliant with 2 of 3 requirements in Council's Treasury Management Policy and was compliant with LGFA's covenants.

[5] Interest rate risk management on page 4 of the report shows interest rate cover was non-compliant in the 2-4 year range. The non-compliance occurs in May 2030 (in 4 years time). At 30 June 2026 interest rates swaps for $12.5 million were in place to achieve compliance up to May 2030.

[6] One of those existing swaps has been extended through to May 2031 and the non-compliance noted above has been rectified.

RECOMMENDATION

That the Committee:

1) ***Notes** this report and the attached Bancorp Treasury Reporting Dashboard – 30 June 2026.*

BACKGROUND

[7] Council borrows core debt through the Local Government Funding Agency (LGFA). As at 30 June 2026 the amount borrowed was $25.0 million. 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.

[8] Council also has an on-lending agreement with Port Otago Limited allowing them access to funding via the LGFA. This agreement has a maximum lending amount of $150.0 million.

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

DISCUSSION

[10] As at 31 March 2026 Council had $25.0 million of core debt funded by the LGFA across 5 tranches of $5.0 million each (as outlined on page 5 of the report). The amount of core debt is in line with the amount included in year one of Council's Long-Term Plan 2024-2034.

[11] As at 30 June 2026 the weighted average cost of funds of 4.40% is 0.4% above the assumption used in Annual Plan 2025-2026 of 4.00%.

[12] Borrowing is noted to be compliant with 3 out of 4 measures in Council's Treasury Management Policy and LGFA covenants (as noted on pages 3 and 4 of the report).

[13] Interest rate risk management on page 4 of the report shows interest rate cover was non-compliant in the 2-4 year range. The non-compliance occurs in May 2030 (in 4 years time). At 30 June 2026 interest rates swaps for $12.5 million were in place to achieve compliance up to May 2030. One of those existing swaps has been extended through to May 2031 and the non-compliance noted above has been rectified.

[14] The following interest rate swaps were in place at 30 June 2026:

Amount	Rate	Term (Years)	Start Date	End Date
$2,000,000	3.520%	3	15-Apr-2025	15-May-2028
$5,000,000	4.115%	3	15-Apr-2026	15-May-2029
$5,500,000	3.730%	5	15-Apr-2025	15-May-2030

[15] The $5.5M swap above has been extended to 15-May-2031 at 3.990%.

[16] As at 30 June 2025 Port Otago on-lending was $150.0 million which is at the maximum amount of $150.0 million permitted under the on-lending agreement. Note this amount is principle only and excludes accrued interest payable on maturity.

SUMMARY OF CONSIDERATIONS

Community Outcomes

This work aligns with the following community outcomes from the ORC 2024-2034 Long-Term Plan:

Whole of Organisation

This work supports the whole organisation and, therefore, all Community Outcomes.

Alignment with Central Government Legislation
There is no specific national policy statement or central government direction that is directly applicable to this work.

Alignment with Otago Regional Council Internal Policy
This work is consistent with relevant ORC policies, in particular Council's Treasury Management Policy.

Financial Considerations
The budget for this work was approved through the 2024-2034 Long-Term Plan and 2025-2026 Annual Plan and comes from the Council Organisation activity budget.

Legal Compliance/Risk
There is insignificant/minor risk that decisions arising from this report could expose Council to litigation, regulatory non-compliance, or breach of policy/legislation.

Reputational Risk
There is insignificant/minor risk that decisions arising from this report could adversely impact Council's reputation or community trust.

Climate Resilience
The impacts of climate-related risks (e.g. flooding, drought, extreme winds, coastal erosion, wildfires) on this work has not been assessed.

Carbon Emissions
The implications of this work on organisational or regional greenhouse gas emissions has not been assessed.

He Mahi Rau Rika: Significance, Engagement and Māori Participation Policy
Not Applicable.

Engagement with Mana Whenua
There has been no engagement with mana whenua or Māori specifically for this work.

Stakeholder Engagement
There has been no engagement with external stakeholders and/or the public specifically for this work.

Communications
Not Applicable.

NEXT STEPS

[17] Not Applicable.

ATTACHMENTS

1. 2026.06.30 Bancorp Treasury Reporting Dashboard June 2026 [**8.3.1** - 7 pages]

Otago Regional Council

Treasury Reporting Dashboard

30 June 2026

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BANCORP
BANCORP TREASURY SERVICES LIMITED

Economic Commentary

2

Global

Global economic activity in June quarter was dominated by the ongoing Middle East conflict, particularly disruptions around the Strait of Hormuz, which triggered a sharp energy price shock. The conflict, involving Iran and responses from the US and Israel, led to effective closure or severe restrictions on the Strait of Hormuz starting around late February/early March 2026. This chokepoint normally carries about 20% of the global oil and LNG supply. The resulting supply disruptions drove oil prices sharply higher (Brent crude peaking well above $100/bbl in parts of Q2 before easing on ceasefire hopes), as well as pushing up inflation expectations, squeezing real incomes, and weighing on growth—especially in energy-importing economies.

Major institutions revised down their 2026 global growth forecasts in response. The World Bank projected global GDP growth to slow to 2.5% for the year (the weakest outside an outright recession in ~20 years). The International Monetary Fund's April World Economic Outlook's assumed a limited conflict and projected 3.1% global growth for 2026 (down from prior steadier ~3.3% paths), with inflation ticking up before declining. The OECD and others similarly highlighted downside risks from prolonged energy shocks, geopolitical fragmentation, and eroded policy buffers.

The key US market showed relative resilience. March 2026 quarter real GDP grew at an annualised rate of 2.0%, supported by solid consumer spending (though softening), strong AI-related non-residential investment/equipment, and a partial recovery in government spending. Q2 faced headwinds from higher energy prices acting as a 'consumer tax,' potentially slowing momentum. Labour markets remained stable with AI productivity gains, but inflation pressures rose. The Fed stayed cautious and held the Fed Funds rate steady amid uncertainty.

Over the last three months, the US 10-year Treasury yield traded in a relatively contained range around 4.50%, ending the period virtually unchanged. The curve dynamics showed some flattening, with the 10-year relatively stable compared to shorter maturities, but overall modestly higher amid volatility driven by the Middle East energy shock, inflation concerns, and shifting Fed expectations.

New Zealand

	OCR	90 day	1 year swap	2 year swap	3 year swap	5 year swap	10 year swap
31-Mar	2.25%	2.54%	2.92%	3.43%	3.69%	3.96%	4.32%
30-Jun	2.25%	2.75%	3.10%	3.35%	3.48%	3.69%	4.06%
Change	Nil	+0.21%	+0.18%	-0.08%	-0.21%	-0.27%	-0.26%

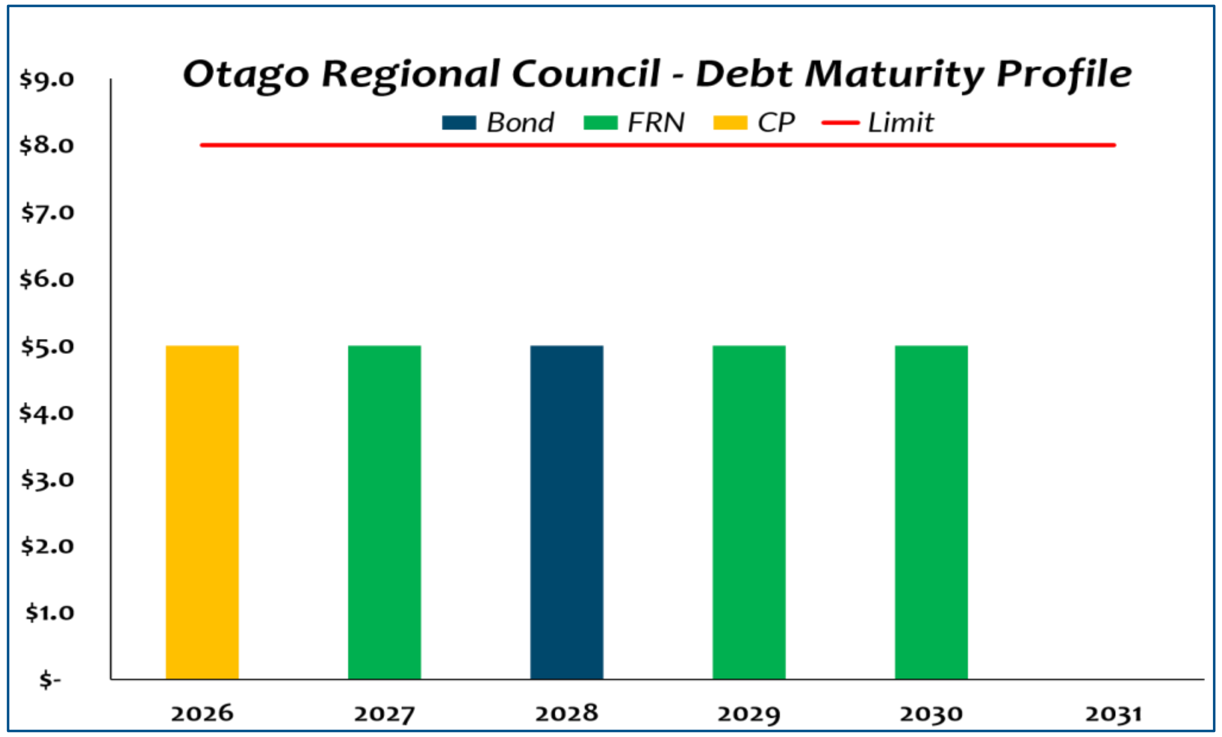
In the June quarter New Zealand's economy showed tentative signs of recovery from prior weakness, but the global conflict in the Middle East and the associated energy price shock posed significant headwinds, delaying momentum and pushing up near-term inflation. The March 2026 Q2 GDP (data released in June) grew 0.8% and 1.5% annually. During the three months ending 30 June economic indicators pointed to softer or flat-to-negative economic growth amid higher fuel costs squeezing real incomes and confidence, plus global uncertainty. However, early resolution signals for the Iran-related disruptions (Strait of Hormuz) by late June improved the outlook. Private forecasters revised up 2026 full-year GDP growth ~2.0%, though still below pre-conflict expectations.

CPI inflation stood at an annualised 3.1% for the 12 months ending 31 March 2026. The Middle East conflict drove fuel and related costs higher, with the RBNZ projecting CPI to reach 4.2% in the June 2026 quarter and peaking around 4.3% in the third quarter. Forecasters noted potential for a June-quarter peak around 4.0–4.4%, with an easing later in the year if oil prices normalised. Underlying pressures were contained by spare capacity in the economy,

The New Zealand swap curve flattened significantly during the quarter with short-term swaps higher and longer-term swap rates down around 25 basis points. The OCR finished June unchanged at 2.25%, but with financial markets pricing in a 68% probability that the RBNZ would increase it to 2.50% on the 8th July review date, which it duly did. At quarter end markets were projecting the OCR to reach 2.75% by the end of 2026, 3.00% by March 2027 and 3.25% by September 2027. Individual bank economists projections for the OCR varied between an increase to just 3.00% in the current cycle (ANZ), 3.25% (ASB) and 4.00% (BNZ and Westpac).

Funding and Liquidity

3



Policy Compliance	Compliant
Have all transactions been transacted in compliance with policy?	Yes
Is fixed interest rate cover within policy control limits?	No
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

$179.73m

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

Liquidity = cash deposits, term deposits and managed fund

$47.1m

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

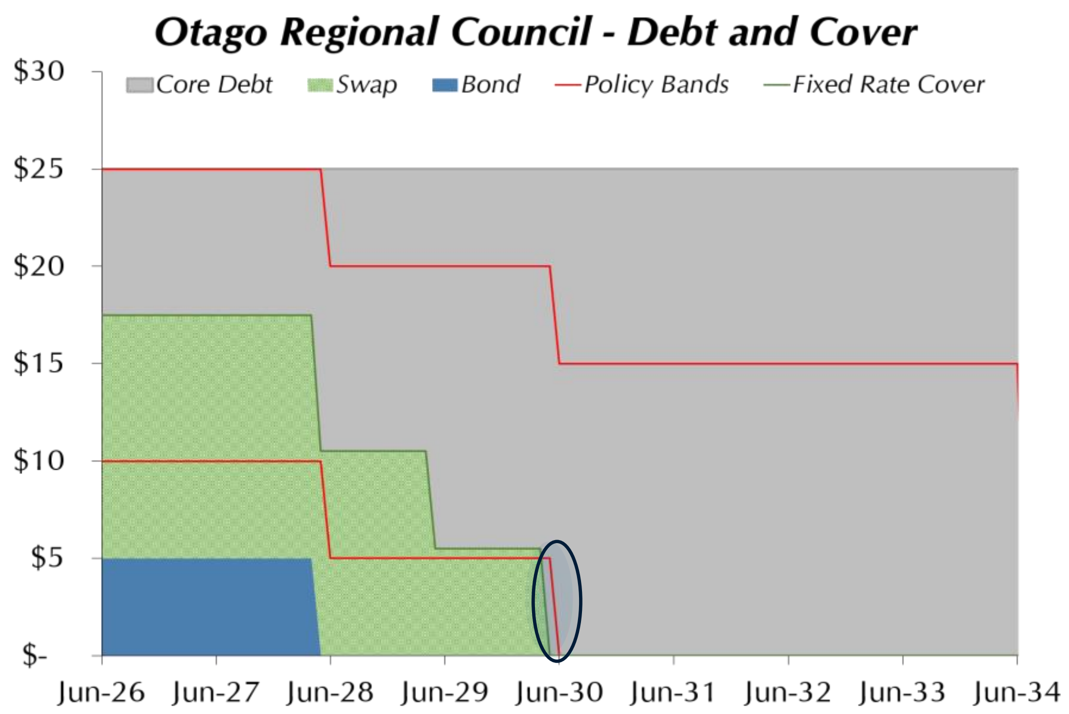
126.21%

Cost of Funds as at 30 June

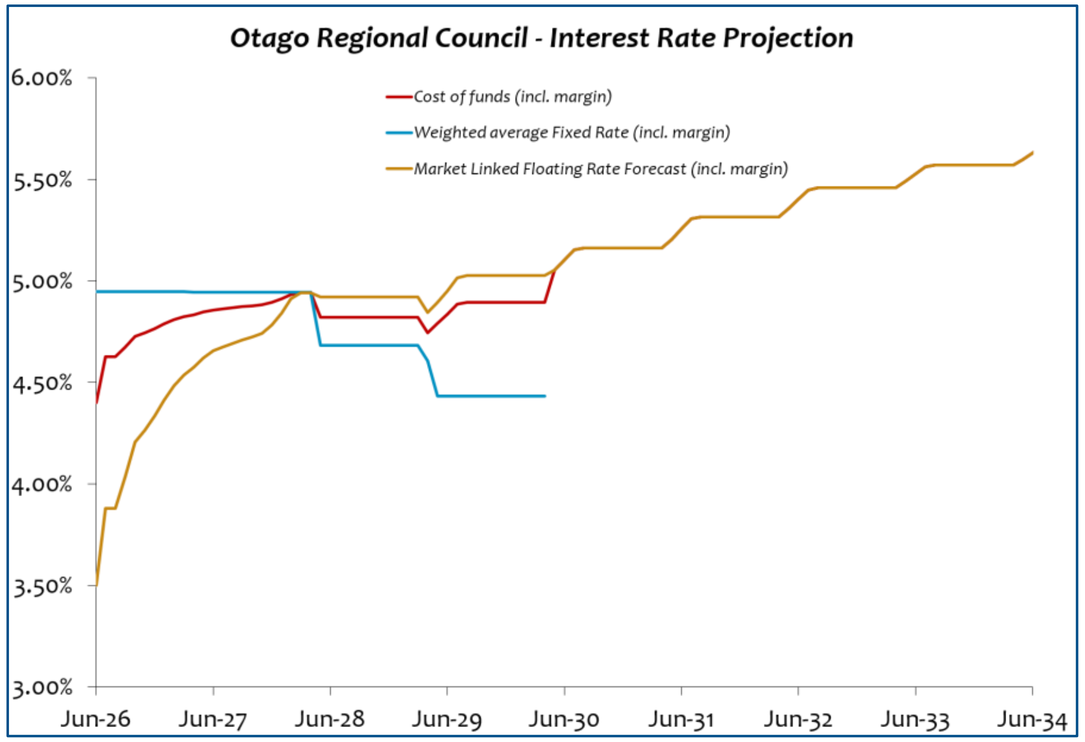
4.40%

Interest Rate Risk Management

4



Current % of Debt Fixed	70.0%
Current % of Debt Floating	30.0%
Value of Fixed Rate (m)	$17.5
Weighted Average Cost of Fixed Rate Instruments	4.39%
Value of Floating Rate (m)	$7.5
Current Floating Rate	2.72%
Current Floating Rate (incl margin)	3.50%
All Up Weighted Average Cost of Funds Including Margin	4.40%
Total Facilities In Place	$25.0



Fixed Rate Hedging Bands			
	Minimum	Maximum	Policy
0 - 2 years	40%	100%	Compliant
2 - 4 years	20%	80%	Non Compliant
4 - 8 years	0%	60%	Compliant

The non compliance with the Fixed Rate Hedging Bands was miniscule, for a period of one month in May 2030 (see circle in graph on top left of this page). The intention is to remedy the breach in the September quarter.

BANCORP

Audit and Risk Committee - 25 September 2026

Otago Regional Council

Otago RC Borrowing from the LGFA and Swaps

5

As at 30 June 2026, 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 ("FRNs"), and Fixed Rate Bonds ("FRBs"). Details of the debt and swaps as at 30 June 2026 is as follows.

Instrument	Maturity	Yield	Margin	Amount
LGFA CP	1-Dec-26	3.09%	0.20%	$5,000,000
LGFA FRN	15-Apr-27	3.25%	0.70%	$5,000,000
LGFA FRB	15-May-28	5.70%	N/A	$5,000,000
LGFA FRN	20-Apr-29	3.59%	1.05%	$5,000,000
LGFA FRN	15-May-30	3.38%	0.73%	$5,000,000
TOTAL				**$25,000,000**

Counterparty	Notional	Start	Maturity	Rate
BNZ	$2,000,000	15-Apr-25	15-May-28	3.52%
BNZ	$5,000,000	15-Apr-26	15-May-29	4.115%
BNZ	$5,500,000	15-Apr-25	15-May-30	3.73%

LGFA Borrowing Rates

6

Listed below are the credit spreads and applicable interest rates as at 30 June 2026 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%	2.89%	N/A
6 month CP	0.20%	3.14%	N/A
April 2027	0.52%	3.21%	3.49%
May 2028	0.61%	3.30%	3.91%
April 2029	0.66%	3.35%	4.11%
May 2030	0.74%	3.43%	4.31%
May 2031	0.81%	3.50%	4.47%
May-2032	0.87%	3.56%	4.62%
April 2033	0.92%	3.61%	4.74%
May 2034	0.95%	3.64%	4.85%
May 2035	1.06%	3.75%	5.02%
April 2037	1.17%	3.86%	5.25%

Disclaimer

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8.4. Treasury Management Policy Review

Prepared for: Audit and Risk Committee

Report No. A&R2626

Activity: Audit and Risk

Author: Nick Donnelly (General Manager Finance)

Endorsed by: Nick Donnelly (General Manager Finance)

Date: 25 September 2026

PURPOSE

[1] To review Council's Treasury Management Policy and Statement of Investment Policy and Objectives and recommend any amendments to Council.

EXECUTIVE SUMMARY

[2] The Treasury Management Policy (TMP) was last reviewed in October 2023. It is due for review on a 3 yearly cycle. The last review included the addition of responsible investing criteria in section 4.2 of the existing policy.

[3] The Statement of Investment Policy and Objectives (SIPO) was also reviewed and amended in October 2023 to reflect the responsible investing criteria. It has had a further review in June 2025 to reflect changes recommended from an independent review of the fund performance that was undertaken in late 2024.

[4] Staff and Bancorp have undertaken a review of the TMP and SIPO. No substantive changes are proposed to either document. Marked up copies of the TMP and SIPO are attached. The changes largely relate to changes to Council's new portfolio structure and staff job titles.

[5] The current settings for debt management and investment allocations are unchanged except for the requirement for credit risk management (TMP section 3.4) and short term liquidity (TMP section 4.7) to be with institutions with a long term rating of "A" or above.

RECOMMENDATION

That the Audit and Risk Committee:

1) ***Notes*** *this report and the attached Draft Treasury Management Policy and Draft Statement of Investment Policy and Objectives.*
2) ***Adopts*** *the changes that have been made to the documents.*
3) ***Recommends*** *the Draft Treasury Management Policy and Draft Statement of Investment Policies and Objectives are presented to Council for consideration and approval.*

BACKGROUND

[6] The TMP is used to meet Council's legislative requirements under section 102 of the Local Government Act 2002. That requires Council to have a Liability Management Policy and an Investment Policy. These do not have to be separate documents. It is permitted to combine them, and Council has done so under the Treasury Management Policy. A number of other Council's also follow this combined policy approach.

[7] The SIPO is not required under legislation but is a document commonly used in investment management. It provides the framework for the management of Council's long-term investment portfolio which is permitted under section 4.8 of the TMP.

DISCUSSION

[8] Amendments to the TMP and SIPO are discussed below. This discussion covers the substantive changes to the documents and doesn't cover simple administrative, changes to job titles and formatting changes. The attached drafts are in marked up form and those changes are highlighted.

[9] The current TMP includes reference to the Finance Committee which no longer exists under Councils portfolio structure. This has been removed and the Audit and Risk Subcommittee has been changed to the Audit and Risk Committee throughout the document.

[10] The current settings for debt management and investment allocations are unchanged except for the requirement for credit risk management (TMP section 3.4) and short term liquidity (TMP section 4.7) to be with institutions with a long term rating of "A" or above.

[11] This has been changed from "A-" as a down grade from A- moves the rating to "BBB" where as a downgrade from "A" still maintains the rating in the A rating band.

[12] External borrowing limits (TMP section 3.5) remain unchanged. These are aligned with LGFA covenants:

- Net debt will not exceed 175% of total revenue (if Council maintains a long-term credit rating of 'A' equivalent or higher net debt will not exceed 280% of total revenue).
- Net interest will not exceed 20% of total revenue.
- Net interest will not exceed 25% of annual rates income (if Council maintains a long-term credit rating of 'A' equivalent or higher net interest will not exceed 30% of annual rates income).
- Liquidity will not be less than 110%.

[13] Fixed rate hedging percentages (TMP section 3.2) remain unchanged with a minimum fixed rate requirement of 40% of lending in 0-2 years and 20% in 2-4 years.

[14] Refinancing risk remains unchanged (TMP section 3.3) remains unchanged with the requirement that no more than 40% of all debt should mature within a rolling twelve-month period.

[15] Council's risk tolerance (TMP section 4.2 and SIPO section 2.6) remains low to medium based on willingness to accept risk rather than capacity to accept risk. The level of investment risk is low to medium with a growth asset strategy of 40%-60%.

[16] The Responsible Investment Policy (SIPO section 4.2) remains unchanged. This was included in the SIPO in October 2023.

[17] Strategic Asset Allocations (SIPO section 4.3) remain unchanged. This was revised in June 2025 following an independent review of fund performance in late 2024.

SUMMARY OF CONSIDERATIONS

Community Outcomes
This work aligns with the following community outcomes from the ORC 2024-2034 Long-Term Plan:

Whole of Organisation

This work supports the whole organisation and, therefore, all Community Outcomes.

Alignment with Central Government Legislation
There is no specific national policy statement or central government direction that is directly applicable to this work.

Alignment with Otago Regional Council Internal Policy
This work is consistent with relevant ORC policies, it relates to a review of Council's Treasury Management Policy.

Financial Considerations
The budget for this work was approved through the 2024-2034 Long-Term Plan and 2026-2027 Annual Plan and comes from the Council Organisation activity budget.

Legal Compliance/Risk
There is insignificant/minor risk that decisions arising from this report could expose Council to litigation, regulatory non-compliance, or breach of policy/legislation.

Reputational Risk
There is insignificant/minor risk that decisions arising from this report could adversely impact Council's reputation or community trust.

Climate Resilience
The impacts of climate-related risks (e.g. flooding, drought, extreme winds, coastal erosion, wildfires) on this work has not been assessed.

Carbon Emissions
The implications of this work on organisational or regional greenhouse gas emissions has not been assessed.

He Mahi Rau Rika: Significance, Engagement and Māori Participation Policy
Not Applicable.

Engagement with Mana Whenua
There has been no engagement with mana whenua or Māori specifically for this work.

Stakeholder Engagement
There has been no engagement with external stakeholders and/or the public specifically for this work.

Communications
Not Applicable.

NEXT STEPS

[18] The Draft TMP and SIPO will be presented to Council for final approval at the October 2026 Council meeting.

ATTACHMENTS

1. Treasury Management Policy - September 2026 DRAFT marked up [**8.4.1** - 23 pages]
2. Statement of Investment Policy and Objectives - September 2026 DRAFT marked up [**8.4.2** - 21 pages]

Otago Regional Council

Treasury Management Policy

~~October 2023~~October 2026

	Document Name: Treasury Management Policy
	Document Owner: General Manager ~~Corporate Services and CFO~~Finance
	Authorised By: Chief Executive
	Implementation Date: ~~October 2023~~October 2026
	Review Period: 3 Yearly
	Last Reviewed: ~~March 2022~~October 2023
	Next Review: ~~October 2026~~October 2029

Contents

1. INTRODUCTION

Section 102 (2) of the Local Government Act 2002 requires local authorities to adopt a Liability Management Policy and an Investment Policy. The Otago Regional Council's (''Council") prepared policies have been combined into one document called the Treasury Management Policy.

The Liability Management Policy is designed to provide a framework for prudent debt management and sets out how Council may wish to use debt as a funding mechanism.

The Investment Policy is designed to ensure that the financial resources of the Council are managed in an efficient and effective way. It sets out how Council can utilise funds from the sale of assets and what should be done with the investment income.

Council has set up a structure of responsibilities and reporting lines to ensure the appropriate management and accountability of the liability management and investment management activities.

2. STRUCTURE

2.1 Introduction

The organisation chart for the treasury and investment activity is as follows:

2.2 Treasury and Investment Responsibilities

The key responsibilities of the above positions are as follows:

Council

The primary responsibilities of Council are planning, policy and governance:

- Approve and adopt the Liability Management and Investment Policies.
- Review at least on a three yearly basis the Liability Management and Investment Policies, and approve any revisions or amendments as required.
- Approve by resolution all external Council borrowing.
- To encourage the appointment of Audit and Risk ~~Subcommittee~~ Committee members with the relevant experience and competencies to achieve the stated objectives.
- To ensure that the roles and responsibilities of all parties are documented and clearly defined.
- Reviewing and assessing budgets during the budget review process.
- Appointment of Investment Managers.

- Reviewing investment performance and investment reports periodically throughout the year and at year end.
- Approve any transaction that falls outside the guidelines of the Investment Policy and Statement of Investment Policy and Objectives (“SIPO”).

~~Finance Committee~~

~~The Council has established the Finance Committee and has delegated such powers and duties to the Committee as the Council sees fit. The Finance Committee operates as per the Council’s constitution. Members serving on the Finance Committee are appointed by the Council.~~

Audit and Risk ~~Subcommittee~~Committee

The Council has established the Audit and Risk ~~Subcommittee~~ Committee and has delegated such powers and duties to the ~~Subcommittee~~ Committee as the Council sees fit. The Audit and Risk ~~Subcommittee~~ Committee operates as per the Council’s constitution. Members serving on the Audit and Risk ~~Subcommittee~~ Committee are appointed by the Council.

- To provide guidance and leadership on the appointment, management, monitoring and review of appropriate Investment Managers.
- Reviewing all matters concerning the SIPO, considering any changes or amendments to the SIPO and making appropriate recommendations
- Regularly reviewing the Investment Managers reports and reporting exceptions.
- Ensuring that all parties overseeing, advising and managing ORC’s investments disclose any potential conflicts of interest. In the event that conflicts of interest arise the policies and procedures for managing these are to be clearly defined, although, in principle, such conflicts should be avoided.
- Ensuring that an appropriate SIPO is developed and maintained.
- Ensuring that contracts for investment advisory/management, custodial and consultancy services are reviewed at least every three years.
- To recommend the appointment and removal of Investment Managers as appropriate.
- Ensuring investment portfolios are prudently diversified to meet the agreed risk/return profile.
- Approving the asset classes and sub-asset classes to be included in any investment portfolios.
- Ensuring that all service agreements and contracts are in writing and are consistent with fiduciary standards of care.
- To ensure that the practices and policies set out in the SIPO are adhered to.
- To follow formal criteria to monitor, evaluate and compare the investment performance results achieved against relevant benchmarks and objectives on a regular basis.
- To confirm on an annual basis that best practice with respect to execution, brokerage, money sweep facilities, foreign currency spreads, transaction costs and management fees is being applied.
- Reviewing the funding and interest rate risk management activities of Council periodically throughout the year and at year end.

General Manager ~~Corporate Services and CFO~~Finance

- Responsible for setting investment, borrowing and risk management strategiesy in conjunction with the ~~Finance Manager~~Group Financial Controller.
- Responsible for recommending the level of cash available for investment and that held for working capital purposes.
- Recommend to Council amendments to the Liability Management Policy and Investment Policy as required.
- Manages the funding, interest rate risk management and liquidity activities of the Council.
- Determines the level of future core debt is to be used for interest rate risk management purposes.
- Maintains lender relationships with the banks and the capital markets including the LGFA.
- Monitors and reviews the ongoing treasury risk management performance of the Council to ensure compliance with the policy parameters.
- Review internal audit reports and approve as appropriate any recommendations made.
- Administering and attending to the day-to-day financial matters associated with the management of investment portfolios, including serving as the primary point of contact for the Investment Manager.

~~Finance Manager – Expenditure and Reporting~~Group Financial Controller

- Responsible for all activities relating to the daily implementation and maintenance of the Liability Management Policy and Investment Policy.
- To control and account for all investment, recordkeeping and administrative expenses associated with management of the funds.
- Prepares quarterly treasury reports.
- To report at least annually to the Audit and Risk ~~Subcommittee~~ Committee ‘Total cost of Delivery’ being the sum of:
    - Investment Advisory Fees,
    - Custodial Fees,
    - Administration Fees, and
    - Total Fund Fees – made up of; annual management fees (including annual management fees of underlying investments), performance-based fees (including performance based fees of underlying investments), and any other fees and costs.
- Assist in determining the most appropriate sources and terms for borrowing and investing.
- Negotiate investment and borrowing transactions.
- Responsible for keeping the General Manager ~~Corporate Services & CFO~~Finance informed of significant treasury activity and market trends.
- Responsible for reviewing/approving the weekly cashflow and cash management transaction requirements completed by the Senior Accountant / Accountant.
- Responsible for confirming adherence to Liability Management Policy and Investment Policy, through internal audit reviews, to be performed on an annual basis. Reports findings to the General Manager ~~Corporate Services & CFO~~Finance.
- Assist in identifying amendments to the investment, borrowing and risk management strategy, which may require amendment of the Liability Management Policy and

Investment Policy.

Senior Accountant / Accountant

- Prepare and manage Council's cashflow and cash requirements.
- Report to the ~~Finance Manager~~Group Financial Controller on the weekly cashflow position and resulting cash management transactions required.

Council may also appoint an Independent Treasury Advisor (''ITA") to advise on the management of the treasury risks.

3. LIABILITY MANAGEMENT POLICY

3.1 General Liability Management Policy

The Council, on such terms and conditions as it considers appropriate and by resolution, exercises its borrowing powers pursuant to sections 113 to 116 of the Local Government Act 2002.

Council may borrow for the following primary purposes:

- Fund special one-off type projects.
- Fund expenditure for items of an intergenerational nature.
- Short-term borrowing to manage timing differences between cash inflows and outflows.
- On-lending to Port Otago Limited.

Council can borrow from external sources utilising the following borrowing mechanisms:

- Committed bank facilities.
- The capital markets using Commercial Paper ("CP"), Floating Rate Notes ("FRN") and Fixed Rate Bonds ("FRB''), also referred to as Medium Term Notes ("MTN")
- The Local Government Funding Agency using standby facilities, CP, FRNs and FRBs, also referred to as MTNs.

When evaluating new borrowings, the Council will take into consideration the following:

- The impact on its borrowing limits (refer Section 3.5).
- The impact on its interest rate exposure limits (refer Section 3.2).
- The available terms of borrowing including interest rates, level and timing of repayments and security.
- The size and economic life of the asset / project being funded.
- The level and timing of earnings which may flow from the asset / project.
- The advantages and disadvantages of various borrowing mechanisms including the relevant margins under each borrowing source.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue / rollover time.
- Consistency with the Council's long-term financial strategy.
- Legal documentation and financial covenants.
- The Council cannot borrow in foreign currencies.

3.2 Interest Rate Exposure Policy

Interest rate risk management has the objective of managing Council's interest rate exposures in order to:

- Give a sufficient level of certainty to Council's funding costs while, at the same time, allowing Council to participate if interest rates and credit spreads move favourably.
- Control variations in interest expense for the debt portfolio from year to year, taking into consideration relevant budgetary assumptions.
- Recognise Council's exposure to the local and international economies and maintain sufficient flexibility in its interest rate risk management profile to enable Council to respond as appropriate.

Interest rate risk management ~~Hedging~~ controls relate to the level of core debt. Core debt is defined as the level of current and projected future debt as determined by the General Manager ~~Corporate Services and CFO~~Finance. Core debt projections should be supported by appropriate budgetary analysis.

Council will maintain fixed interest rate cover for core debt within the control limits detailed in the table below. Fixed rate debt is defined as all debt that has at least one more rate reset outstanding (typically quarterly) or has more than three months to maturity in the case of a fixed rate term loan. Compliance with these parameters is at the discretion of the General Manager ~~Corporate Services and CFO~~Finance if core debt is less than $10.0 million. Any hedging in excess of 8 years must be approved by the full Council.

The following interest rate risk management parameters apply if debt (excluding debt obtained for on-lending to Port Otago Limited) is greater than $10.0 million:

Fixed Rate Hedging Percentages		
	Minimum Fixed Rate Amount	Maximum Fixed Rate Amount
0-2 years	40%	100%
2-4 years	20%	80%
4-8 years	0%	60%

The approved interest rate risk management instruments are as follows:

- Fixed interest rate swaps, including forward starting swaps.
- Interest rate options – includes caps, swaptions and collars. For a collar the amount of the sold option must match the amount of the purchased option.
- Fixed rate term loans.

Options that hedge floating rate debt with an exercise rate greater than 1.50% above the equivalent period fixed interest rate at the time of inception cannot be included as part of the fixed rate cover percentage calculation. For example, a two-year cap at 2.00% would only count as a fixed rate hedge if the underlying two-year swap rate at the time of inception was higher than 0.50%.

3.3 Liquidity and Funding Risk Management

Liquidity risk is the risk that an unforeseen event or miscalculation in the required liquidity level may lead to Council being unable to meet its day-to-day obligations.

Liquidity risk management has the objective of ensuring that adequate liquid assets and funding sources are available at all times to meet both the short and long-term commitments of Council as they arise, in an orderly manner. The two main sources of liquidity requirements are for working capital and material adverse business events.

To manage liquidity risk Council must maintain a liquidity percentage of 110% above the projected peak borrowing requirement over the following twelve months e.g. if debt was $25 million, the Council must maintain liquidity of at least $2.5 million. Liquidity is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

Appropriate cash flow reporting mechanisms must also be maintained to monitor Council's estimated liquidity position over the next twelve months.

Funding risk is defined as an inability to secure access to external lines of credit sufficient to enable the Council to achieve its strategic short term and long-term objectives where the financial requirements to achieve those goals exceed the funds being generated from operating activities.

Funding risk covers both working capital requirements and core debt.

- The Council must approve all new debt funding facilities and/or revision to the parameters of existing debt funding facilities.
- To ensure that all of the Council's debt is not exposed to excessive refinancing risk at any one time, no more than 40% of all debt facilities should mature within a rolling twelve-month period. Compliance with this provision is not required if total external debt is less than $10.0 million and excludes debt obtained for on-lending to Port Otago Limited.
- The General Manager ~~Corporate Services and CFO~~Finance must renegotiate/replace maturing bank funding facilities on a timely basis. Specifically, the General Manager ~~Corporate Services and CFO~~Finance must obtain an indicative letter of offer no later than three months before the maturity of any bank facility.

3.4 Credit Risk Management

The management of counterparty credit risk in relation to the Council's borrowing and interest rate risk management activities has the objective of minimising financial loss through the default of a financial counterparty, usually a financial institution, due to the financial insolvency of the counterparty, the inability of the counterparty to perform due to country decree, or any other circumstance such as an adverse market event. The purpose of counterparty credit limits is to limit the loss that the Council may incur if a counterparty was to default or be unable to meet its obligations.

The Council's exposure to counterparty credit risk will be managed by entering into financial market transactions and funding arrangements with only approved counterparties. Approved counterparties are defined as follows:

- An approved counterparty must be a New Zealand Registered Bank or financial institution with a long term credit rating of 'A~~-~~' or above by S&P Global Ratings ~~tandard & Poor's~~ ("S&P"), or the Moody's Investors Service ("Moody's) or Fitch Ratings ("Fitch") equivalents.

3.5 External Borrowing Limits

In managing its borrowings, the Council will adhere to the following limits (based on the Council's latest financial statements):

- **Net debt will not exceed 175% of total revenue (if Council maintains a long-term credit rating of 'A' equivalent or higher net debt will not exceed 280% of total revenue).**
- **Net interest will not exceed 20% of total revenue.**
- **Net interest will not exceed 25% of annual rates income (if Council maintains a long-term credit rating of 'A' equivalent or higher net interest will not exceed 30% of annual rates income).**
- **Liquidity will not be less than 110%.**

"Total revenue" is defined as cash earnings from rates, grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).

"Net debt" is defined as total debt less liquid financial assets and investments.

"Liquidity" is defined as external debt plus committed loan facilities plus liquid investments divided by external debt.

"Net Interest" is defined as the amount equal to all interest and financing costs less interest income for the relevant period.

"Annual rates income" is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).

Financial covenants are measured on a Council only basis and not a consolidated group basis. Both borrowing and loan amounts associated with on-lending from Council to Port Otago Limited will be included in covenant calculations and may be offset if in covenant calculations if permitted under LGFA covenant calculation rules.

3.6 Local Government Funding Agency

The Council may borrow from the New Zealand Local Government Funding Agency ("LGFA") and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA.
- Provide guarantees of the indebtedness of the LGFA.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Subscribe for shares and uncalled capital in the LGFA and Secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

3.7 On-lending to Port Otago

This section applies while Port Otago Limited remains a subsidiary of the Council.

To better achieve the strategic and commercial objectives of the group, Council may provide financial support in the form of debt funding to Port Otago Limited.

On-lending terms and conditions are expected to mirror the underlying loan obtained for that purpose. Council will not provide on-lending on terms and conditions that are more favourable than those Council has obtained in the underlying loan to on-lend.

Any agreement to on-lend to Port Otago must be approved by Council and the following should be considered:

- Credit risk profile of Port Otago Limited, and the ability to repay interest and principal amounts on due dates.
- Impact on Council's credit standing, lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- Whether the loan is unsecured or if secured, the form and quality of any security arrangements provided.
- On-lending arrangements must be recorded in a legally enforceable loan contract (and any associated transaction documentation).
- Accounting and taxation impact of the arrangement.

3.8 Security

It is Council policy to offer security for its borrowing by way of a charge over its rates. In the normal course of business, Council policy is not to offer security over any of the other assets of the Council. However, in special circumstances and if it is considered appropriate, Council may resolve to offer such security on a case-by-case basis.

3.9 Repayment

The Council repays borrowings from rates, surplus funds, investment income, proceeds from the sale of investments and assets, or from specific sinking funds.

4.0 Internal Debt Management

When considered appropriate, the Council uses accumulated reserves as a borrowing mechanism, thereby reducing the level of external borrowings. The following operational guidelines apply to the use of reserves for funding rather than external borrowings:

- Interest is charged on the month end loan balances.
- The internal interest rate charged will be set in advance in Council's Long-term Plan and Annual Plan.
- Reserves available for internal borrowing are limited to 50% of total reserves (total equity) excluding revaluation reserves.

4. INVESTMENT POLICY

4.1 General Investment Policy

Guiding Principles

The guiding principles which govern Council's equity and financial market investment activities are as follows:

- Council's time horizon is long term, i.e. it is greater than 15 years, and it intends to hold investments for the long term.
- There is a positive relationship between risk and return, higher expected returns means higher risk.
- Every investment has an associated level of risk. This risk is best mitigated by diversification.
- Investors who have a Strategic Asset Allocation ("SAA"), and a Statement of Investment Policy and Objectives ("SIPO") which they follow, generally outperform investors who do not.
- Frequent trading, completely liquidating all investments, or allocating all investments to one specific sector which is predicted to outperform is speculation, not investment.
- Periodic rebalancing back to SAA target weights is likely to enhance investment returns over the long term.
- Periodic review of the Investment Policy and the SIPO is likely to ensure that any material changes in circumstances are captured and reflected in the management of the portfolio. Reviews should occur not less than three yearly.

Objectives

Council's primary objective when investing is the protection of its initial investment. Accordingly, the risk profile of all investment portfolios must be conservative (see Appendix 1).

Within the approved credit limits contained in Appendix 1, the Council also seeks to:

- Maximise investment returns.
- Manage potential capital losses due to interest rate movements, currency movements and price movements.
- Maintain the real value of investment assets in perpetuity.
- Ensure that the real value of distributions can be maintained.
- Maintain intergenerational equity between current and future ratepayers of Otago Regional Council.

4.2 Risk Tolerance

The Council recognises and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives.

Risk tolerance is affected by three factors:

- Capacity to accept risk,
- Willingness to accept risk, and
- Required rate of return.

Capacity to Accept Risk

Council's capacity to accept risk is a function of its investment time horizon, prospective future contributions, current financial condition, level of funding requirements and reserve facilities.

Time Horizon

Council is expected to exist in perpetuity. The investment time horizon of Council is therefore long term. This increases capacity to accept risk.

Financial Capacity

Council's current financial condition and level of funding requirements imply reasonable capacity to tolerate short to medium term volatility in the value of its investments. This increases capacity to accept risk.

Based on the combination of time horizon and financial circumstances, Council's overall capacity to accept risk is assessed as medium to high.

Willingness to Accept Risk

Council is a risk averse entity. The Council seeks, where possible, to minimise volatility or risk. Notwithstanding this risk aversion, the Council, Finance Committee and Audit and Risk Subcommittee, acknowledge that investing solely in capital stable investments exposes the Council's asset base to the risk of inflation and is willing to accept some risk in order to increase expected return, subject to Council's capacity to accept risk.

Required Rate of Return

Careful consideration of cash flow requirements is essential to determine the required rate of return. In order to achieve the desired level of contributions to cash flow, while maintaining the real value of Council's capital over time, the real (i.e. inflation adjusted) required return for Council must be greater than the spending rate.

Based on a spending rate of $2,000,000 per annum and an assumed investment asset base of $40,000,000 to $50,000000, inflation expectations of 2.0% per annum, a return of 2.0% to 3.0% may be sufficient to meet Council's objectives.

4.3 Investment Mix

The Council has a significant portfolio of investments that may be comprised of the following:

- Strategic equity investments
- Property investments
- Kuriwao endowment
- Short term liquidity
- Long term investment portfolio
- Investment in irrigation schemes
- Local Government Funding Agency
- On-lending to Port Otago Limited (refer to section 3.7)

4.4 Strategic Equity Investments – Port Otago

Nature of Investments and Rationale for Holding

The Council owns 100% of Port Otago Limited.

Port Otago is a significant strategic asset held by the Council on behalf of the regional community, with its activities complementing and supporting the economic development of the region.

Review of Holding

The Council will from time to time review the equity held in Port Otago Limited, and may, if considered strategically appropriate, amend the percentage shareholding held.

Disposition of Revenue

Port Otago Limited has consistently paid a dividend to the Council. The company's Statement of Corporate Intent, produced annually, specifies the level of dividend that will be paid. These dividends are to be used to subsidise general rate funding. Special dividends received may be used towards special projects of a one-off nature.

Risk Management

The Council's investment in Port Otago Limited is not without risk. Dividends receivables are driven by the level of profitability that Port Otago can continue to generate, and ultimately, the value of the Council's investment in the company.

The Council's risk management procedures include:

- Appointing external directors with appropriate expertise to Port Otago Limited's Board of Directors.
- Reviewing / approving on an annual basis Port Otago Limited's Statement of Corporate Intent.
- Regular reporting to Council as specified in the Company's Statement of Corporate Intent.

Management Reporting Procedures

Management reporting procedures have been noted under risk management issues above.

4.5 Property Investment

Nature of Investment and Rationale for Holding

The Council owns investment properties within Dunedin City, the land having been gifted to the Council. The land is leased on commercial terms.

Council considers that holding this investment is in the interests of residents and ratepayers, because the return by way of rentals is at commercial rates.

Review of Holding

The Council will from time to time review the investment properties, and may, if considered strategically appropriate, reduce the holdings.

Disposition of Revenue

Revenue earned from investment properties is used to subsidise general rate funding.

Proceeds from the sale of investment properties would be allocated to the Asset Replacement Reserve.

Risk Management

The risk in respect of holding investment property is evaluated as low given the location of the property and its current and long-term use. A valuation of the property is carried out on an annual basis by an Independent Registered Valuer, with gains or losses in value being taken directly to the asset revaluation reserve.

Rental income earned from investment properties is considered low risk, due to the fixed and long-term nature of the lease agreements. Lease rental is negotiated at the time that the leases expire, with independent and expert advice being obtained on the market conditions.

Management Reporting Procedures

Returns from investment properties are monitored on a regular basis.

On an annual basis, the market value of the investment properties is recorded and reported on in the Council's financial statements.

4.6 Kuriwao Endowment

Nature of Investments and Rationale for Holding

This land was vested in the Council by the Otago Regional Council (Kuriwao Endowment Lands) Act 1994 ("the Act"). The Otago Regional Council leases the land to private individuals.

Disposition of Revenue

The Act allows the Council to sell the land if it so desires but stipulates that sales proceeds and any earnings from those proceeds must be used for the benefit of the Lower Clutha district.

In accordance with the Act, rental income from the leases is also used for the benefit of the Lower Clutha district, and is used primarily for catchment works in that district.

Risk Management

The risk in respect of holding investment property is evaluated as low given the location of the property and its current and long-term use.

Rental income earned from endowment land is considered low risk, due to the fixed and long-term nature of the lease agreements. Lease rental is negotiated at the time that the leases expire, with independent and expert advice being obtained on the market conditions.

Management Reporting and Procedures

Returns from the leased land are monitored on a regular basis.

The value of the land is recorded and reported on in the Council's financial statements.

4.7 Short Term Liquidity

Nature of Investment and Rationale for Holding

This type of investment will be in the form of ~~cash~~ term deposits held for various periods up to 365 days. It will be held for working capital purposes, emergency funds and as an investment when deemed appropriate. This excludes "on-call" funds held for immediate working capital purposes and cash deposits or fixed interest investment of less than 1 year that are held as part of a Long-Term Investment Portfolio.

Deposition of Revenue

Revenue earned on cash holdings is added to the general reserve balance and used to offset external debt borrowing costs. The net interest amount is allocated over all reserves using an internal interest rate set in advance in Council's Long-term Plan and Annual Plan. Any surplus revenue is used to subsidise general rates.

Risk Management

Investments are only to be held with New Zealand Registered Retail Banks with a long term credit rating of 'A ~~-~~' or above by ~~Standard & Poor's (~~"S&P~~")~~, or the Moody's ~~Investors Service ("Moody's)~~ or Fitch ~~Ratings ("Fitch")~~ equivalents.

- No more than 50% of total term deposits or $10.0M, whichever is the greater, is to be invested at any one time with any one institution.

Management Reporting

Cash holdings are managed as part of the Council's daily operational procedures (refer section 5).

4.8 Long Term Investment Portfolio

Nature of Investment and Rationale for Holding

The Council has established a Long-Term Investment Portfolio in order to assist with the subsidising of rates and maintaining intergenerational equity between current and future ratepayers.

Council considers that holding this investment is in the interests of residents and ratepayers, because it provides the opportunity to earn higher investment returns through income and capital growth than is achievable through short term liquidity or long-term fixed interest and it provides a greater chance of maintaining the real value of Council's asset base in the face of inflation.

Review of Holding

The Council will from time to time review the Long-Term Investment Portfolio, and may, if considered strategically appropriate, reduce or increase the amount of funds allocated to the Long-Term Investment Portfolio.

Disposition of Revenue

Revenue earned from the Long-Term Investment Portfolio is used to subsidise general rates.

Risk Management

The Council's investment in the Long-Term Investment Portfolio is not without risk. The income and capital growth likely to be achieved from the Long-Term Investment Portfolio will vary and may not meet Council's expectations in any one quarter or financial year.

The Council's risk management procedures include:

- Appointing an independent Investment Manager with appropriate expertise to manage the Long-Term Investment Portfolio.
- Requiring the Investment Manager to adhere to a Statement of Investment Policies and Objectives ("SIPO") which defines the nature of the investment management mandate including restrictions, exclusions and minimum reporting requirements.
- Requiring the Investment Manager to report compliance with the SIPO.
- Requiring the Investment Manager to report formally against appropriate benchmarks quarterly, and ~~peer group~~ at least annually.
- The Council will conduct a formal review of incumbent Investment Managers not less than three yearly. This may result in a tender process for the Investment Management of the Council's Long-Term Investment Portfolio.

Management Reporting and Procedures

Long-Term Investment Portfolio returns, and portfolio characteristics are monitored on a quarterly basis against relevant benchmarks and compliance reporting criteria established in the SIPO.

On an annual basis, portfolio returns are benchmarked against an appropriate peer group.

4.9 Investment in Irrigation Schemes

Nature of Investment and Rationale for Holding

This type of investment would be in the form of equities in irrigation schemes. Such investments could only be entered into where an equity holding by Council will enable a scheme to proceed, if committed supply contracts alone are not sufficient to enable this, and where an equity holding will enable wider community benefits in water management.

Any consideration of an equity investment will only occur after normal corporate loan and equity funding had been diligently explored by the developers of the irrigation scheme, and reasons for rejection identified.

Any proposed investment in an irrigation scheme must be consulted on before proceeding with the investment.

Disposition of Revenue

Revenue earned from equity investment in irrigation schemes is to be used to subsidise general rates.

Proceeds from the sale of equities will be allocated to the general reserve.

Risk Management

Investment in Irrigation Schemes is assessed as having a high risk. Returns on this type of equity investment may not be earned until such time as the investment is sold, or may not be at levels that may be returned on other types of investment.

Further there is a risk that there will be no readily available option for selling the investment, should the Council wish to do so.

The Council's risk management procedures include:

- Requiring a full business plan that shows a commercial return on investment, and a real opportunity to sell the investment.
- Being entitled to having a representative on the Board of the irrigation scheme company.
- Requiring regular reporting to Council of the activities and progress of the scheme, and the uptake of shares by farmers joining the scheme.

Investments are to be held in accordance with the limits set out in Appendix 1.

Management Reporting

The value of equity investment in irrigation schemes is to be recorded and reported annually in the Council's financial statements.

4.10 Local Government Funding Agency

Council may invest in shares and other financial instruments of the Local Government Funding Agency ("LGFA") and may borrow to fund that investment. The Council's objective in making any such investment will be to:

- Obtain a return on the investment; and
- Ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially higher than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

5. CASH MANAGEMENT

The finance department is responsible for managing the Council's cash surpluses and deficits as they arise. These may arise due to a mismatch of daily receipts and payments.

Council maintains monthly cashflow forecasts and reviews cash payment requirements weekly. These cashflows determine the level of cash required for working capital purposes, any surpluses available for investment, and any deficits that may require short-term borrowing. Any surplus cash to be invested is covered by sections 4.7 for short-term surpluses and 4.8 for long-term surpluses of this policy document.

The following operational guidelines apply to the cash management processes:

- On-call funds may be held with Council's transactional bank to meet the immediate short term funding requirements.
- Cashflow surpluses will be invested in accordance with section 4.7 and section 4.8 of this document.
- A committed bank overdraft facility may be maintained, to meet interim cash and liquidity requirements, as approved by the General Manager ~~Corporate Services and CFO~~Finance.

APPENDIX 1:

Approved Credit Ratings and Limits

Approved Credit Rating Guidelines

S&P Rating band (or Moody's or Fitch equivalent)	Maximum Percentage of NZ Fixed Interest Asset Class
AAA to AA-	100%
A+ to A-	55%
BBB+ to BBB-	15%
Sub-investment Grade/Unrated	0%
Government	100%
Equities in Irrigation Schemes*	10%

* Subject to consultation and Council approval as per section 4.9

Maximum Individual Security Guidelines

S&P Rating band (or Moody's or Fitch equivalent)	Individual Security Maximum Percentage of NZ Fixed Interest Asset Class
AAA	15%
AA	10%
A	10%
BBB	5%
Sub-investment Grade/Unrated	0%
Equities in Irrigation Schemes*	10%

* Subject to consultation and Council approval as per section 4.9

Note the above tables provide guidelines for assessing the Long Term Investment Portfolio and individual securities within that portfolio.

Section 4.7 of the Investment Policy sets the risk management limit on maximum issuer exposure for Short Term Liquidity and Section 4.4 of the SIPO provides further diversification guidelines to manage the Long-Term Investment Portfolio.

Equities in Irrigation Schemes do not form part of the Long Term Investment Portfolio and the limit above provides a maximum percentage relative to other investments held in the Long Term Investment Portfolio.

Otago Regional Council

Statement of Investment Policy and Objectives

~~June 2025~~October 2026

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CONTENTS

1. PURPOSE

The purpose of this Statement of Investment Policy and Objectives (SIPO) is to provide the policy framework for Otago Regional Council (the Council) to effectively supervise, monitor and evaluate the management of the investment activities undertaken through Council's Long Term Investment Portfolio.

The SIPO defines the key responsibilities and the operating parameters within which the Long Term Investment Portfolio and ~~it's~~its ongoing management are to operate. The SIPO should at all times encourage the use of methodologies and processes that reflect industry best practice, encompass the principles of good corporate governance, and reflect the corporate vision of Otago Regional Council.

2. OBJECTIVES

2.1 Introduction

Section 102 (2) of the Local Government Act 2002 requires local authorities to adopt an Investment Policy to ensure that the financial resources of the Council are managed in an efficient and effective way. That Investment Policy is incorporated in Council's Treasury Management Policy. The SIPO is an associated document to the TMP and provides guidance specifically related to Council's Long Term Investment Portfolio.

2.2 Objectives

Council's primary investment objectives are:

- To protect and maintain the purchasing power of the current investment assets and all future additions to the investment assets.
- To maximise investment returns within reasonable and prudent levels of risk.
- To maintain an appropriate asset allocation in order to make distributions as required while preserving the real value of the Council's capital from the effects of inflation.

2.3 Time Horizon

The investment guidelines are based upon an investment horizon of greater than seven years. Therefore, interim fluctuations should be viewed with appropriate perspective.

2.4 Risk Tolerance

The Otago Regional Council is a risk-averse entity, but some risk must be assumed in order to achieve the long-term investment objectives of the portfolio, given there are uncertainties and complexities associated with investment markets. It is the express desire of the Council to minimise portfolio volatility through the adoption of prudent portfolio management practices. Overall, a conservative investment approach is to be adhered to.

2.5 Performance Expectations

Council aims to earn a net real return on the portfolio of 2.3-3.1% per annum after investment management costs and inflation (assumed to average 2.0% per annum), on average over five years.

The Council recognises that the target rate of return is a long term one and will not be achieved in every measurement period.

2.6 Risk Summary and Selection of Asset Allocation

The table below summarises the Council's level of risk tolerance as measured by the three risk factors:

Risk Measure	Level of Risk
Capacity to accept risk	Medium to High
Willingness to accept risk	Low to Medium
Required rate of return	Inflation plus 2.3% - 3.1% (net)

Over the long term, the average rate of investment return is related to the level of risk within the portfolio, as illustrated in the table below:

Estimated Rate of Return (net of fees) Inflation plus:	Estimated Gross Return	Level of Investment Risk	Growth Asset Strategy
1.5% - 2.3%	6.0% - 6.5%	Low	20% to 40%
2.3% - 3.1%	6.5% - 7.2%	Low to medium	40% to 60%
3.1% - 3.8%	7.2% - 7.8%	Medium to high	60% to 80%
3.8% - 4.3%	7.8% - 8.1%	High	80% to 90%

Returns above are per annum. The table comprises estimates based on standard portfolio and custodial fees and assumes a tax rate of 0%. Estimated gross returns increase as the portfolio allocation to growth assets increases. Actual returns may be higher or lower than those detailed above.

Based on Council's required rate of return, capacity and willingness to accept risk, it is recommended that a portfolio incorporating 40% to 60% growth assets is adopted which is suitable for a low to medium level of risk. Aim is to achieve 50% income assets ,50% growth assets.

2.7 Policy Setting and Management

The Council may from time to time approve/amend the policy parameters set in relation to Council's investment activities. These changes will be minuted and incorporated into the SIPO and the dates of the changes noted.

3. DUTIES AND RESPONSIBILITIES

3.1 The Council

The primary responsibilities of the Council are planning, policy and governance.

The Council will take cognisance of the prudent person and duty of care rules as set out in the Trustee Amendment Act 1988.

As fiduciaries, the primary responsibilities of the Council are:

- To state in a written document the Council' attitudes to risk, expectations, objectives and guidelines for the investment of their assets.
- To review this SIPO on a regular basis.
- To ensure Council's investment assets are prudently diversified to meet the agreed risk/return profile.
- To establish formal criteria to select, monitor, evaluate and compare the investment performance results achieved by the investment adviser and the overall portfolio against agreed benchmarks, peer groups and Council's objectives on a regular basis.
- To avoid prohibited transactions and conflicts of interest.
- To encourage effective communications between the Council and parties involved with investment management decisions.
- To encourage the appointment of Audit and Risk ~~Subcommittee~~ Committee members with the relevant experience and competencies to achieve the stated objectives.
- To ensure that the roles and responsibilities of all parties are documented and clearly defined.
- Appointment of Investment Managers.
- Reviewing investment performance and investment reports periodically throughout the year and at year end.
- Approve any transaction that falls outside the guidelines of the SIPO.

3.2 The Audit and Risk ~~Subcommittee~~Committee

The Council has established the Audit and Risk ~~Subcommittee~~ Committee and has delegated such powers and duties to the Committee as the Council sees fit. The Audit and Risk ~~Subcommittee~~ Committee operates as per the Council's constitution. Members serving on the Audit and Risk ~~Subcommittee~~ Committee are appointed by the Council.

- To provide guidance and leadership on the appointment, management, monitoring and review of appropriate Investment Managers.
- Reviewing all matters concerning the SIPO, considering any changes or amendments to the SIPO and making appropriate recommendations.
- Regularly reviewing the Investment Managers reports, and reporting exceptions.
- Ensuring that all parties overseeing, advising and managing Council's investments disclose any potential conflicts of interest. In the event that conflicts of interest arise the policies and procedures for managing these are to be clearly defined, although, in principle, such conflicts should be avoided.

- Ensuring that an appropriate SIPO is developed and maintained.
- Ensuring that contracts for investment advisory/management, custodial and consultancy services are reviewed at least every three years.
- To recommend the appointment and removal of Investment Managers as appropriate.
- Approving the asset classes and sub-asset classes to be included in any investment portfolios.
- Ensuring that all service agreements and contracts are in writing and are consistent with fiduciary standards of care.
- To ensure that the practices and policies set out in the SIPO are adhered to.
- To follow formal criteria to monitor, evaluate and compare the investment performance results achieved against relevant benchmarks and objectives on a regular basis.
- To confirm on an annual basis that best practice with respect to execution, brokerage, money sweep facilities, foreign currency spreads, transaction costs and management fees is being applied.

3.3 Custodian

Custodians are responsible for the safekeeping of Council's investment assets. The specific duties and responsibilities of the custodian are to:

- Value all investment assets.
- Collect all income and dividends owed to the portfolio.
- Settle all transactions (buy/sell orders) initiated by the Investment Manager.
- Provide monthly reports that detail transactions, cash flows, securities held and their current value. The report should also detail the change in value of each security and the overall portfolio since the previous report.
- Maintaining separate accounts.

3.4 Investment Advisor

The Council may retain an objective, third-party investment adviser to assist the Council in managing the overall investment process. The adviser will be responsible for guiding the Council through a disciplined and rigorous investment process to enable the Council to prudently manage their fiduciary duties and responsibilities. The investment adviser will:

- Provide advice on appropriate strategic asset allocation, security and fund manager selection.
- Periodically monitor the SIPO and its appropriateness, (in conjunction with the Council).
- Specify and advise on asset and sub-asset class allocation strategies.

3.5 Investment Manager

The Council will appoint an Investment Manager to manage the assets under their supervision in accordance with the guidelines and objectives outlined in the SIPO and in their service agreements. The Investment Manager will:

- Periodically review the custodial arrangements and make recommendations.
- Provide instructions to each fund manager with respect to the lodging or withdrawing of funds placed.
- Oversee and monitor the performance of the fund managers.
- Appoint and remove fund managers.
- Deliver quarterly reports to the Council which detail the following:
  - Portfolio valuation,
  - Fixed Interest Portfolio duration,
  - Compliance reporting,
  - Portfolio Performance Summary for the portfolio and by asset class,
  - Performance against benchmarks,
  - Asset transactions summary, and
  - Cash transactions.
- Make available appropriate personnel to attend meetings as agreed between the Council and the adviser.
- Report to the Council annually as to the total expenses incurred and tax paid in managing Council's investment portfolio.
- Communicate to the Council all significant changes pertaining to the portfolio it manages or the adviser's firm itself. Changes in ownership, organisational structure, financial condition and professional staff are examples of changes to the firm in which the Council are interested.
- Use the same care, skill, prudence and due diligence under the prevailing circumstances that an experienced investment professional, acting in a like capacity and fully familiar with such matters, would use in like activities for like portfolios with like aims in accordance with all applicable laws, rules and regulations.
- Ensure that "expected" and "modelled" returns for asset classes are based on sound return and risk premium assumptions.
- Outline expected returns and risk, or volatility, within the selected strategies.
- Recommend a Custodian to hold and report on investment assets.
- Rebalance individual investments and asset class groups to within agreed benchmarks as described in the rebalancing policy contained in the SIPO.
- To effect all transactions for the portfolio at the best price.
- Regularly report on compliance exceptions with the SIPO.
- Disclose any potential conflicts of interest and steps taken to mitigate such conflicts.

3.6 Fund Managers

Fund Managers are utilised by the Investment Manager to manage a part of the Long-Term Investment Portfolio.

- To manage an allocated part of the portfolio on terms and conditions consistent with their mandate.

4. INVESTMENT POLICY AND IMPLEMENTATION

4.1 Asset Class Guidelines

Long-term investment performance is primarily a function of strategic asset allocation and asset class mix.

History shows that while interest-generating investments, such as fixed interest portfolios, have the advantage of relative stability of capital value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments have a significantly higher expected return but have the disadvantage of much greater year-on-year variability of return. From an investment decision-making point of view, this year-on-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long, (10 years or greater).

Authorised Investments

The following investments, within New Zealand and internationally, are authorised by the Council:

- Cash – term deposits, cash on call, cash funds.
- NZ fixed interest – NZ Government, local authority and NZ State-Owned Enterprise bonds, corporate bonds, fixed interest funds.
- International fixed interest – either direct, if appropriate or via managed funds.
- Listed property companies, property funds and direct property investments.
- Equities, either via managed funds or directly.

Excluded Investments

The following investments are not permitted:

- Preference shares.
- Leveraged investments.
- Options.
- Futures (excluding those employed as risk management strategies by fund managers).
- Commodities contracts.
- Precious metals.
- Hedge funds.
- Unlisted equity securities.
- Private equity investments.
- Illiquid investments.
- Investments in Council Controlled Organisations (other than those described in Section 4.4 of the Treasury Management Policy).

4.2 Responsible Investment Policy

Council is committed to incorporating Responsible Investment into its investment decision-making processes. Council's approach to Responsible Investment is to seek close alignment of the following Responsible Investment Framework with our values. The ability to implement this policy is a factor in the appointment of our investment adviser/manager.

Council has resolved to use reasonable endeavours to avoid investment in entities that meet the following criteria of prohibited activities at or above the threshold level where relevant.

Responsible Investing Exclusion Table:

Exclusion	Nature of involvement	Threshold
Cannabis - Recreational	Companies that produce and/or retails cannabis for recreational use.	0%
Civilian Firearms	**Producer** **Automatic:** Companies that manufacture firearms which automatically eject the cartridge case of a fired shot and load the next cartridge from the magazine allowing the gun user to fire more than one round of ammunition for every pull of the trigger. **Semi-Automatic:** Companies that manufacture firearms which automatically eject the cartridge case of a fired shot and load the next cartridge from the magazine allowing the gun user to fire one round of ammunition for every pull of the trigger. **Ammunition:** Companies that only manufacture small arms ammunition for the civilian market, including powder propelled, cartridge-based ammunition up to 20mm, which can be fired from weapons, such as revolvers and self-loading pistols, rifles and carbines, assault rifles, submachine guns, and light/general purpose machine guns	0%
Controversial Weapons	**Any tie** Companies that have any ties to cluster munitions, landmines, biological / chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and/or non-detectable fragments	0%
Nuclear Weapons	**Any tie** Companies that have an industry tie to nuclear weapons	0%
Tobacco	**Producer** Companies that manufacture tobacco products, such as cigars, blunts, cigarettes, e-cigarettes, inhalers, beedis, kreteks, smokeless tobacco, snuff, snus, dissolvable and chewing tobacco. This also includes companies that grow or process raw tobacco leaves	0%
Nuclear Power	Companies that own or operate nuclear power plants.	0%
Thermal Coal	Companies involved in the mining of Thermal Coal (including lignite, bituminous, anthracite and steam coal) and its sale to external parties.	0%

Oil and Gas	Companies involved in oil & gas related activities, including distribution / retail, equipment and services, extraction and production, petrochemicals, pipelines and transportation and refining.	0%
Power Generation	Companies involved in fossil fuel (thermal coal, liquid fuel and natural gas) based power generation.	0%
ESG Controversies	Companies directly involved in one or more Very Severe ongoing controversies as defined by MSCI.	Red Flag
Pornography	Companies that produce, direct or publish adult entertainment materials that fall into the following six categories: Producer of X-rated films, Producer of Pay-per-view programming or channels, Producer of sexually explicit video games, Producer of books or magazines with adult content, Live entertainment of an adult nature, Producer of adults-only material on the internet.	0%
Predatory Lending	Companies that provide products and services associated with controversial lending practices, defined as those in which lenders take advantage of borrowers' lack of understanding and/or lack of access to more-traditional financial services to impose loan terms that place a disproportionately and often untenably high burden on the borrower. This is often done through deception, fraud or manipulation via aggressive sales tactics.	0%
Gambling	Companies that own or operate gambling facilities or provide key products or services fundamental to gambling industry.	10%
Alcohol	Companies that manufacture alcoholic products, including brewers, distillers and vintners. It also includes companies that own or operate wine vineyards.	10%

The % threshold figures relate to the maximum percentage of total revenue derived from the activity that is tolerated.

Implementation for Direct Security Investments

The Investment Manager will use reasonable endeavours to screen out directly held security investments in the Discretionary Portfolio involved in the prohibited activities as described in the responsible investing exclusion table above. The Investment Manager may rely on data from third party agencies when screening these directly held security investments, which will apply to the asset classes of Cash (NZ Registered Banks), NZ Fixed Interest, NZ Equities, Australian Equities and Global Equities.

Implementation for Indirect Pooled investments

In relation to indirect pooled investments (i.e. via investment in collective investment vehicles), the Investment Manager will from time to time use reasonable endeavours to screen for and avoid indirect exposure to entities involved in the prohibited activities as described in the responsible investing exclusion table above. Where identified and measurable, exposure to entities involved with these prohibited activities will be limited to a materiality representation threshold of 10% of the total value of each of these pooled investment products.

4.3 Asset Allocation

Academic research offers considerable evidence that the strategic asset allocation decision far outweighs security selection and market timing in its impact on portfolio variability and performance. On this basis the Council prefer to adopt a strategic asset allocation and passive strategy over an active and/or tactical asset allocation strategy.

The asset allocation benchmark is to be:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
Cash	5%	0%	25%
NZ Fixed Interest	22.5%	17.5%	27.5%
International Fixed Interest	22.5%	17.5%	27.5%
Defensive Total	**50%**	**40%**	**60%**
NZ Equities	16.7%	11%	22%
Australian Equities	16.7%	11%	22%
International Equities	16.7%	11%	22%
Growth Total	**50%**	**40%**	**60%**
Total	**100%**		

Note target allocation is 50% income assets and 50% growth assets.

4.4 Rebalancing Guidelines

The percentage allocation to each asset class may vary depending upon market conditions.

The SAA has upper and lower limits for each asset class as set out in the table above. The limits are based on the following guidelines:

- Plus or minus 5% for an asset class comprising 15% or more of the SAA,
- Plus or minus 25% of the allocation to a single asset class, where that asset class comprises less than 15% of the SAA (e.g. an asset class comprising 4% of the SAA would have limits of plus or minus 1%).
- The result of the above formulas are then rounded to the nearest full percentage (minimum is round down and maximum is rounded up).

To remain consistent with asset allocation guidelines, the Investment Manager will periodically review the portfolio and each asset class. If the actual weighting has moved outside the tolerances described above, the Investment Manager shall rebalance the portfolio back towards the recommended weighting. This rebalancing is to be completed as required, at least annually, and reported to the Audit and Risk Subcommittee.

Rebalancing tends to involve buying underperforming assets at relatively lower prices, and selling relatively higher priced assets.

4.5 NZ Fixed Interest Investment Guidelines

4.5.1 Portfolio Objectives for Direct NZ Fixed Interest

To gain a diversified exposure to the New Zealand Fixed Interest market through investing in direct securities with the following objectives identified below:

- Provide access to the market in a cost-effective manner,
- Provide a stable income and capital preservation (in nominal terms) over a full market cycle,
- Reduce overall volatility of a strategically diversified portfolio, and
- Provide a high level of transparency.

4.5.2 Portfolio Construction Guidelines

a. Diversification

The portfolio should be constructed to achieve appropriate diversification (in the constraints of the NZ market) relative to:

- New Zealand fixed interest issuers,
- The industries/sectors the issuers are involved with,
- The individual issue and overall portfolio duration, and
- Overall credit risk exposure of a portfolio.

The level of the diversification will be governed by the size of the fixed interest portfolio.

Credit ratings will have an impact on the level of diversification. Securities with lower credit ratings require a higher level of diversification.

b. Number of Securities

To achieve sufficient levels of diversification, a minimum of 15 securities where the size of the NZ Fixed Interest portfolio is more than $1,000,000, and 10 securities where the size of the NZ Fixed Interest portfolio is less than $1,000,000, is required. Where appropriate diversification cannot be achieved due to the size of the portfolio or availability in the market, surplus funds may be directed to money market instruments until availability improves.

c. Duration

The portfolio should be diversified across all durations to minimise the adverse effects of reinvestment risk on maturity. Council should be aware if the duration of their portfolio deviates from the benchmark duration by more than 1 year.

d. Liquidity

Although Council invests into the direct New Zealand fixed interest market with a “buy and hold” philosophy, over time its needs may change and greater levels of liquidity may be required.

The more liquidity is required, the more government and liquid (i.e. senior debt issues of $150m or greater) corporate securities should be included in the portfolio.

e. Exposure Levels by Credit Rating

Guidelines for maximum security exposure levels for individual securities are set by credit rating. The following criteria should be considered when making decisions on exposure levels within a portfolio:

- Consideration should be given to excessive exposure to any single issuer,
- Consideration should be given to other asset class exposures Council may have to an issuer,
- The portfolio should be distributed across credit ratings, and
- The following table presents a set of guidelines that need be used when constructing a portfolio.

Approved Credit Rating Guidelines:

S&P Rating band (or Moody's or Fitch equivalent)	Overall maximum % of Income Assets
AAA to AA-	100%
A+ to A-	55%
BBB+ to BBB-	15%
Sub-Investment Grade / Unrated	0%
Government	100%

A maximum of 5% of floating rate/annual resettable securities is permitted in a portfolio. Where possible, the following maximum individual security guidelines should be followed to gain diversification whilst ensuring sound credit quality within portfolios.

Maximum Individual Security Guidelines:

S&P Rating band (or Moody's or Fitch equivalent)	Individual security maximum % of Income Assets
AAA	15%
AA	10%
A	10%
BBB	5%
Sub-Investment Grade / Unrated	0%

Note that the above table provides guidelines for assessing an individual security. Although there is no maximum issuer exposure specified, diversification guidelines described under the "Diversification" heading are to be followed.

f. Perpetual Securities

Given the equity structure (including potential imputation credits) of perpetual securities, this class of fixed interest is not to be used.

g. Structured credit

Due to the complexity of structured credit instruments and the lack of sophisticated monitoring systems required to provide ongoing assessment, Council should not include this type of investment in its NZ fixed interest portfolio. It is considered that the required fixed interest exposure can be adequately achieved by investing in securities with simple structures which possess typical fixed interest characteristics.

h. Ratings Downgrade

If a security is downgraded, the mandatory guidelines table should be revisited to ensure that the new rating falls within the ratings framework. A decision must be made by the Council in light of the downgrade as to the future holding of the security (which could potentially be outside the guidelines).

i. Reinvestment

Recommendations to reinvest the proceeds from a maturity should take into account all of the above portfolio construction guidelines.

Where it is uneconomical to gain a direct exposure to NZ or international fixed interest, investment may occur via a recommended managed fund in order to gain an appropriate level of diversification.

4.6 International Fixed Interest

4.6.1 Portfolio Objectives for International Fixed Interest
The inclusion of international fixed interest has the benefit of increasing diversification and reducing volatility by providing exposure to a greater range of issuers, credit ratings and yield curves than is achievable through domestic fixed interest.

4.6.2 Portfolio Construction Guidelines
Given the quantum of the allocation to international fixed interest this asset class must be invested in through one or more Collective Investment Vehicles (CIV's). CIV's must invest in diversified portfolios of fixed interest securities and have exposure limits, minimum credit ratings and policies and procedures acceptable to the Council.

International fixed interest investments must be 100% hedged to the New Zealand dollar.

4.7 New Zealand Equity Investment Guidelines

4.7.1 Portfolio Objectives for New Zealand Equity Investment
To provide a combination of capital growth and income via a broad exposure to the New Zealand equity market.

4.7.2 Portfolio Construction Guidelines
For direct New Zealand equity investments, the following rules shall apply:

- Investment in companies listed on the New Zealand Stock Exchange.
- Investments in partly paid shares in respect of companies of the type referred to above are permitted following a formal submission from the Investment Manager

and Audit and Risk Subcommittee approval.

- Exposure limits for direct New Zealand equity investments (based on the dollar value of the NZ Equities sector of the Long-Term Investment Portfolio) are set out below:

Security Type	Minimum percentage of NZ equities	Maximum percentage of NZ equities
Companies not represented in the Benchmark	0%	20%
Individual company in the Benchmark	0%	Benchmark weight +/-8%
Individual company not in the Benchmark	0%	4%

4.8 Australian Equity Investment Guidelines

4.8.1 Portfolio Objectives for Australian Equity Investment
To provide a combination of capital growth and income via a broad exposure to the Australian equity market.

4.8.2 Portfolio Construction Guidelines
For direct Australian equity investments, the following rules shall apply:

- Investment in companies listed on the Australian Stock Exchange.
- Investments in partly paid shares in respect of companies of the type referred to above are permitted following a formal submission from the Investment Manager and Audit and Risk Subcommittee approval.
- Exposure limits for direct Australian equity investments (based on the dollar value of the Australian Equities sector of the Long-Term Investment Portfolio) are set out below:

Security Type	Minimum percentage of Aust equities	Maximum percentage of Aust equities
Companies not represented in the Benchmark	0%	20%
Individual company in the Benchmark	0%	Benchmark weight +/- 8%
Individual company not in the Benchmark	0%	4%

4.9 International Equity Guidelines

4.9.1 Portfolio Objectives for International Equity Investment
To provide an exposure to investments in the international equities sector.

4.9.2 Portfolio Construction Guidelines
For direct international equity investments, the following rules apply:

- Investment in international equities will be through one or more CIV's.
- International equity investments must be hedged in accordance with the

requirements contained in Foreign Currency Management.

- CIV's in international equities must hold a broadly diversified portfolio of equity securities, be consistent with underlying benchmarks, be managed according to appropriate policies and procedures and impose reasonable exposure limits.
- Ensure that any investment is sufficiently liquid to enable exit from the investment at any time.

4.10 Foreign Currency Management

Historically, fluctuation of the New Zealand dollar against other major currencies has been significant and has resulted in additional portfolio volatility.

To minimise the risks associated with currency fluctuations the following policies apply:

- Holdings of international fixed interest investments are to be fully hedged back to NZ dollars at all times.
- When investing in international equities either directly or via managed funds, a neutral currency position is the preferred strategy however, 0% to 100% of the international equities being hedged back to NZ dollars is permitted at any one point in time. Any change to the actual hedging level should be disclosed to the General Manager Corporate Services & CFO and Audit and Risk Subcommittee and may require the Council's approval/endorsement.

4.11 Tax Policy

Any investment strategy employed needs to take into account Council's tax status, although this should not be to the detriment of the long-term strategic asset allocation.

Any tax leakage is to be quantified by the investment adviser and reported to the Council annually.

5. MONITORING AND EVALUATION

5.1 Performance Objectives

The Council acknowledges fluctuating rates of return characterise the securities markets, particularly during short time periods. Recognising that short-term fluctuations cause variations in performance; the Council intends to evaluate investment performance from a long-term perspective.

The Council is aware the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis and it is at the Council's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than annually, the Council will meet to review whether the Investment Manager and the investment options selected continue to conform to the criteria outlined in the SIPO, specifically:

- Adherence to the asset allocation levels set with rebalancing occurring within the agreed parameters and in a timely fashion.
- Adherence to the agreed investment philosophy and constraints;
- The adherence of individual investments to investment guidelines;
- Material changes in the investment options, organisation, investment philosophy and/or personnel; and
- Any legal or other regulatory agency proceedings affecting the investment options.

5.2 Benchmarks

The Council has determined that performance objectives should be established for each investment option and for the overall investment portfolio. Investment Manager performance will be evaluated in terms of an appropriate market index and the relevant peer group. These are to be agreed to between the Council and the Investment Manager. Asset classes and relevant benchmarks:

Asset Class	Index
Cash (on call and securities less than 1 year to maturity)	S&P/NZX 90 Day Bank Bill Index
New Zealand Fixed Interest	S&P/NZX Corporate A Grade Bond Index
International Fixed Interest - $NZD Hedged	Barclays Capital Global Aggregate Bond Index (NZD Hedged)
New Zealand Equities	S&P/NZX 50 Index (Gross)
Australian Equities	S&P/ASX 200 Accumulation Index (Unhedged)
International Equities	MSCI All Country World Index (Unhedged)
NZ Government Bonds	S&P/NZX NZ Government Stock Index

5.3 Compliance

The Council and Audit and Risk ~~Subcommittee~~ Committee are aware that the ongoing review and analysis of investments is just as important as the due diligence process. Performance will be monitored on an ongoing basis and it is at the Audit and Risk ~~Subcommittee's~~ Committee's discretion to take corrective action by recommending the replacement of an Investment Manager at any time. The Council may direct the Audit and Risk ~~Subcommittee~~ Committee to take such action if it deems this is required.

- Specifically, the following will be confirmed and reported to the Audit and Risk ~~Subcommittee~~Committee:
- Performance reporting as described in roles and responsibilities above.
- Adherence to the SAA and rebalancing within approved limits occurring in a timely fashion.
- Adherence to agreed investment philosophy and constraints.
- Adherence to investment guidelines.
- Material changes in the investment organisation, investment philosophy and/or personnel.
- Any legal or other regulatory proceedings affecting the Investment Manager's organisation and/or reputation.

5.4 Watch List Procedures

An investment option and/or Investment Manager may be placed on watch list and a thorough review and analysis may be conducted when:

- Performance is below median for their peer group over a one, three and/or five-year cumulative period;
- The three-year risk adjusted return falls below the peer group's median risk-adjusted return;
- There is a change in the professionals managing the investment;
- There is an indication the investment option and/or investment adviser is deviating from the stated style and/or strategy;
- There is an increase in fees and expenses;
- Any extraordinary event occurs that may interfere with the investment option and/or Investment Manager's ability to prudently manage investment assets.

This process may be delegated to the Investment Advisor and/or a nominated third party and they will report to the Council at least annually.

5.5 Measuring Costs

The total portfolio delivery costs should be fair and reasonable. The appointed Investment Manager should offer a fee-only service with all commissions returned to Council.

The Investment Manager is to report to the Council annually on the breakdown and the total costs of delivery including:

- Administration/custodial reporting fees;
- Management expense ratios for managed fund investments;
- Advisory fees;
- Other brokerage or fees.

6. REVIEW OF THE STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

The Council will review this SIPO at least every 3 years to determine whether the stated investment objectives are still relevant and it is feasible that they will be achieved. It is not expected that the SIPO will change frequently. In particular, short-term changes in the financial markets should not require adjustment to the SIPO.

8.5. Managed Fund Portfolio Performance Update

Prepared for:	Audit and Risk Committee
Report No.	A&R2629
Activity:	Audit and Risk
Author:	Nick Donnelly (General Manager Finance)
Endorsed by:	Nick Donnelly (General Manager Finance)
Date:	25 September 2026

PURPOSE

[1] To present the Q2 2026 Portfolio Performance Report from Council's Investment Manager, JB Were, for the period ended 30 June 2026.

EXECUTIVE SUMMARY

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

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

[4] The portfolio value at 30 June 2026 was $33,606,153 an increase of $3,714,319 for the financial year. This includes an increase over the last quarter of $2,182,360.

[5] The portfolio's return for the quarter was +7.07%, 1.93% above the benchmark return of +5.14%. Over the past 12 months the portfolio return has been +13.06% against a benchmark return of +11.83%, implying an outperformance of 1.23%.

RECOMMENDATION

That the Committee:

1) ***Notes** this report and the attached Q2 2026 Portfolio Performance Report.*

BACKGROUND

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

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

[8] The Portfolio Performance Report for the quarter ended 30 June 2026 is attached for the information and review of the Audit and Risk Subcommittee.

SUMMARY OF CONSIDERATIONS

Community Outcomes

This work aligns with the following community outcomes from the ORC 2024-2034 Long-Term Plan:

Whole of Organisation

This work supports the whole organisation and, therefore, all Community Outcomes.

Alignment with Central Government Legislation
There is no specific national policy statement or central government direction that is directly applicable to this work.

Alignment with Otago Regional Council Internal Policy
This work is consistent with relevant ORC policies, in particular Council's Treasury Management Policy.

Financial Considerations
The budget for this work was approved through the 2024-2034 Long-Term Plan and 2025-2026 Annual Plan and comes from the Council Organisation activity budget.

Legal Compliance/Risk
There is insignificant/minor risk that decisions arising from this report could expose Council to litigation, regulatory non-compliance, or breach of policy/legislation.

Reputational Risk
There is insignificant/minor risk that decisions arising from this report could adversely impact Council's reputation or community trust.

Climate Resilience
The impacts of climate-related risks (e.g. flooding, drought, extreme winds, coastal erosion, wildfires) on this work has not been assessed.

Carbon Emissions
The implications of this work on organisational or regional greenhouse gas emissions has not been assessed.

He Mahi Rau Rika: Significance, Engagement and Māori Participation Policy
Not Applicable

Engagement with Mana Whenua
There has been no engagement with mana whenua or Māori specifically for this work.

Stakeholder Engagement
There has been no engagement with external stakeholders and/or the public specifically for this work.

Communications
Not Applicable.

NEXT STEPS

[9] Not Applicable.

ATTACHMENTS

1. Otago Regional Council - 2 Q 26 Update [**8.5.1** - 6 pages]

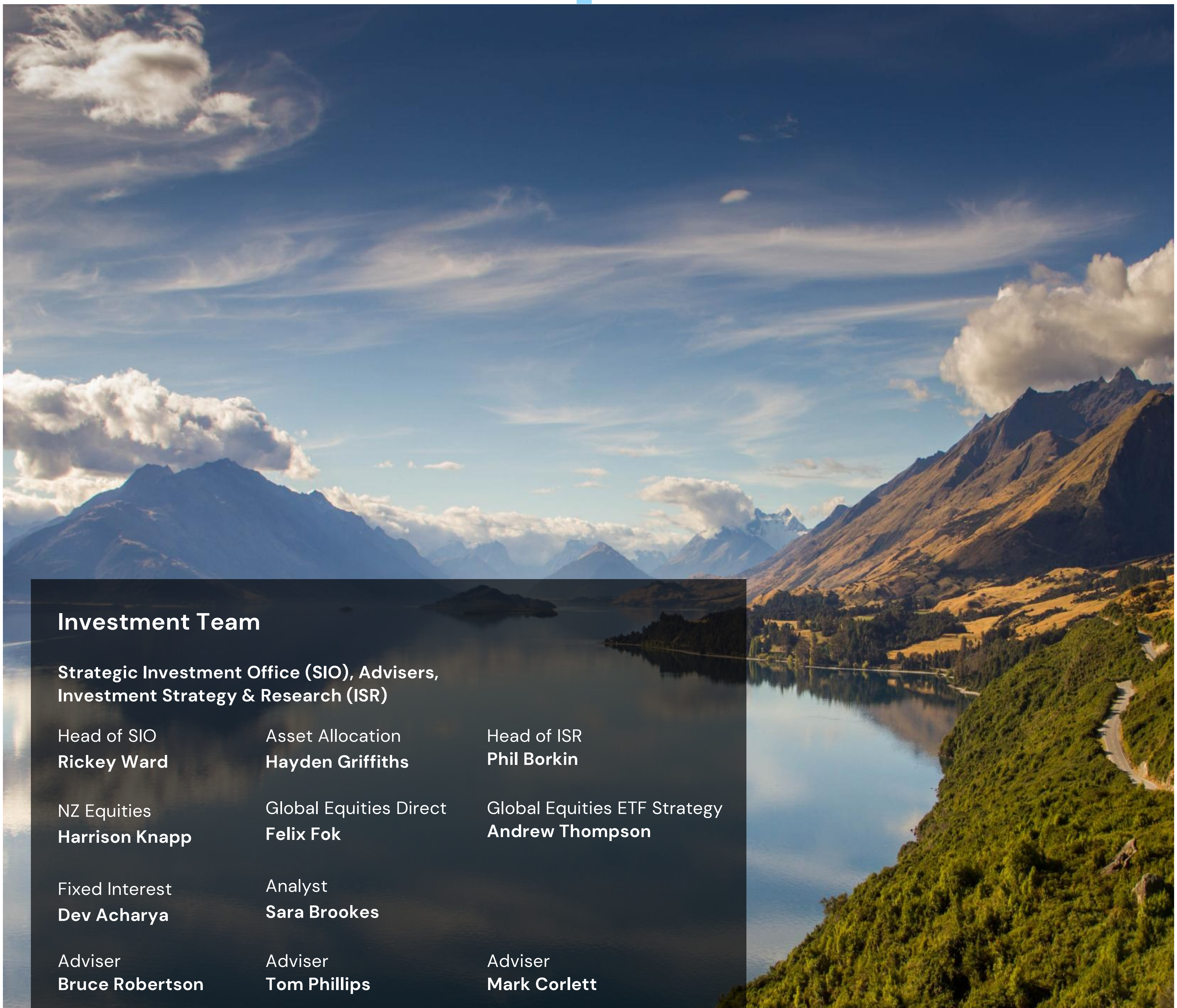
JBWere

Q2 2026 Portfolio Performance

Otago Regional Council

Prepared by JBWere New Zealand

15 July 2026



Investment Team

Strategic Investment Office (SIO), Advisers, Investment Strategy & Research (ISR)

Head of SIO
Rickey Ward

Asset Allocation
Hayden Griffiths

Head of ISR
Phil Borkin

NZ Equities
Harrison Knapp

Global Equities Direct
Felix Fok

Global Equities ETF Strategy
Andrew Thompson

Fixed Interest
Dev Acharya

Analyst
Sara Brookes

Adviser
Bruce Robertson

Adviser
Tom Phillips

Adviser
Mark Corlett

JBWere

Market Commentary

During the June quarter, investment markets navigated a familiar backdrop of geopolitical tensions, trade uncertainty, evolving central bank expectations and continued momentum in artificial intelligence investment. Despite periods of heightened volatility, resilient economic growth, healthy labour markets and stronger-than-expected corporate earnings supported market performance. AI-driven capital expenditure remained a key market driver, while investors continued to focus on company fundamentals and earnings growth rather than short-term headline risks.

Portfolio Summary

The portfolio returned 7.1% during the quarter, against the benchmark return of 5.1%. Over the past 12 months, the portfolio has increased by 13.1%, outperforming the benchmark by 1.2%.

Fixed interest markets benefited from moderating inflation pressures and softer economic data during the June quarter. Easing energy prices helped reduce concerns around future inflation and monetary policy, leading investors to scale back expectations for further rate hikes and supporting bond markets across many developed economies, including NZ.

New Zealand equities delivered a positive quarter, supported by resilient company earnings and improving confidence in the domestic outlook. Infratil was a standout performer, benefiting from continued enthusiasm for artificial intelligence and positive developments at CDC Data Centres, while Fisher & Paykel Healthcare also performed strongly. Interest rate-sensitive sectors enjoyed renewed investor interest as expectations for New Zealand interest rates became more supportive, benefiting utilities, Fletcher Building and retirement village companies.

Australian equities benefited from a broadening of market leadership, with investors re-engaging with cyclical sectors such as Materials, Financials and Consumer Discretionary. Artificial intelligence and digital infrastructure remained important themes, supporting Goodman Group through continued demand for data centre infrastructure, while James Hardie and Macquarie Group were among the stronger performers. Growing confidence in economic conditions and ongoing investment in digital and physical infrastructure provided a supportive backdrop for the market.

As is often the case, the United States remained a key driver of global equity returns during the June quarter, supported by strong earnings growth and continued investment in artificial intelligence infrastructure. While the Iran conflict dominated headlines, investors increasingly looked through near-term uncertainty as signs of de-escalation emerged. Companies at the centre of the AI ecosystem, including Nvidia, Micron, Taiwan Semiconductor and major cloud providers, remained among the strongest performers as demand for semiconductors, data centres and computing capacity accelerated. Investor interest also broadened into adjacent themes such as digital infrastructure, automation and the space economy, with the listing of SpaceX drawing attention to long-term opportunities in aerospace and satellite communications. As the quarter progressed, improving confidence supported a rotation into more cyclical areas of the market, benefiting companies such as Home Depot. Overall, easing geopolitical tensions, resilient economic activity and continued AI-driven investment supported gains across a broad range of sectors and regions

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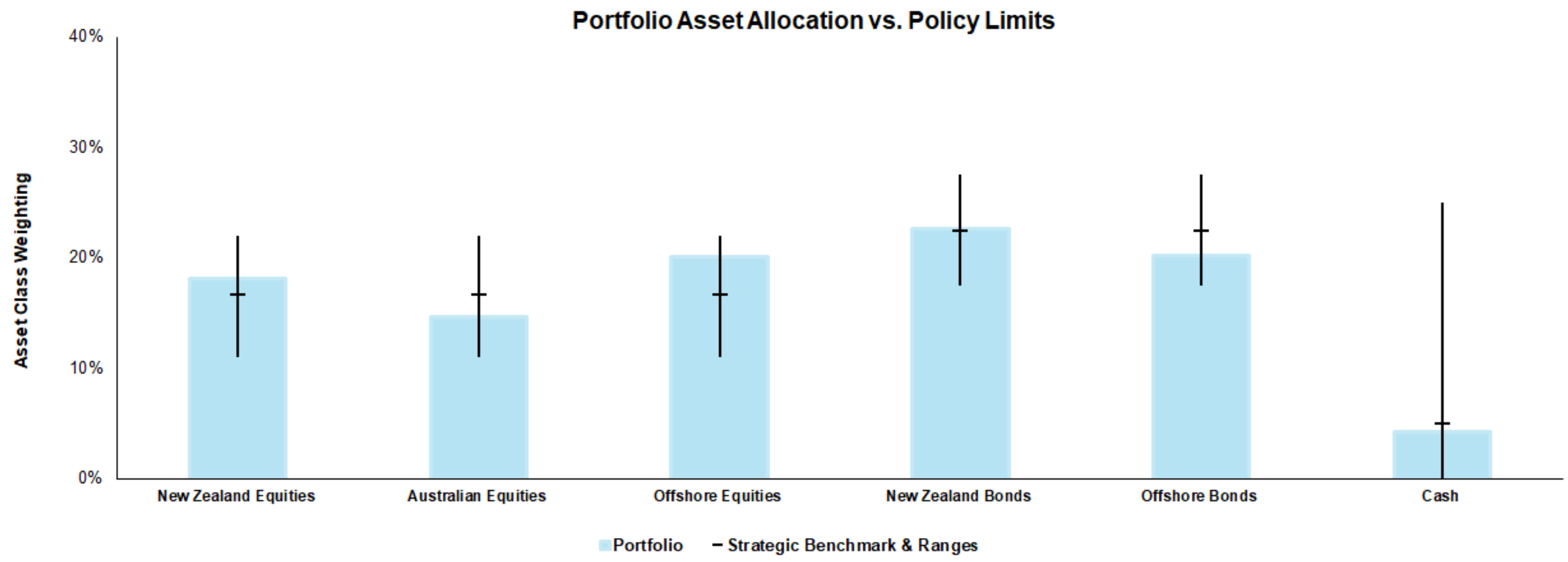
Portfolio Performance

Otago Regional Council

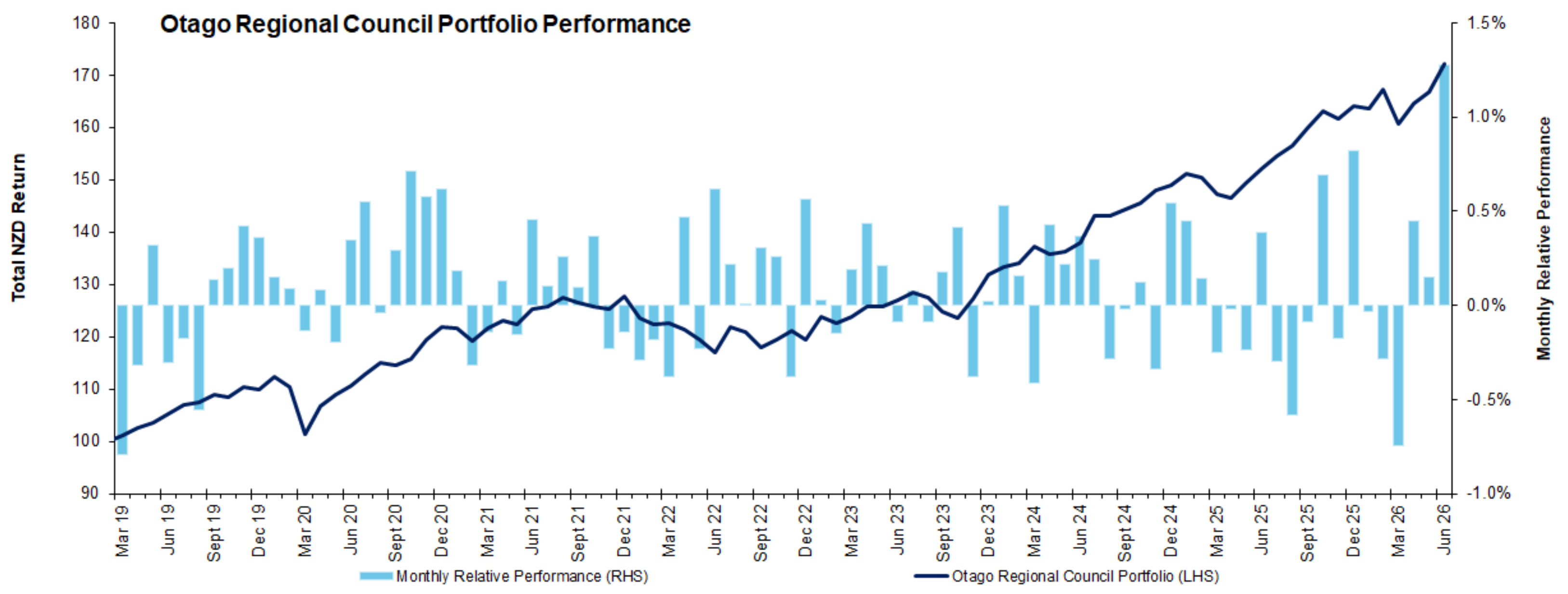
Period End: 30-Jun-26

By Asset Class[1]

Asset Class	Strategic Allocation	Benchmark Index	3 Months Portfolio	3 Months Benchmark	3 Months Relative	1 Year Portfolio	1 Year Benchmark	1 Year Relative	3 Years Portfolio	3 Years Benchmark	3 Years Relative
(Before Fees)	%		%	%	%	%	%	%	%	%	%
Cash	5	S&P 90 Day Bank Bill Index	0.59	0.64	*-0.05*	3.13	2.82	*+0.31*	14.09	13.90	*+0.19*
NZ Bonds	22.5	S&P Corporate A Grade Bond Index	2.66	2.47	*+0.19*	7.39	5.10	*+2.29*	26.87	19.96	*+6.91*
Global Bonds	22.5	Barclays Capital Global Aggregate Index $NZ Hedged	2.15	0.99	*+1.16*	1.74	1.68	*+0.06*	11.22	11.34	*-0.12*
NZ Equities	16.7	S&P/NZX 50 Gross Index	2.95	5.50	*-2.54*	5.00	8.08	*-3.09*	12.97	14.31	*-1.34*
Australian Equities	16.7	S&P/ASX 200 Accumulation Index	5.09	5.54	*-0.45*	8.95	19.70	*-10.75*	51.00	51.75	*-0.75*
Global Equities	16.7	MSCI AC World Index	27.50	15.25	*+12.25*	55.45	31.98	*+23.47*	115.53	84.72	*+30.81*
Total	**100**		**7.07**	**5.14**	***+1.93***	**13.06**	**11.83**	***+1.23***	**35.49**	**31.03**	***+4.46***



Historical



General Notes:

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

2. The Strategic Asset Allocation weightings have been adjusted from 01/10/2025 onwards to reflect the new SAA under the updated Investment Mandate.

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Overview	3 Months	1 Year	3 Years
Opening Value	**$31,423,792.49**	**$29,891,833.79**	**$25,260,690.85**
Cash Deposits	-	-	-
Cash Withdrawals	-	-	-
Other Cash Movements	-	-$23.96	-$71.00
Stock Transfers In	+$2,948.57	+$7,991.71	+$16,944.54
Stock Transfers Out	-	-	-
Other Stock Movement	-	-	-
Net Adjustments	+$2,948.57	+$7,967.75	+$16,873.54
Investment Return			
Capital Change	+$1,963,969.08	+$2,790,902.26	+$5,712,320.73
Gross Income	+$258,018.23	+$1,104,479.83	+$3,167,988.00
Gross Closing Value	**$33,648,728.37**	**$33,795,183.63**	**$34,157,873.12**
Tax & Expenses	-$35,456.77	-$138,687.25	-$418,221.29
Imputation / Tax Credits	-$7,118.82	-$50,343.60	-$133,499.05
Net Closing Value	**$33,606,152.78**	**$33,606,152.78**	**$33,606,152.78**
FX Hedging Positions (from last rollover)			
Profit & Loss	-	-	-
Grand Total	**$33,606,152.78**	**$33,606,152.78**	**$33,606,152.78**

Market Outlook

- **The combination of resilient economic growth, steady labour markets and strong corporate earnings remains supportive for risk assets.**
- **However, elevated valuations, growing investor enthusiasm and increasingly important policy decisions mean the market environment is likely to remain volatile and dependent on execution.**
- **Investors should remain diversified and not lose sight of a broader opportunity set beyond the most obvious beneficiaries of the AI investment cycle.**

As we reach the midpoint of the year, one thing is clear: financial markets have had no shortage of things to focus on. Through the noise, several lessons stand out: the global economy is more flexible, adaptable and resilient than often assumed (which cautions against turning too negative despite some obvious risks and uncertainties); markets move on faster than headlines, especially when it comes to geopolitics; big tech capex has become a major macro (and market) force; headline index performance can mask turbulence beneath the surface; and elevated valuations require strong fundamentals which, so far, companies are generally delivering on.

Looking ahead to the remainder of this year and into 2027, the landscape still feels highly complex, with numerous cross currents. We therefore need to keep an open mind about alternative scenarios and outcomes. That said, the combination of resilient economic growth (especially as oil price risks recede), stable labour markets, and strong corporate earnings should remain supportive for equities. While central banks have become incrementally less friendly of late, and we are watching this closely, we believe the odds of a significant tightening cycle from here remain low (which should limit meaningful upside in bond yields). Therefore, we believe the cyclical/fundamental picture generally remains supportive.

Yet the environment is becoming more dependent on execution. Valuations are not particularly cheap, and together with some signs of investor crowding and exuberance, this has likely lowered the market's tolerance for disappointment. This tension is especially evident in parts of the AI space which, as discussed, relies heavily on, and also benefits strongly from, the spending intentions (and expectations for further upgrades) of a handful of dominant tech players.

We also believe investors should view the outlook from here as somewhat balanced. The most obvious beneficiaries of AI infrastructure spending remain compelling businesses, and right now we see very little signs of deceleration in that spending. Increasingly attractive opportunities may emerge among businesses that have been overlooked, left behind or are temporarily out of favour, but which subsequently prove capable of harnessing AI to improve productivity, efficiency or profitability. The challenge for investors is to identify these opportunities rather than simply own today's winners. Diversification is still very important.

Regarding the local economic and market landscape, prior to the Middle East conflict, it was clear that a recovery in the domestic economy was underway, albeit uneven at times. Together with supportive monetary policy settings, reasonable valuations and improving corporate discipline around costs, we believed the conditions were in place for improved relative performance from the New Zealand equity market. However, the Middle East shock, combined with a more hawkish-than-expected response from the RBNZ to rising inflation risks, including its recent interest rate increase, has led us to temper that optimism somewhat.

While we acknowledge the RBNZ has already begun tightening monetary policy, we remain unconvinced that underlying economic conditions warrant a prolonged hiking cycle. Spare capacity remains evident across both the labour market and broader economy, inflation expectations remain relatively well anchored, and underlying inflation appears contained once temporary and administratively driven price increases are excluded. As a result, our view is that there is limited need for materially tighter policy settings from here.

That said, having commenced the tightening cycle, history suggests the RBNZ is unlikely to stop after a single rate increase. Policymakers appear to prefer taking a precautionary approach to inflation risks, even in the face of a still-fragile recovery. While additional tightening may therefore occur, we believe the market is overestimating the extent of future rate increases, with 4–5 further hikes currently priced into interest rate markets appearing excessive. Although this uncertainty may create periods of volatility for local equity and fixed interest markets, any eventual moderation in rate hike expectations should prove supportive for New Zealand asset prices.

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

1.1 Minutes of the Audit and Risk Committee 2026.06.25
2.1 Annual Report 2025/26 and Audit Report
2.2 Insurance Renewals
2.3 Insurance Disclosures
2.4 Managed Fund Report

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
1.1 Minutes of the Audit and Risk Committee 2026.06.25	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely otherwise to damage the public interest – Section 7(2)(c)(ii) To 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 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 – Section 7(2)(j) To avoid prejudice to measures that	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.

	prevent or mitigate material loss to members of the public – Section 7(2)(e)	
2.1 Annual Report 2025/26 and Audit Report	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely otherwise to damage the public interest – Section 7(2)(c)(ii)	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.
2.2 Insurance Renewals	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	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.
2.3 Insurance Disclosures	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 – Section 7(2)(e) To enable any local authority holding the information to carry out, without	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

	prejudice or disadvantage, commercial activities – Section 7(2)(h)	withholding would exist.
2.4 Managed Fund Report	making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii). To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information—would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a)that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.

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.

It will also be moved that:

Anthony Smith, (Partner Assurance Advisory) Deloitte, be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of the Annual Report. This knowledge, which will be of assistance in relation to the matter to be discussed, and relevant to that matter having knowledge of Otago Regional Council's reporting processes.

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.