



AGENDA

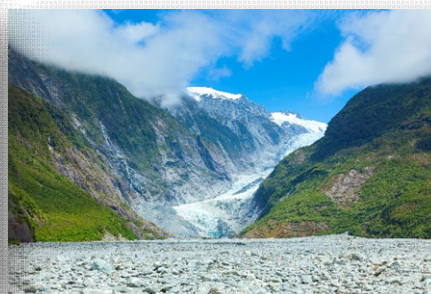
RĀRANGI TAKE

NOTICE OF AN ORDINARY MEETING OF

Risk and Assurance Committee

to be held on **Friday, 28 February 2025** commencing at **1 pm** in the Council Chambers, 36 Weld Street, Hokitika and via Zoom

Chairperson:	Rachael Dean
Members:	Her Worship the Mayor
Cr Neale	Cr Baird
Kw Tumahai	Cr Phelps



In accordance with clause 25B of Schedule 7 of the Local Government Act 2002, members may attend the meeting by audio or audio-visual link.

Council Vision

By investing in our people, caring for the environment, respecting the Mana Whenua Cultural heritage, and enabling investment, growth, and development we will enrich our district and the people that reside here.

Purpose

The Council is required to give effect to the purpose of local government as prescribed by section 10 of the Local Government Act 2002. That purpose is:

- (a) To enable democratic local decision-making and action by, and on behalf of, communities; and
- (b) To promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

1. **NGĀ WHAKAPAAHA APOLOGIES**

2. **WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST**

Members need to stand aside from decision-making when a conflict arises between their role as a Member of the Council and any private or other external interest they might have. This note is provided as a reminder to Members to review the matters on the agenda and assess and identify where they may have a pecuniary or other conflict of interest, or where there may be a perception of a conflict of interest.

If a member feels they do have a conflict of interest, they should publicly declare that at the start of the meeting or of the relevant item of business and refrain from participating in the discussion or voting on that item. If a member thinks they may have a conflict of interest, they can seek advice from the Chief Executive or the Group Manager Corporate Services Risk and Assurance (preferably before the meeting). It is noted that while members can seek advice the final decision as to whether a conflict exists rests with the member.

3. **NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA**

Section 46A of the Local Government Official Information and Meetings Act 1987 states:

- (7) An item that is not on the agenda for a meeting may be dealt with at the meeting if –
 - (a) the local authority by resolution so decides, and
 - (b) the presiding member explains at the meeting at a time when it is open to the public, -
 - (i) the reason why the item is not on the agenda; and
 - (ii) the reason why the discussion of the item cannot be delayed until a subsequent meeting.
- (7A) Where an item is not on the agenda for a meeting, -
 - (a) that item may be discussed at the meeting if –
 - (i) that item is a minor matter relating to the general business of the local authority; and
 - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
 - (b) No resolution, decision, or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.

**4. NGĀ MENETI O TE HUI KAUNIHERA
MINUTES OF MEETINGS**

The minutes of the previous meeting were circulated.

- **Risk and Assurance Committee Meeting Minutes – 7 November 2024** (Pages 6 – 10)

5. ACTION LIST (Page 11)

**6. NGĀ TĀPAETANGA
PRESENTATIONS**
Nil

**7. PŪRONGO KAIMAHI
STAFF REPORTS**

- **Quarterly Report – Q2 – Financial** (Pages 12 – 35)
Lynley Truman, Finance Manager
- **Staff Conflict of Interest Policy** (Pages 36 – 52)
Lesley Crichton, Group Manager Corporate Services and Risk Assurance

**8. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI
RESOLUTION TO GO INTO PUBLIC EXCLUDED**

(to consider and adopt confidential items)

Resolutions to exclude the public: Section 48, Local Government Official Information and Meetings Act 1987.

The general subject of the matters to be considered while the public are 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 the resolution are as follows:

Item No.	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.	Confidential Minutes – 7 November 2024	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
2.	Health and Safety Initiatives as at 31 January 2025	Good reason to withhold exist under Section 7	That the public conduct of 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 exists.

			Section 48(1)(a)
3.	Information Technology Report	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
4.	Quarterly Report on Whistleblower Services at 31 December 2025	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
5.	Risk Report	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
6.	Westland District Library	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1, 2	Protect the privacy of natural persons, including that of deceased natural persons (S. 7(2)(a))
1, 2	Avoid prejudice to measures protecting the health or safety of members of the public. (S. 7(2)(d))
3	Avoid prejudice to measures that prevent to mitigate material loss to members of the public (S.7(2)(e))
1, 4	Maintain the effective conduct of public affairs through:

	(ii) The protection of such members, officers, employees, and persons from improper pressure of harassment	(S. 7(2)(f))
1, 4, 5	Maintain legal professional privilege; or	(S. 7(2)(g))
1, 2, 4, 5, 6	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or	(S. 7(2)(h))
1, 6	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations)	(S. 7(2)(i))
3	Prevent the disclosure or use of official information for improper gain or improper advantage	(S.7(2)(j))

**DATE OF NEXT RISK AND ASSURANCE COMMITTEE MEETING – 8 MAY 2025
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**



RISK AND ASSURANCE COMMITTEE MEETING MINUTES

MINUTES OF THE RISK AND ASSURANCE COMMITTEE MEETING OF WESTLAND DISTRICT COUNCIL HELD IN THE WESTLAND DISTRICT COUNCIL OFFICES, 36 WELD STREET, HOKITIKA AND VIA ZOOM ON THURSDAY, 7 NOVEMBER 2024, 1PM

The Committee Meeting was live streamed to the Westland District Council YouTube Channel and presentations are made available on the council website.

1. MEMBERS PRESENT AND APOLOGIES

Chairperson:	Rachael Dean
Members:	Her Worship the Mayor
	Cr Baird

NGĀ WHAKAPAAHA APOLOGIES

Cr Neale, Cr Phelps and Kw Tumahai

Moved Cr Baird, seconded Her Worship the Mayor and **Resolved** that the apologies from Cr Neale, Cr Phelps and Kw Tumahai be received and accepted.

STAFF PRESENT

L. Crichton, Group Manager Corporate Services & Risk Assurance (via zoom); E. Bencich, Acting Group Manager District Assets; D. Maitland; Executive Assistant; E. Rae, Strategy and Communications Advisor (via Zoom); P. Coleman, Governance Administrator.

The following staff were present for part of the meeting:

L. Truman, Finance Manager.

2. WHAKAPUAKITANGA WHAIPĀNGA DECLARATIONS OF INTEREST

The Interest Register had been circulated.

There were no changes to the Interest Register noted.

3. NGĀ TAKE WHAWHATI TATA KĀORE I TE RĀRANGI TAKE URGENT ITEMS NOT ON THE AGENDA

There were no urgent items of business not on the Agenda.

4. NGĀ MENETI O TE HUI KAUNIHERA MINUTES OF MEETINGS

The Minutes of the previous meetings had been circulated.

- Risk and Assurance Committee Meeting Minutes – 8 August 2024

- **Extraordinary Risk and Assurance Committee Meeting Minutes – 17 October 2024**

Moved Her Worship the Mayor, seconded Cr Baird and **Resolved** that the Minutes of the Risk and Assurance Committee Meeting held on 8 August 2024 and the Minutes of the Extraordinary Risk and Assurance Committee Meeting held on 17 October 2024 be confirmed as a true and correct record of the meeting.

The Chair **Approved** that their digital signature be added to the confirmed Risk and Assurance Committee Meeting Minutes of 8 August 2024 and the confirmed Extraordinary Risk and Assurance Committee Meeting Minutes held on 17 October 2024.

5. **ACTION LIST**

Lesley Crichton, Group Manager Corporate Services and Risk Assurance spoke to the Action List and provided the following updates:

- **Workshop: Evaluation of the performance of the Committee –**
 - The Chair will send out questionnaires in January/February 2025 to have the workshop before the May Risk and Assurance Committee meeting.
- **Staff Conflict of Interest Policy** has been added to the Action List. This item was due to come to this Risk and Assurance Committee meeting, due to other commitments this has not been completed, so this item has been added to the Action List to ensure it doesn't get forgotten.

Moved Chair Rachael Dean, seconded Her Worship the Mayor and **Resolved** that the updated Action List be received.

6. **NGĀ TĀPAETANGA PRESENTATIONS**

Nil

7. **PŪRONGO KAIMAHI STAFF REPORTS**

- **Workplan**

Lesley Crichton, Group Manager Corporate Services and Risk Assurance spoke to this item.

Moved Chair Rachael Dean, seconded Cr Baird and **Resolved** that:

1. The Workplan be received.

- **Asset Management Policy**

Erle Bencich, Acting Group Manager District Assets spoke to this item and advised the purpose of this report was to review the revised Asset Management Policy.

Moved Her Worship the Mayor, seconded Cr Baird and **Resolved** that:

1. The report be received.
2. The updated Asset Management Policy be received.

- **Procurement Policy**

Erle Bencich, Acting Group Manager District Assets spoke to this item and advised the purpose of this report was to review the revised Procurement Policy.

- Suggestions from the Chair –

- Pg 26 – Council will develop templates and processes to ensure that purchasing activities are documented and recorded appropriately”. Add the word “authorised” as part of the core of this.
- Emergency procurement – a certain type of cyber emergency may classify as emergency procurement.

Moved Chair Rachael Dean, seconded Cr Baird and **Resolved** that:

1. The report be received.
2. The updated Procurement Policy be received.

- **Land Acquisition and Disposal Policy**

Erle Bencich, Acting Group Manager District Assets spoke to this item and advised the purpose of this report was to review the revised Land Acquisition and Disposal Policy.

Moved Cr Baird, seconded Her Worship the Mayor and **Resolved** that:

1. The report be received.
2. The updated Land Acquisition and Disposal Policy be received.

- **Quarterly Report – Q1 – 1 July – 30 September 2024**

Emma Rae, Strategy and Communications Advisor and Lynley Truman, Finance Manager spoke to this item and advised the purpose of this report was to inform the Committee of Council’s financial and service delivery performance for the three months ended 30 September 2024 (Q1).

- Comments from the Chair –
 - Mayors taskforce for Jobs has delivered good value in terms of opportunities delivered for the amount invested.

Moved Cr Baird, seconded Her Worship the Mayor and **Resolved** that:

1. The report be received.
2. The Committee receive the Quarterly Report Q1 July – September 2024, as attached to the agenda.

8. KA MATATAPU TE WHAKATAUNGA I TE TŪMATANUI RESOLUTION TO GO INTO PUBLIC EXCLUDED

(to consider and adopt confidential items)

Moved Chair Rachael Dean, seconded Her Worship the Mayor and **Resolved** that the Risk and Assurance Committee confirm that the public were excluded from the meeting in accordance with Section 48, Local Government Official Information and Meetings Act 1987 at 1.21 pm.

The general subject of the matters to be considered while the public are 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 the resolution are as follows:

Item No.	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.	Confidential Minutes – 8 August 2024	Good reason to withhold exist under Section 7	That the public conduct of 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 exists.

			Section 48(1)(a)
2.	Confidential Extraordinary Minutes – 17 October 2024	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
3.	Health and Safety Initiatives at 31 October 2024	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
4.	Quarterly Report on Whistle Blower Services at 30 September 2024	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
5.	Verbal Update Insurance	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)
6.	Risk Report	Good reason to withhold exist under Section 7	That the public conduct of 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 exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) and (d) of the Local Government Official Information and Meetings Act 1987 and the particular interests or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No.	Interest
1, 3	Protect the privacy of natural persons, including that of deceased natural persons

(S. 7(2)(a))

1	Protect information where the making available of the information: (i) would disclose a trade secret; and (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information (S. 7(2)(b))
1, 3	Avoid prejudice to measures protecting the health or safety of members of the public. (S. 7(2)(d))
1	Avoid prejudice to measures that prevent to mitigate material loss to members of the public. (S. 7(2)(e))
1, 4	Maintain the effective conduct of public affairs through: (ii) The protection of such members, officers, employees, and persons from improper pressure of harassment (S. 7(2)(f))
1, 4, 5, 6	Maintain legal professional privilege; or (S. 7(2)(g))
1, 3, 4, 5, 6	Enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities; or (S. 7(2)(h))
1, 2	Enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (S. 7(2)(i))
1	Prevent the disclosure of use of official information for improper gain or improper advantage. (S. 7(2)(j))

Moved Cr chair seconded Cr mayor and **Resolved** that the business conducted in the 'Public Excluded Section' be confirmed and accordingly, the meeting went back to the open part of the meeting at 1.47pm

**DATE OF NEXT RISK AND ASSURANCE COMMITTEE MEETING – TBC
COUNCIL CHAMBERS, 36 WELD STREET, HOKITIKA AND VIA ZOOM**



MEETING CLOSED AT 1.48 PM

Confirmed by the Risk and Assurance Committee at their meeting on 13 February 2025.

Rachael Dean
Chair

Date:

13.02.25 – RISK AND ASSURANCE COMMITTEE – ACTION LISTING

Date		COMPLETED IN PROGRESS OVERDUE	Item	Action Required	Status	Lead Officer
1	09.11.21		Workshop: Evaluation of the performance of the Committee	Workshop to be scheduled with the first meeting of 2024.	Evaluations to be send out after the February meeting with a potential workshop as part of either the May meeting or August meeting depending on workloads.	Chair
2	29.10.24		Staff Conflict of Interest Policy	To return policy to R&A committee after including recommendations	Updated policy including the committee's recommendations is on the agenda.	GMCS

Report to Committee



DATE: 13 February 2025
TO: Risk and Assurance Committee
FROM: Finance Manager

QUARTERLY REPORT – Q2 – 1 OCTOBER – 31 DECEMBER 2024

1. Summary

- 1.1. The purpose of this report is to inform the Committee of Council's financial and service delivery performance for the three months ended 31 December 2024 (Q2).
- 1.2. This issue arises from a requirement for sound financial governance and stewardship with regards to the financial performance and sustainability of a local authority.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2024, which are set out in the Enhanced Annual Plan 2024/2025. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that Committee receive the Quarterly Report Q2 October - December 2024 (Quarterly Report), attached as **Appendix 1**.

2. Background

- 2.1 The reason the report has come before the Committee is due to the requirement for the Committee to have current knowledge of Council's management of risk, including both financial and non-financial. The quarterly report provides information for non-financial information against targets and objectives adopted in the Long Term Plan 2021-2031, and current financial disclosures.

3. Current Situation

- 3.1. The current situation is that the Committee receives a quarterly report in a consistent format.
- 3.2. The Quarterly Report, attached as **Appendix 1**, contains the following elements:
 - 3.2.1. Financial Summary
 - 3.2.1.1. Revenue and Expenditure Graphs
 - 3.2.1.2. Statement of Comprehensive Revenue and Expenditure
 - 3.2.1.3. Notes to Statement of Comprehensive Revenue and Expenditure
 - 3.2.1.4. Funding Impact Statement
 - 3.2.1.5. Statement of Financial Position
 - 3.2.1.6. Capital Report
 - 3.2.2. Disclosure Statement
 - 3.2.2.1. Rates Affordability Benchmarks
 - 3.2.2.2. Debt Affordability Benchmark

- 3.2.2.3. Balanced Budget Benchmark
- 3.2.2.4. Essential Services Benchmark
- 3.2.2.5. Debt Servicing Benchmark
- 3.2.2.6. Debt Control Benchmark
- 3.2.3. Treasury Report
 - 3.2.3.1. Compliance Summary
 - 3.2.3.2. Community Loans
 - 3.2.3.3. Cash Investments
 - 3.2.3.4. Debtors

3.3. Note: The Statement of Service Provision has not been included in this iteration of the Quarterly Reports due to LTP preparation.

4. Options

4.1. Option 1: The Committee does not receive the Quarterly Report Q2 October - December 2024.

4.2. Option 2: The Committee receives the Quarterly Report Q2 October - December 2024.

5. Risk Analysis

5.1. Risk has been considered, and the following risks have been identified:

5.1.1. Financial risk: mismanagement through lack of awareness of the Council's benchmarks and treasury position.

5.1.2. Reputational risk: poor activity performance through lack of oversight of how activity groups are tracking to their KPIs.

6. Health and Safety

6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as being low. The report is an administrative document for the Committee's information.

7.2. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1: If the Committee does not receive the report there will be low oversight of the financial risk management of Council or whether the activity groups are achieving the level of service that Council determined through the long term and annual plans.

8.2. There are no financial implications to this option.

8.3. Option 2: This report is for information only to ensure oversight of Council's financial and non-financial risk. Staff welcome feedback for continuous improvement of the quality of the information provided.

8.4. There are no financial implications to this option.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 2.

9.2. The reason that Option 2 has been identified as the preferred option is that it provides the Committee with up-to-date information regarding Council's activities and financial disclosures at the end of Q2. Doing nothing reduces the oversight offered by the Committee.

10. Recommendation(s)

10.1. That the report be received.

10.2. That Committee receive the Quarterly Report Q2 October - December 2024, attached as Appendix 1.

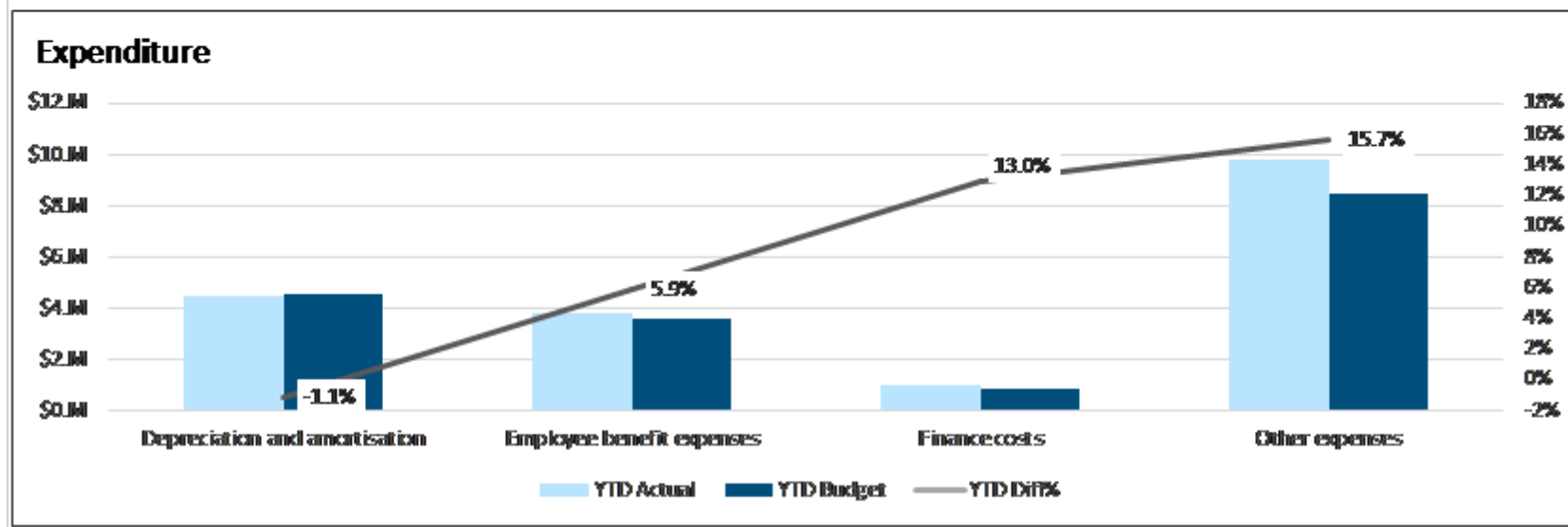
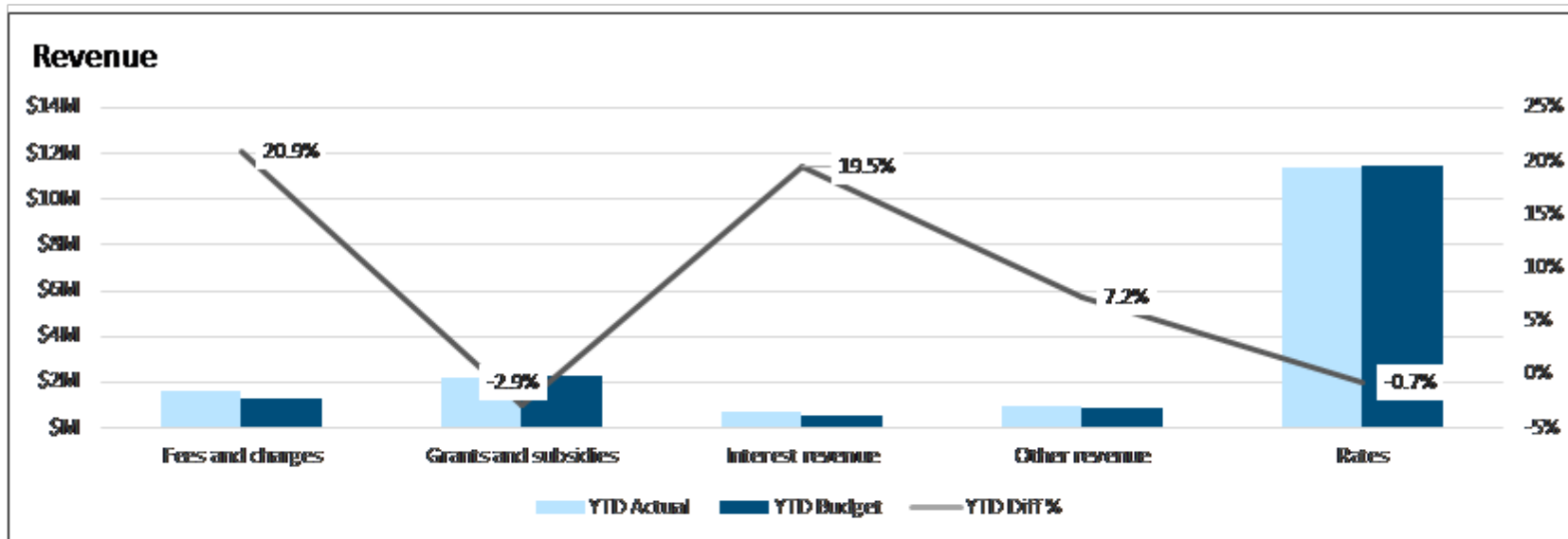
Cody Nabben
Graduate Accountant

Emma Rae
Strategy and Communications Advisor

Appendix 1: Quarterly Report Q2 October - December 2024

Financial Summary

Revenue and Expenditure Graphs



Statement of Comprehensive Revenue and Expenditure

	Notes	Full Year Forecast (\$000)	Full Year Budget (\$000)	YTD Budget (\$000)	Actual YTD (\$000)	Variance YTD (\$000)	Var/Bud %
Revenue							
Rates	01	22,880	22,958	11,443	11,365	(78)	(0.68%)
Grants and subsidies	02	12,638	13,268	2,260	2,195	(65)	(2.85%)
Interest Revenue	03	1,230	1,121	560	669	109	19.46%
Fees and Charges	04	2,933	2,656	1,324	1,601	277	20.89%
Other revenue	05	1,619	1,557	861	924	62	7.24%
Total operating revenue		41,300	41,560	16,449	16,754	305	1.86%
Expenditure							
Employee Benefit expenses	06	7,373	7,162	3,586	3,797	211	5.89%
Finance Costs	07	1,874	1,760	880	994	114	12.96%
Depreciation	08	9,022	9,074	4,537	4,485	(52)	(1.14%)
Other expenses	09	20,601	19,618	8,512	9,845	1,333	15.66%
Total operating expenditure		38,871	37,614	17,514	19,121	1,607	9.17%
Operating Surplus/(Deficit)		2,429	3,946	(1,066)	(2,367)	(1,302)	122%

Notes to Statement of Comprehensive Revenue and Expenditure

Comments are provided on permanent variances over \$25,000.

01 Rates

Rates revenue is relatively on track.

02 Grants and subsidies

\$328k grant revenue is for Freedom Camping 2023/24.

The budget spread for transport grants has been reviewed to align with expectations. Transport grants to date total \$1.4m.

03 Interest Revenue

Not included in the budget was the interest to be recouped from our CCTOs for loans held on their behalf. \$186k of the interest revenue relates to this CCTO interest, which is offset by the interest expense accrued for these loans - see Note 07 below.

Along with the loss on swaps mentioned in note 09 comes a drop in interest revenue from swaps. This is \$53k under budget.

04 Fees and charges

Building and resource consent fees are over by \$140k and \$132k respectively due to higher consent numbers than anticipated as well as higher complexity (leading to more hours charged). This is offset by consent processing costs of \$95k and Legal fees \$93k. Waste disposal levy payments are \$47k over due to higher than expected tourist numbers and escalations.

05 Other Revenue

Of the Local Water Done Well project costs incurred so far (\$55k consultancy), 2 thirds of this has been recovered \$37k.

06 Employee benefit expenses

No specific material variances.

07 Finance Costs

As mentioned in Note 03, the variance relates to interest expense on loans held on behalf of our CCTOs. This is offset by the revenue from the CCTOs who bear the interest expense.

08 Depreciation

Depreciation is on track.

09 Other expenses

- Non-cash loss on swaps of \$868k has been recognized this year, which is higher than the \$255k full year budget. This is due to a significant drop in interest rates since the beginning of the financial year.
- LTP audit cost of \$132k was not included in the current year budget as it was budgeted for in the prior year when it was originally expected to be completed. Consequently, there is a carried forward budget from last year of \$104k against this cost.
- \$55k consultancy fees for the Local Water Done Well support package project - currently at preliminary stage. This is partially offset by the recoveries mentioned in Note 5.
- Refuse collection costs are over by \$63k due to pricing escalations.
- Building and Resource consent processing costs total \$95k - offset by fees mentioned in Note 4.
- \$225k emergency road maintenance for slip removal following the weather event on 9th of November.

Funding Impact Statement

Funding Impact Statement for Whole of Council				
	2024 Annual Plan \$000	2024 Annual Report \$000	2025 Annual Plan \$000	2025 Actual \$000
(SURPLUS) / DEFICIT OF OPERATING FUNDING				
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	11,131	11,174	10,925	5,406
Targeted Rates	8,135	7,717	12,034	5,959
Subsidies and grants for operating purposes	2,638	3,508	4,242	1,756
Fees and charges	2,232	2,744	2,603	1,582
Interest and dividends from investments	518	1,482	1,371	932
Local authorities fuel tax, fines, infringement fees, and other receipts	985	1,413	1,360	682
Total Operating Funding (A)	25,639	28,038	32,534	16,316
Applications of Operating Funding				
Payments to staff and suppliers	21,916	25,210	24,306	13,637
Finance Costs	1,130	1,803	1,760	994
Total Applications of Operating Funding (B)	23,047	27,013	26,066	14,631
Surplus/(Deficit) of Operating Funding (A - B)	2,592	1,025	6,468	1,685
(SURPLUS) / DEFICIT OF CAPITAL FUNDING				
Sources of Capital Funding				
Subsidies and grants for capital expenditure	7,205	6,373	9,026	434
Increase (decrease) in debt	6,887	4,500	3,888	31,318
Gross proceeds from sale of assets	-	125	-	-
Total Sources of Capital Funding (C)	14,092	10,998	12,914	31,752
Application of Capital Funding				
Capital Expenditure:				
-to meet additional demand	252	177	818	287
-to improve the level of service	10,600	6,656	7,600	1,406
-to replace existing assets	9,770	4,598	12,602	1,005
Increase (decrease) in reserves	(3,938)	591	(1,638)	30,738
Increase (decrease) of investments	-	-	-	-
Total Applications of Capital Funding (D)	16,684	12,023	19,382	33,437
Surplus/(Deficit) of Capital Funding (C - D)	(2,592)	(1,025)	(6,468)	(1,685)
Funding Balance ((A - B) + (C - D))	-	-	-	-

Statement of Financial Position

	At 31 December 2024 \$000	Annual Plan 2024/25 \$000	Actual 2023/2024 \$000
Assets			
Current assets			
Cash & cash equivalents	5,225	7,022	5,320
Debtors & other receivables	3,865	3,776	3,613
Inventory	218	-	208
Tax receivable	-	-	-
Derivative financial instruments	17	53	181
Other financial assets	7,971	128	8,271
Total Current Assets	17,296	10,978	17,594
Assets held for sale			
Land held for sale	446	-	446
Total Assets Held for Sale	446	-	446
Non-current assets			
Council Controlled Organisation	12,480	12,695	12,480
Deferred Tax	-	-	-
Intangible assets	127	74	141
Assets Under Construction	8,117	16,450	5,435
Derivative financial instruments	59	642	441
Other Financial Assets	1,702	776	1,703
Investment property	-	-	-
Property, Plant and Equipment	529,334	555,720	533,816
Term Inventory	-	-	-
Total Non-current assets	551,819	586,357	554,016
Total Assets	569,561	597,335	572,056
Liabilities			
Current liabilities			
Creditors & other payables	1,760	3,825	3,548
Employee benefit liabilities	706	545	589
Borrowings	7,918	6,000	8,218
Derivative financial instruments	-	-	-
Other	2,502	619	987
Total Current Liabilities	12,886	10,989	13,343
Non-current liabilities			
Deferred Tax	68	-	68
Employee benefit liabilities	41	32	36
Provisions	3,137	3,335	3,137
Borrowings	28,826	31,707	28,826
Derivative financial instruments	339	-	18
Total Non-Current Liabilities	32,411	35,073	32,084
Total Liabilities	45,298	46,062	45,427
Net Assets	524,264	551,273	526,630

Capital Report

Capital Projects 2024/25		
As at 31/12/2024		
Project / Activity	YtD Expenses	Annual Plan
Leadership	163,311	577,291
Planning & Regulatory Services	0	186,939
Library & Museum	27,561	113,126
Water Supply	221,805	2,516,011
Waste Water	419,015	4,555,618
Solid waste	78,634	767,891
Storm water	44,656	1,392,340
Cemeteries	871	98,129
Swimming pools	(10,087)	635,249
Facilities & leisure services - other	812,745	2,611,444
Parks & reserves	372,944	1,036,786
Land transportation	168,460	9,240,974
Better Off Funded Projects	263,104	622,586
Less Operational Better Off Funding	(112,113)	(392,804)
	150,992	229,782
Unbudgeted capital expenditure	52,047	0
Funded Projects	178,861	0
Total	2,793,928	24,354,384
Total Less Operational Better Off Funding	2,681,815	23,961,580

Disclosure Statement

The following information is the disclosure statement for year ending 30 September 2024.

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

1. Rates Affordability Benchmarks

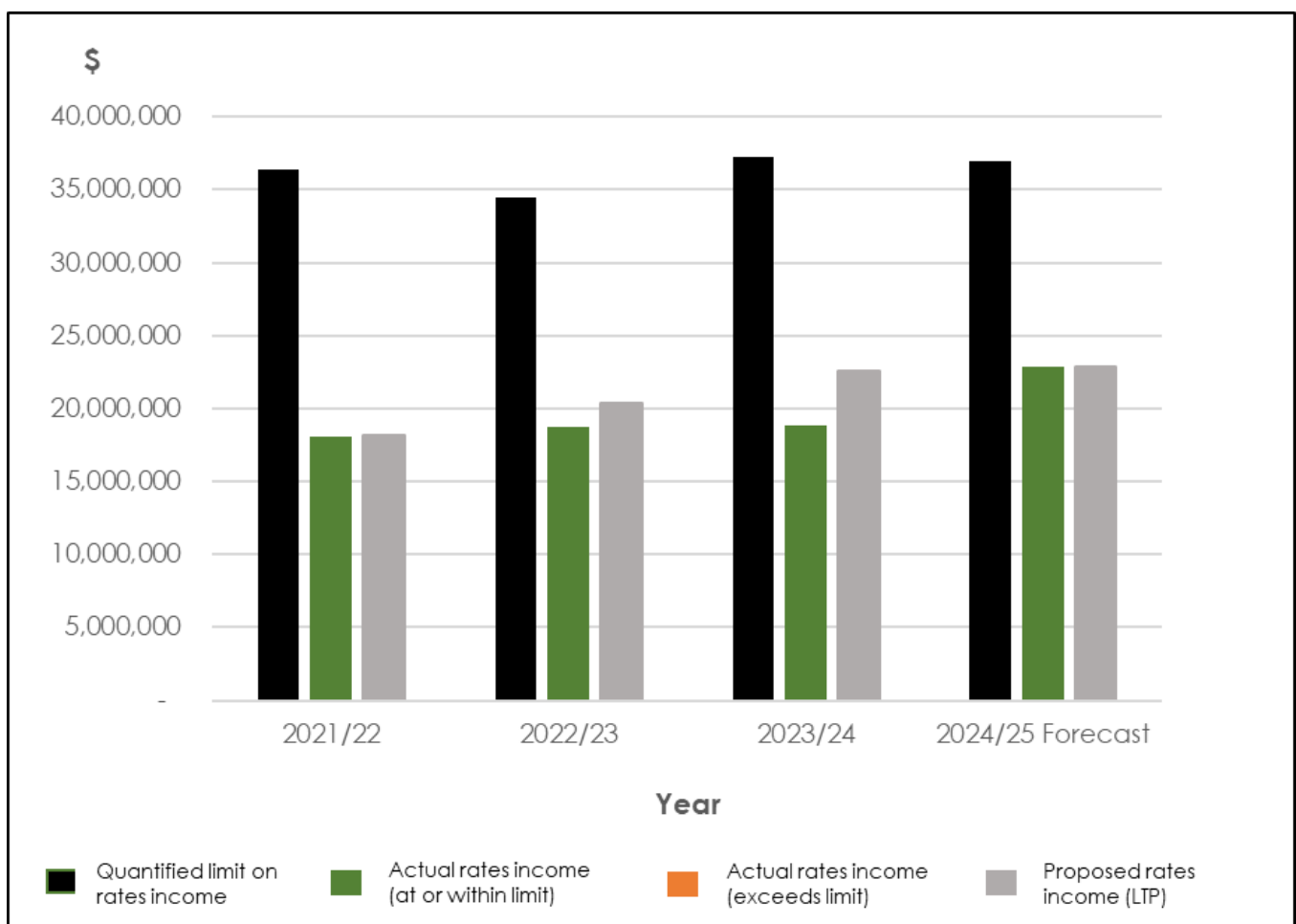
Council meets the rates affordability benchmark if:

- Its actual rates income equals or is less than each quantified limit on rates; and
- Its actual rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is \$36.9m.

Council is forecasting to meet this measure in the 2024/2025 financial year: rates are not expected to exceed the rates (income) affordability benchmark.

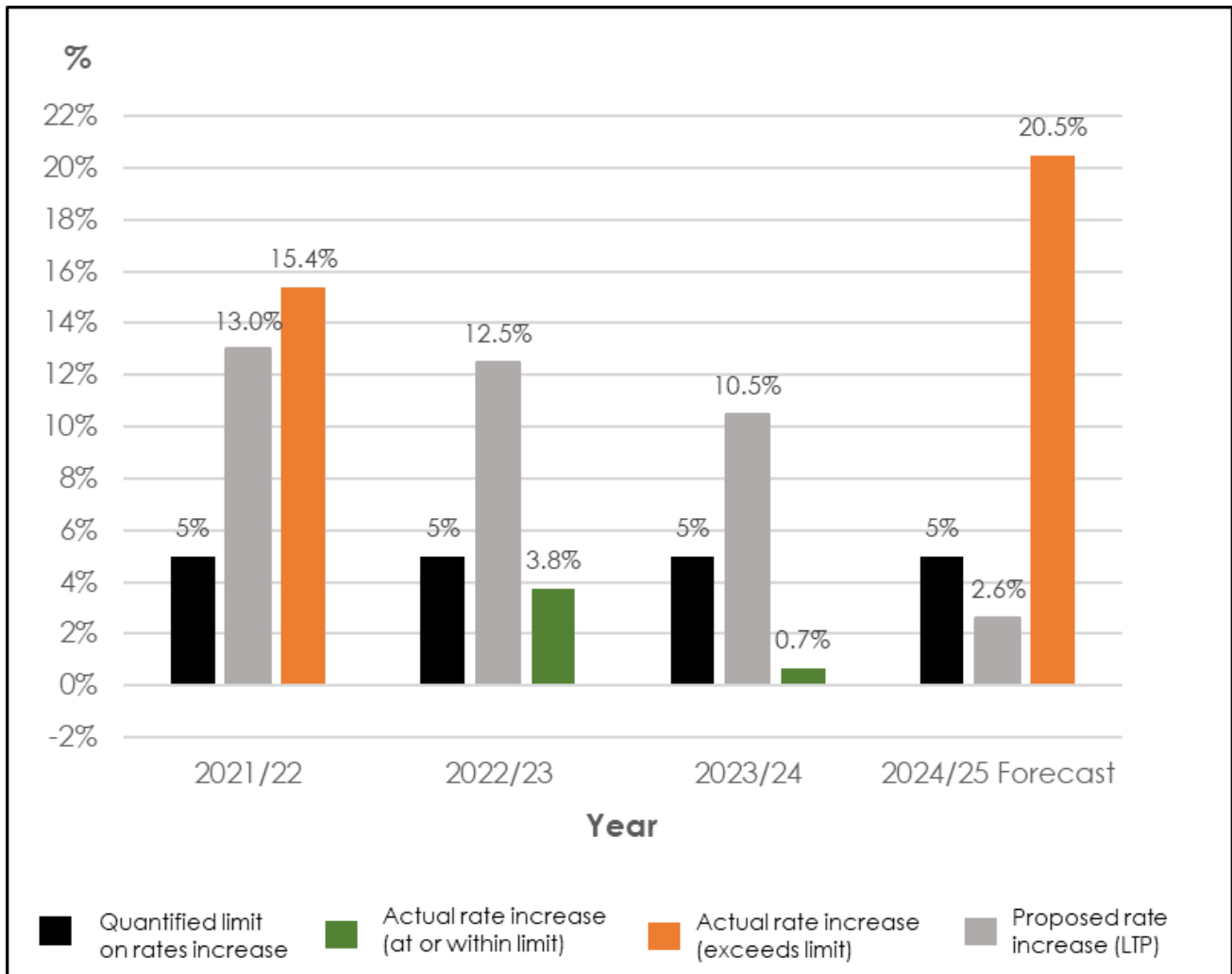
Rates (income) affordability



The following graph compares the Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long-term plan. The quantified limit is 5% in any one year.

Council is forecasting to not meet this measure in the 2024/2025 financial year: rates are expected to exceed the rates (increases) affordability benchmark.

Rates (increases) affordability



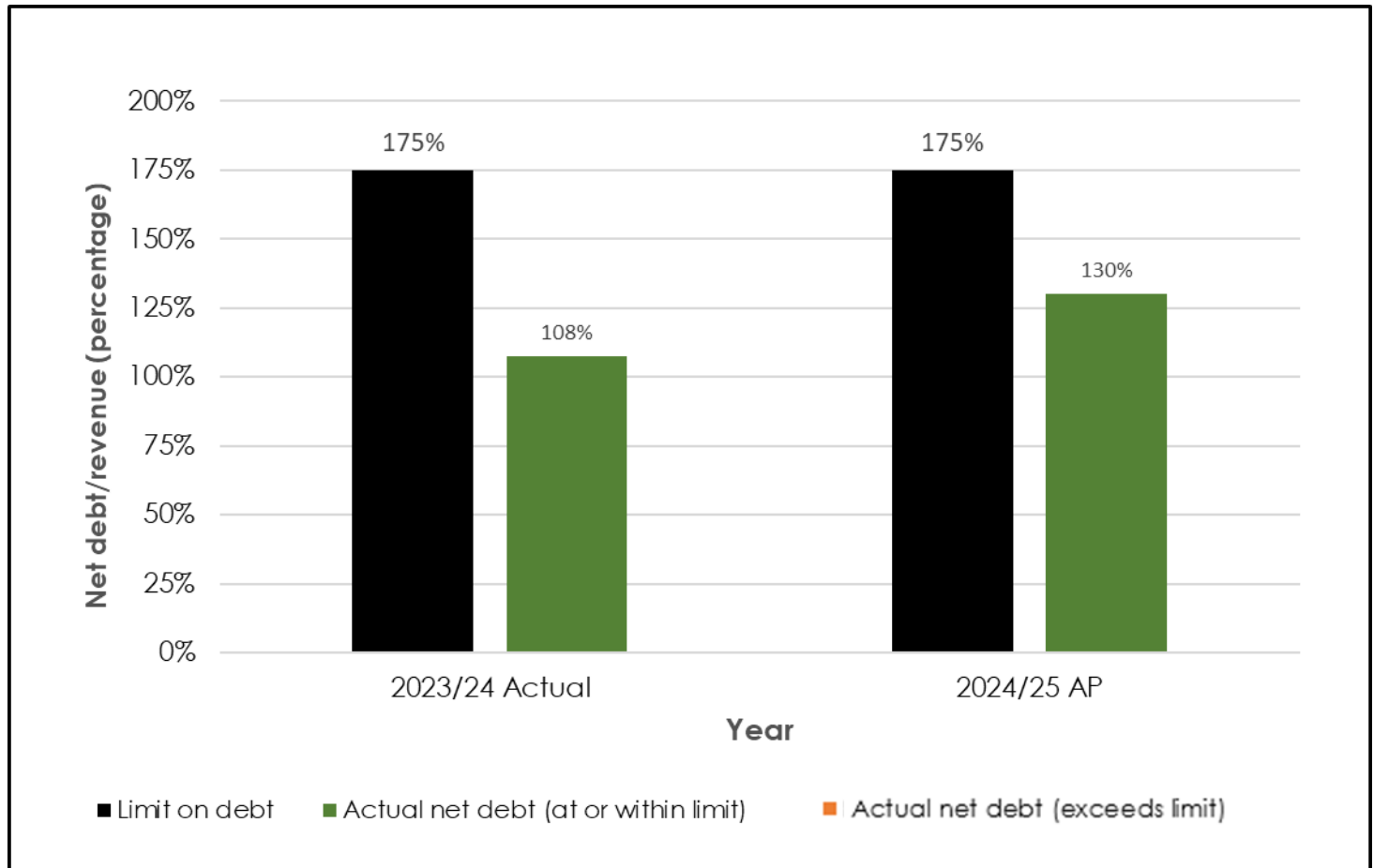
This is largely due to rates relief provided in prior years.

2. Debt Affordability Benchmark

Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing.

The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan. The quantified limit is set so that debt will not exceed 175% of revenue.

Council is forecasting to meet this measure in the 2024/2025 financial year: debt is not expected to exceed the debt affordability benchmark.



3. Balanced Budget Benchmark

The following graph displays council's **revenue** as a proportion of **operating expenses**. Council meets this benchmark if its revenue equals or is greater than its operating expenses.

Revenue excludes:

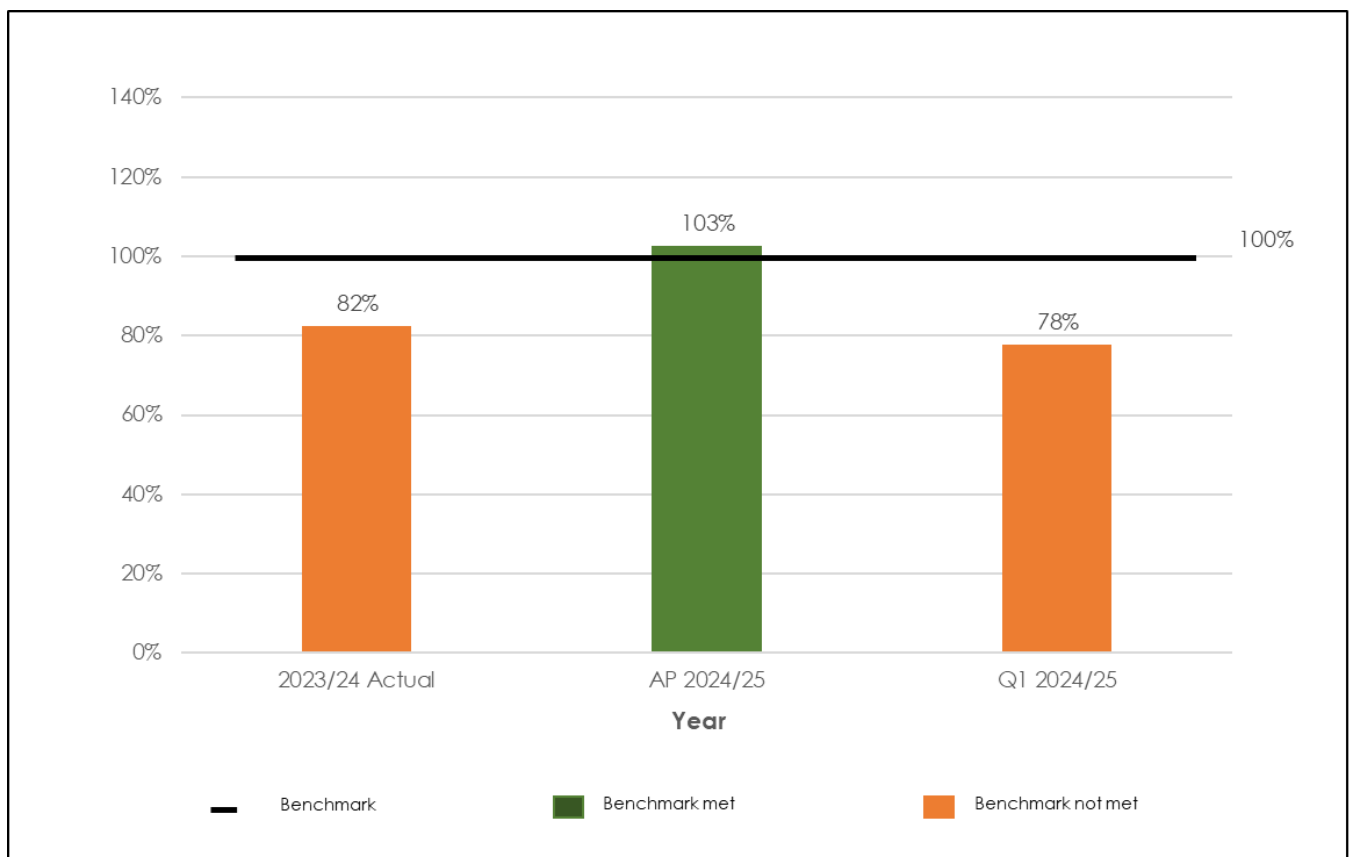
- development contributions,
- financial contributions,
- vested assets,
- gains on derivative financial instruments, and
- revaluations of property, plant, or equipment)

Operating Expenses excludes:

- losses on derivative financial instruments, and
- revaluations of property, plant, or equipment

This benchmark is budgeted to be met in the 2024/2025 financial year. The forecast considers variances between what we budgeted for and what has occurred to date. More information on these variances can be found in the Notes to Statement of Comprehensive Revenue and Expenditure.

Revenue / Expenditure (%)



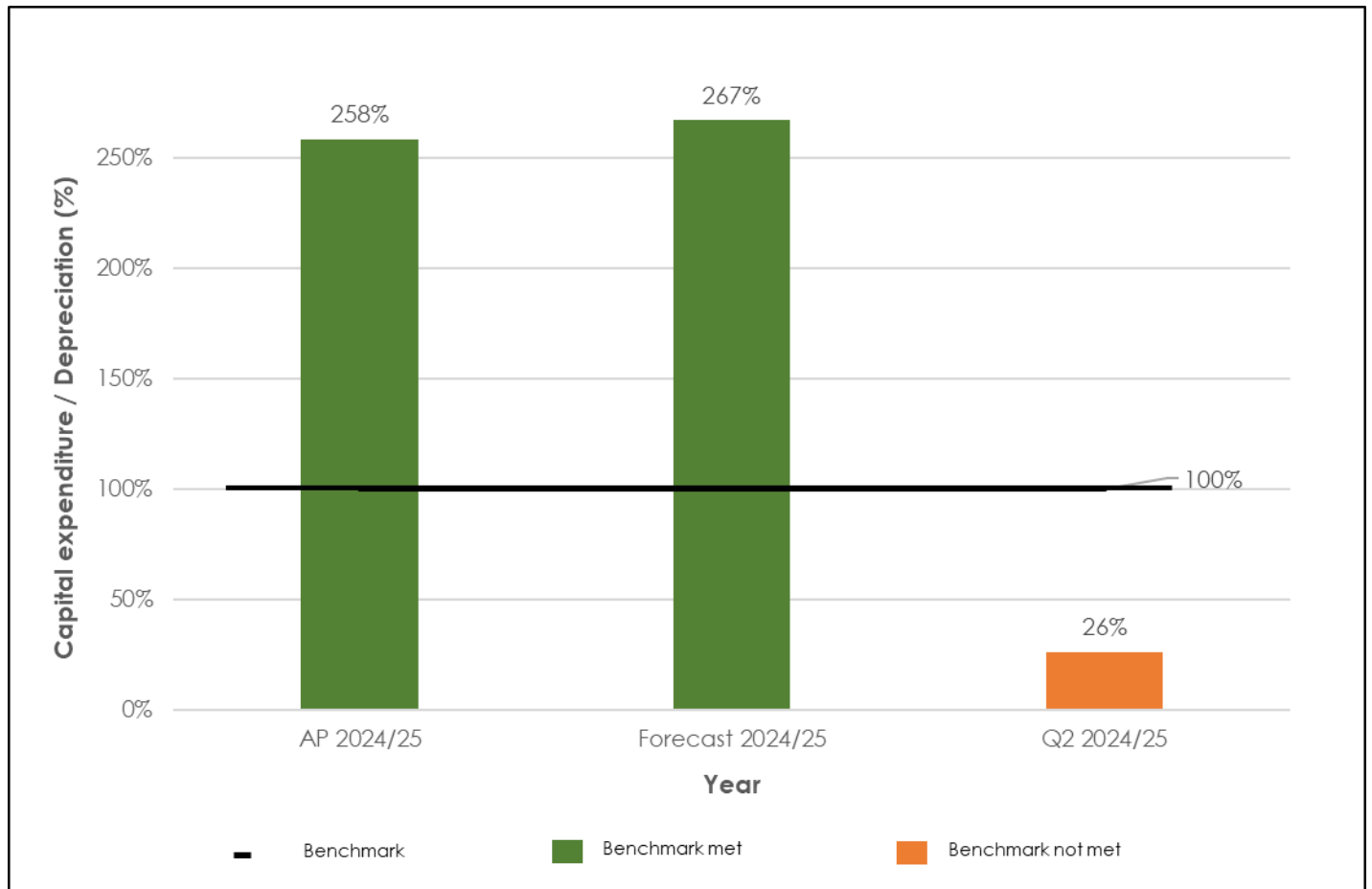
See the 'Statement of Comprehensive Revenue and Expenditure' and related Notes for more detail on Q1 2024/25.

4. Essential Services Benchmark

The following graph displays council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network service.

Essential Services are Water Supply, Wastewater, Stormwater, and Roothing

Capital expenditure / Depreciation (%)



Year to date capex is 26.33% of depreciation. This is largely due to low spend in Roothing to date. This is due to a timing issue where the majority of invoices are usually received in the second half of the year, as well as a change to the Land Transport Programme where funding for capital projects has been reallocated. It is unlikely that this benchmark will be met this financial year.

5. Debt Servicing Benchmark

The following graph displays council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the Westland District's population will grow more slowly than the national population growth rate, council meets the debt servicing benchmark if its borrowing costs are equal to or are less than 10% of its revenue.

Borrowing costs/Revenue (%)

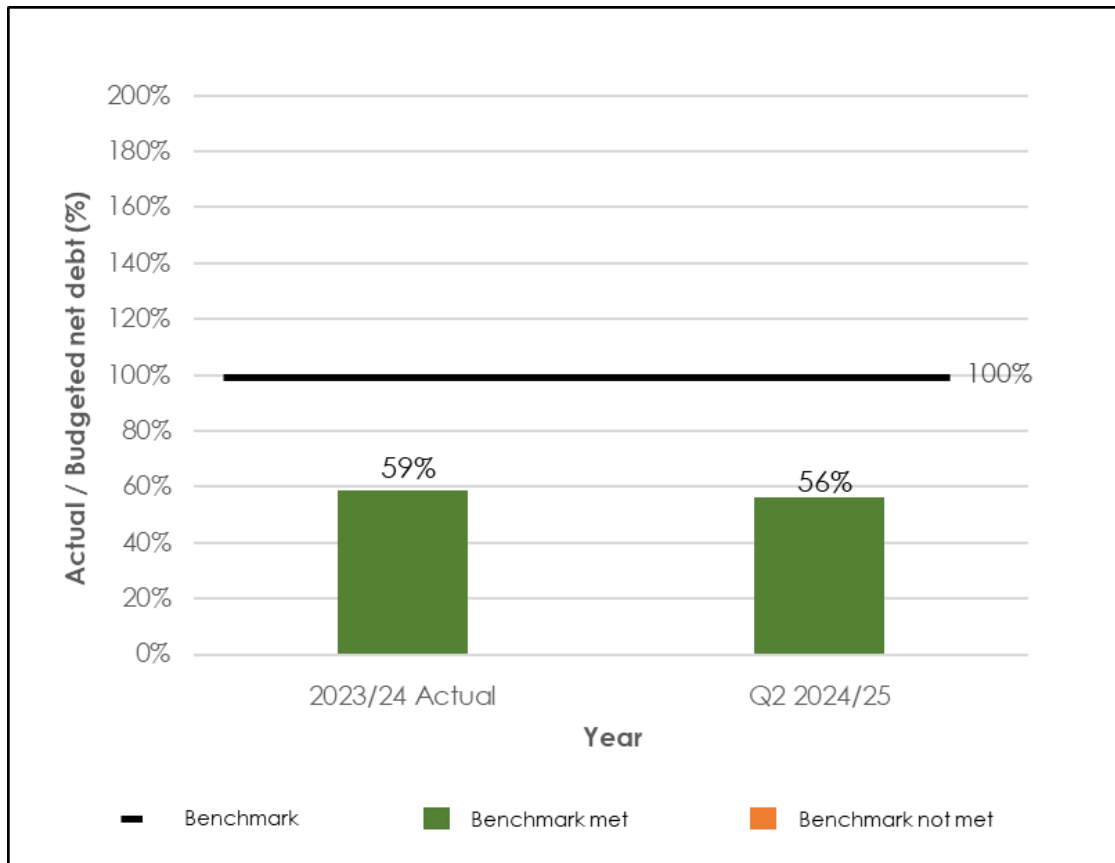


6. Debt Control Benchmark

The following graph displays council's actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

Council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt. This benchmark is being met as of the end of Q2.

Actual / Budgeted net debt (%)



Treasury Report

Summary

The purpose of this section of the Quarterly Report is to provide an update on Council's Treasury Position as at **31 December 2024**.

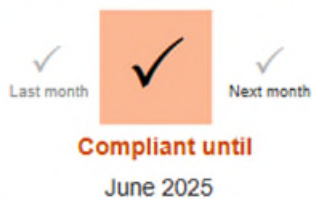
This section shows the Council's position for the following items:

- Financial Risks
- Council's debt position
- Loans
- Other Borrowings (if any)
- Swaps
- Community Loans
- Cash Flow
- Debtors

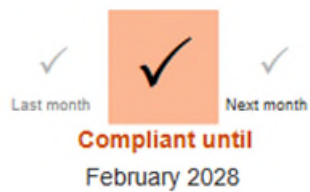
Council has contracted PWC as an independent treasury adviser.

Compliance Summary

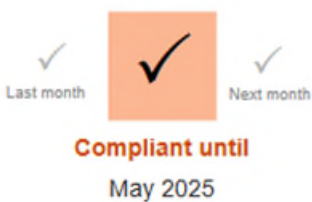
Interest rate risk



Liquidity risk



Funding risk



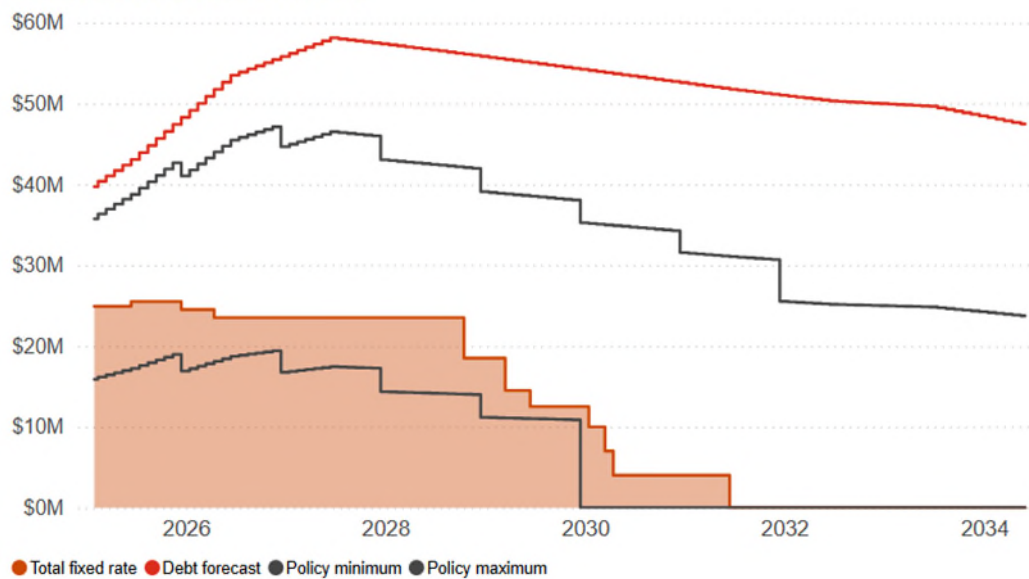
Investments



Interest Rate Risk

The interest rate risk timeline visually represents the Council's interest rate position within approved interest rate control limits as set out in Council's Liability Management Policy.

Interest rate risk timeline



\$33,218,352

Gross debt less prefunding

\$24,900,000

Total fixed rate instruments

75%

Current hedged (%)

3.46%

Current WA fixed rate

3.03

WA fixed term (years)

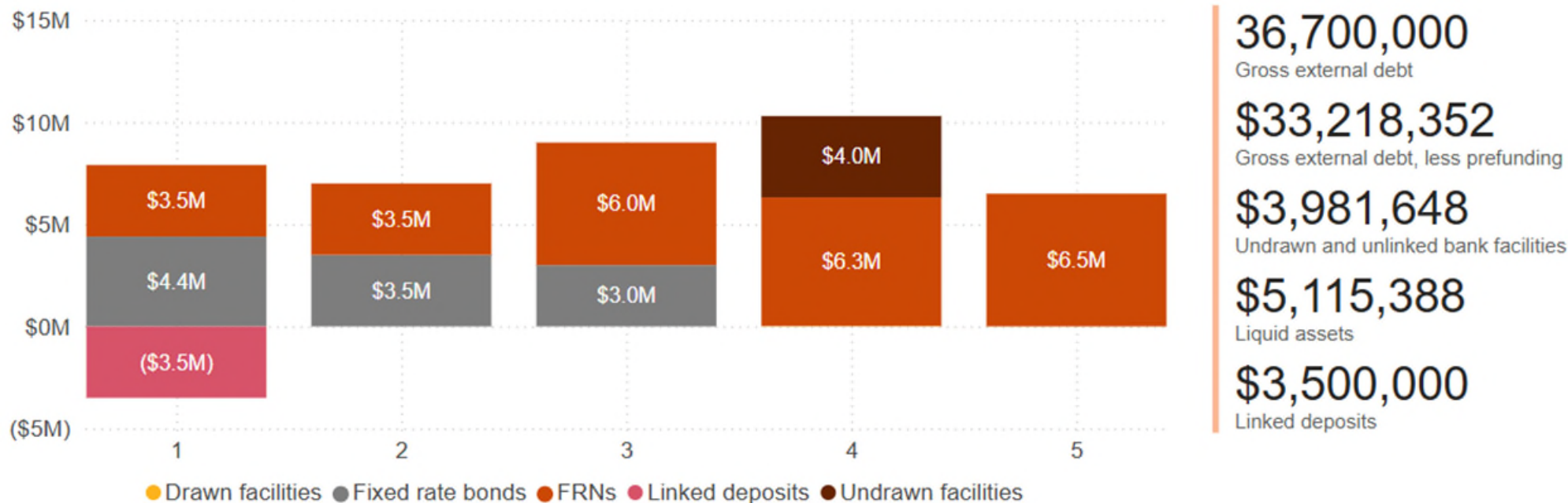
Interest rate summary

#	Bucket	Min	Max	Actual
1	0 - 1	40%	90%	64%
2	1 - 12	40%	90%	58%
3	12 - 24	35%	85%	46%
4	24 - 36	30%	80%	41%
5	36 - 48	25%	75%	40%
6	48 - 60	20%	70%	26%
7	60 - 72	0%	65%	11%
8	72 - 84	0%	60%	4%
9	84 - 96	0%	50%	0%
10	96 - 108	0%	50%	0%
11	108 - 120	0%	50%	0%

Funding and Liquidity risk

This chart illustrates the Council's debt position, and considers the debt facility as well as any term deposits:

Funding and Liquidity Risk Timeline



Funding and Liquidity Risk Control Limits:

Funding summary

Bucket (years)	Maturing in period (\$)	Policy	Actual
0 - 3	\$20,400,000	15% - 60%	55%
3 - 7	\$16,800,000	25% - 85%	45%
7 - 15	\$0	0% - 60%	0%
Total	\$37,200,000		100%

Maturity band limits were amended into three bands: 0 - 3 years, 3 - 7 years and 7 years plus. Minimum and maximum percentage limits within each maturity band ensure a spread of maturities and reduces the risk of maturity concentrations.

Liquidity summary

127%

Liquidity ratio (liquid deposits)

Council's policies require a liquidity cover of 110% of current debt. Council has \$3.5m of term deposits and \$5.1m cash at bank available as at 31 December 2024 and a \$4m credit facility with Westpac. This results in a liquidity coverage ratio of 127%. The forecast debt for the current financial year is \$43.1m.

Loans

Reference	Description	Counter-party	Maturity	Drawn	Limit	Interest rate	Margin
WN1224	Fixed Rate Bond	LGFA	16 December 2025	1,000,000	1,000,000	5.61%	0.20%
5676	Floating Rate Note	LGFA	15 April 2025	2,300,000	2,300,000	4.65%	0.91%
10130	Floating Rate Note	LGFA	15 April 2025	1,200,000	1,200,000	4.65%	0.65%
WN0625	Fixed Rate Bond	LGFA	13 June 2025	3,400,000	3,400,000	5.45%	0.25%
WN2615	Fixed Rate Bond	LGFA	15 April 2026	1,000,000	1,000,000	5.39%	
9228	Fixed Rate Bond	LGFA	15 April 2026	1,000,000	1,000,000	1.39%	
6397	Floating Rate Note	LGFA	15 April 2026	1,500,000	1,500,000	4.65%	0.97%
13780	Floating Rate Note	LGFA	15 April 2026	2,000,000	2,000,000	4.65%	0.53%
10146	Fixed Rate Bond	LGFA	15 April 2026	1,500,000	1,500,000	1.14%	
6400	Fixed Rate Bond	LGFA	15 April 2027	1,500,000	1,500,000	3.88%	
17371	Floating Rate Note	LGFA	15 April 2027	3,000,000	3,000,000	4.65%	0.66%
13218	Floating Rate Note	LGFA	15 April 2027	3,000,000	3,000,000	4.65%	0.68%
10148	Fixed Rate Bond	LGFA	15 April 2027	1,500,000	1,500,000	1.23%	
7306	Floating Rate Note	LGFA	18 April 2028	1,300,000	1,300,000	4.65%	1.06%
20221	Floating Rate Note	LGFA	15 May 2028	1,000,000	1,000,000	4.45%	0.76%
13796	Floating Rate Note	LGFA	15 May 2028	3,000,000	3,000,000	4.45%	0.64%
11187	Floating Rate Note	LGFA	15 May 2028	1,000,000	1,000,000	4.45%	0.68%
880187	Multi-Option Currency Loan	Westpac	1 July 2028	18,352	4,000,000	5.95%	1.40%
19567	Floating Rate Note	LGFA	20 April 2029	3,500,000	3,500,000	4.59%	0.94%
11772	Floating Rate Note	LGFA	20 April 2029	3,000,000	3,000,000	4.59%	0.64%
Total				36,718,352			

Swaps

Reference	Instrument type	Counter party	Notional (\$)	Start date	Maturity date	Interest rate
9299514	Swap	Westpac	3,000,000	15 June 2022	15 June 2025	2.76%
6667342	Swap	Westpac	5,000,000	2 October 2023	2 October 2028	3.97%
10722947	Swap	Westpac	4,000,000	15 December 2023	15 March 2029	3.48%
9299524	Swap	Westpac	2,000,000	15 December 2023	15 June 2029	2.75%
11091195	Swap	Westpac	2,500,000	15 April 2026	15 January 2030	4.03%
10863505	Swap	Westpac	3,000,000	15 June 2025	15 March 2030	4.35%
11091199	Swap	Westpac	3,000,000	15 April 2027	15 April 2030	4.09%
11331285	Swap	Westpac	4,000,000	15 June 2025	16 June 2031	3.91%
Total			26,500,000			

Out of the \$26.5m Swaps portfolio above, \$12.5m Swaps have future effective dates and are not considered as live Swaps.

Investment Risk

Risks identified in our deposits include Credit Risk and Liquidity Risk.

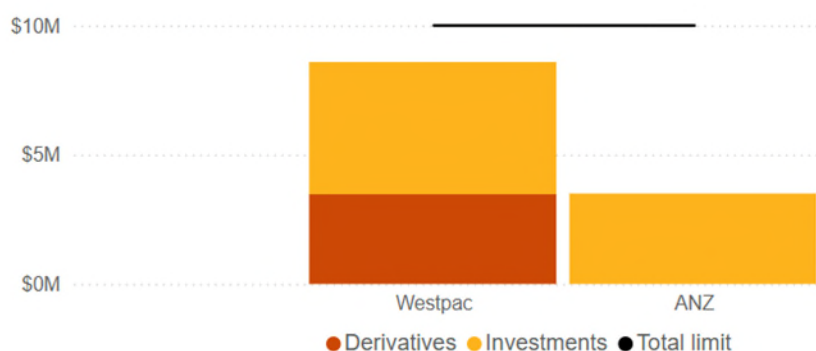
Credit Risk

This is minimised by investing in only high-quality creditworthy counterparties and limiting investment in each counterparty to \$10m.

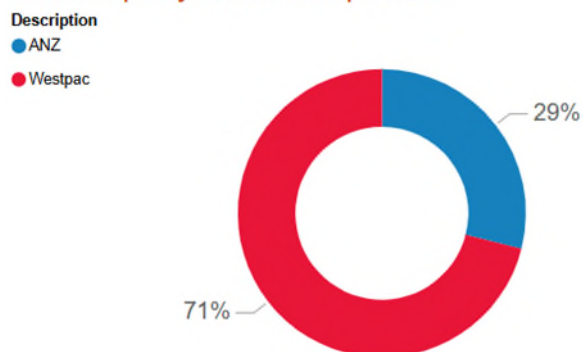
Counterparty credit limits

Counterparty	Investments exposure	Investment limit	MtM	Derivatives exposure	Derivatives limit	Total exposure	Total limit	Compliant?
ANZ	\$3,500,000	\$0		\$0	\$0	\$3,500,000	\$10,000,000	✓
Westpac	\$5,115,388	\$0	(\$255,860)	\$3,472,238	\$0	\$8,587,626	\$10,000,000	✓

Counterparty credit usage, by bank



Counterparty credit composition



Liquidity Risk

This is minimised by maintaining a minimum 50% in investments which have a maturity of less than 1 year.

Investment summary

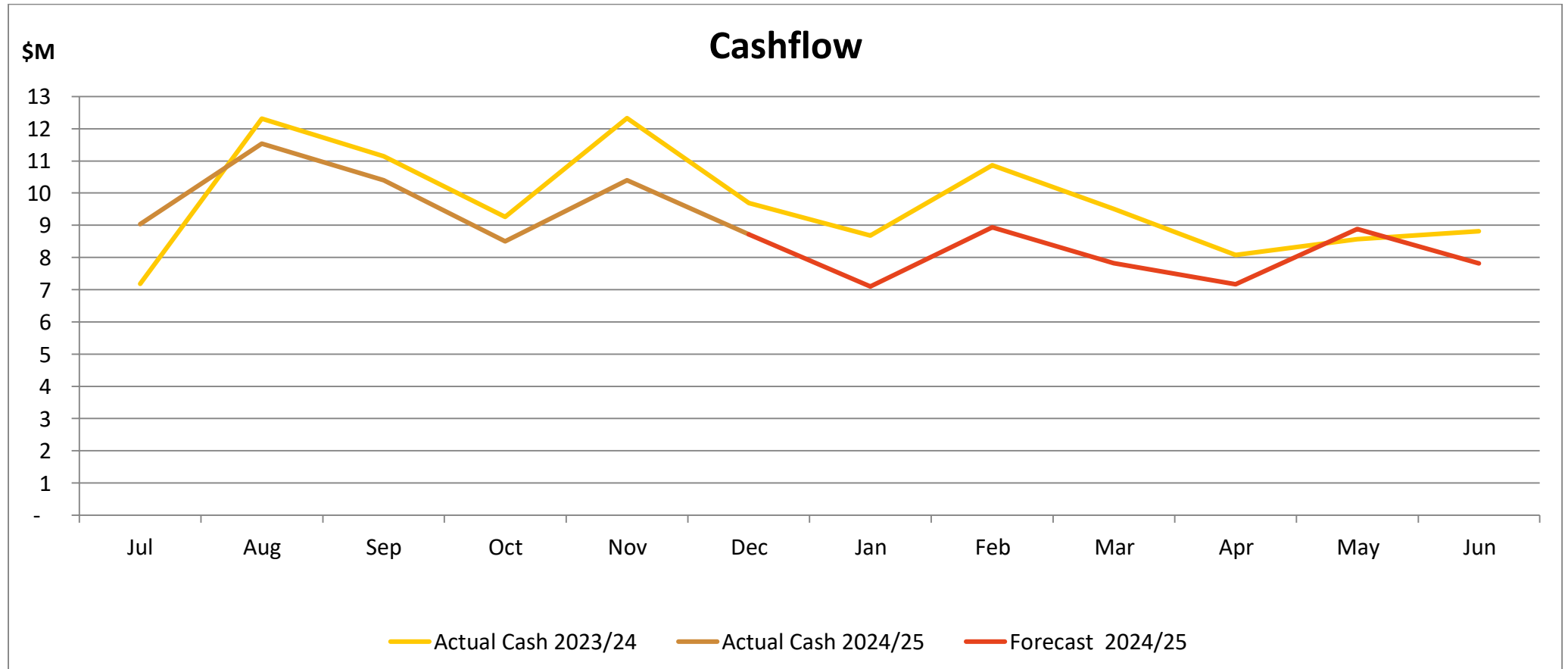
Start	End	Min	Max	Percent maturing	Compliant
0	12	50%	100%	100%	✓
12	24	0%	50%	0%	✓

Community Loans

Community Loans as at 31 December 2024	
	\$
Kaniere sewerage	9,171
Hannah's Clearing water services	5,749
Total	14,921

Cash Investments

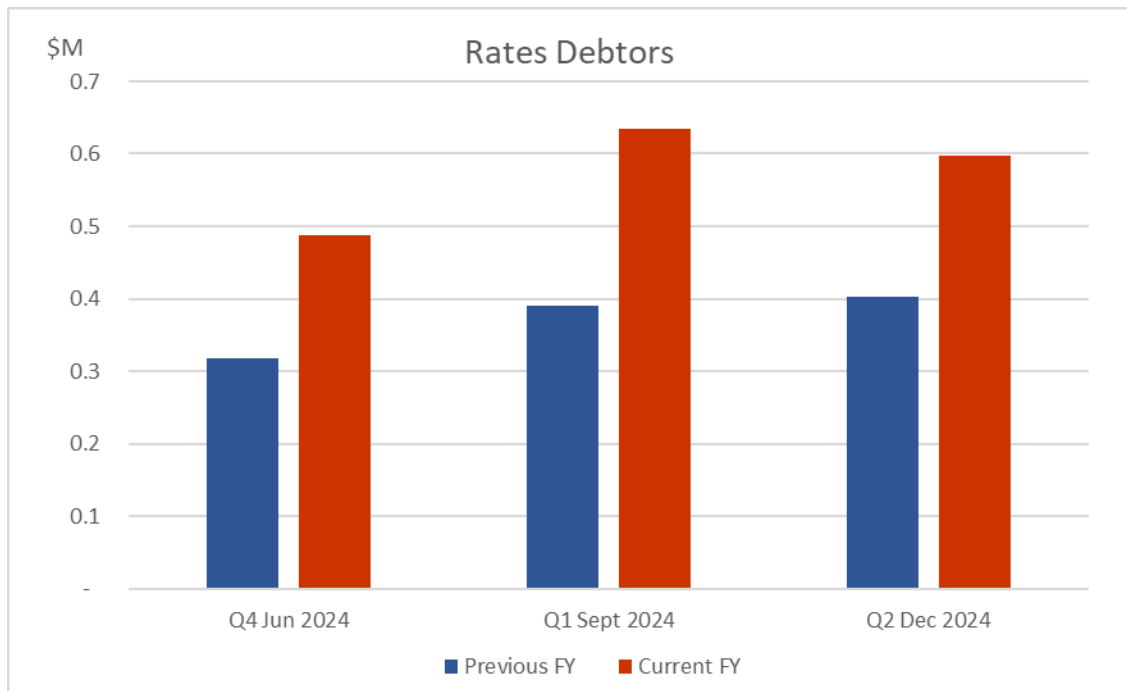
Cash flow actual/ forecast as at 31 December 2024



Debtors

Rates Debtors

At 31 December, rates debtors total \$598k which is \$196k more than Q2 Dec 2023 rates debtors at \$402k.

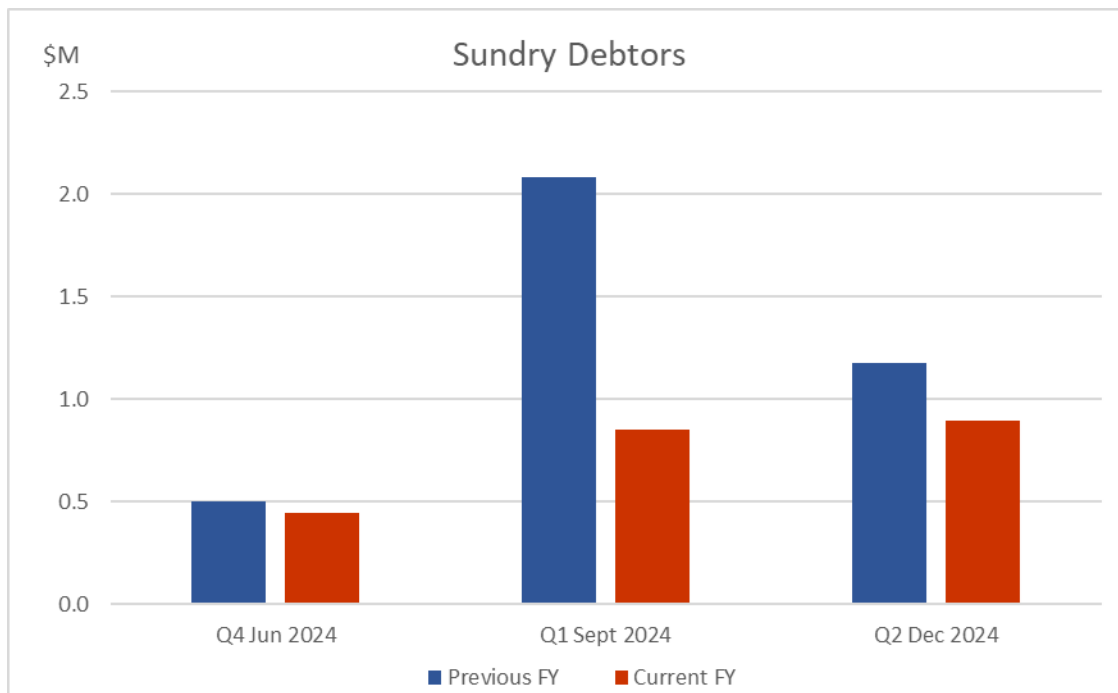


Rates Debtors at 30 November 2024		1,065,761
Adjustments	-	
Less payments received	(629,089)	
Paid in advance change	153,489	
Previous years write off's	-	
Write off's	(4,480)	
Penalties	-	
Discounts	12,441	
Court Cost	-	
		(467,639)
Total Rates Debtors at 31 December 2024		598,122
Arrears included above at 31 December 2024	598,122	
Arrears at 31 December 2023	402,249	
Increase/(decrease) in arrears		195,873

Rates debtors reduced over December by 43.9% as the 2nd instalment of the year was invoiced in October. Rates are invoiced quarterly and the majority of payments are due on the 20th month following the invoice date, however we are continuing to arrange more payment plans which spread the rates cost over the year.

Sundry Debtors

Outstanding sundry debtors as at 31 December 2024 stands at \$894k which is \$280k less than Q2 December 2023 rates debtors at \$1,176k.



31/12/2024					
Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	28,676	52,250	12,610	51,196	144,733
Building Warrants	2,300	650	1,388	3,109	7,446
Resource Consents	43,425	674	14,021	87,578	145,697
Sundry Debtors	58,229	24,591	33,005	83,585	199,410
Grants Debtors	19,182	-	377,200	-	396,382
Grand Total	151,812	78,165	438,224	225,468	893,669
Grants outstanding as at 31/12/2024					
Date Invoiced	Project	Total (\$)			
6/11/2024	Freedom Camping 2023-24	204,700			
20/11/2024	Freedom Camping 2023-24 - Mid project payment	172,500			
22/02/2024	Custom House Restoration claim	19,182			
					396,382
31/12/2023					
Type	Over 90 Days	60-90 Days	30-60 Days	Current	Total (\$)
Building Consents	25,833	7,499	18,081	48,508	99,921
Building Warrants	1,064	1,803	745	2,737	6,349
Resource Consents	16,916	2,775	6,785	31,100	57,576
Sundry Debtors	29,390	7,181	10,083	126,668	173,323
Grant Debtors	-	-	473,204	366,098	839,302
Grand Total	73,203	19,258	508,898	575,112	1,176,470

Report to Committee



DATE: 13 February 2025
TO: Risk and Assurance Committee
FROM: Group Manager, Corporate Services and Risk Assurance

STAFF CONFLICT OF INTEREST POLICY

1. Summary

- 1.1. The purpose of this report is to review the updated Staff Conflict of Interest Policy.
- 1.2. This issue arises from the Terms of Reference (ToR) to review policy as part of Internal Control.
- 1.3. Council seeks to meet its obligations under the Local Government Act 2002 and the achievement of the District Vision adopted by the Council in June 2024, which are set out in the Enhanced Annual Plan 2024/2025. Refer page 2 of the agenda.
- 1.4. This report concludes by recommending that the Risk and Assurance (R&A) Committee receive the Staff Conflict of Interest Policy.

2. Background

- 2.1. The reason the report has come before the Risk and Assurance Committee is due to the delegated authority to review policies as part of Council's internal controls.
- 2.2. Unless dictated by law, policies are generally reviewed every 3 years.
- 2.3. The Staff Conflict of Interest Policy was brought to the Risk and Assurance Committee in August 2024 where amendments were recommended to be included and the report to then be brought back to the committee for further review.

3. Current Situation

- 3.1. The Staff Conflict of Interest Policy, attached as **Appendix 1** has been updated to include the recommended edits;
 - 3.1.1. Office of the Auditor General (OAG) examples to be added as an appendix.
 - 3.1.2. Clarification on the use of "employee" and "employees" in the policy to refer to any persons included in the scope of the policy including contractors and consultants.
 - 3.1.3. Business relationships have been added to relationship types.
 - 3.1.4. Bias has been extended to include 'the appearance of bias'.
 - 3.1.5. The statement 'Nothing shall limit rights under the Protected Disclosures (Protection of Whistleblowers) Act 2022 has been included in the policy.
- 3.2. No further amendments have been made.

4. Options

4.1. Option 1 – Receive the report and updated Staff Conflict of Interest Policy.

5. Risk Analysis

5.1. Risk has been considered, and the following risks have been identified:

5.1.1. Financial, legal and reputational risks of:

5.1.1.1. Failing to comply with legislative requirements

5.1.1.2. Conflicts of interest that create a risk to council business and challenge of decisions.

6. Health and Safety

6.1. Health and Safety has been considered, and no items have been identified.

7. Significance and Engagement

7.1. The level of significance has been assessed as being low. Policy review is administrative.

7.1.1. No public consultation is considered necessary.

8. Assessment of Options (including Financial Considerations)

8.1. Option 1 – Receive the report and the updated Staff Conflict of Interest Policy.

8.2. There are no financial implications to this option.

8.3. The committee would be carrying out due diligence as part of the delegated authority through the committee terms of reference of internal control and risk management. The committee requested the recommendations be considered for inclusion and to then be brought back to the committee.

9. Preferred Option(s) and Reasons

9.1. The preferred option is Option 1.

9.2. The reason that Option 1 has been identified as the preferred option is that it is required that council have relevant and up to date policies to protect both staff and council from compliance risk.

10. Recommendation(s)

10.1. That the report be received.

10.2. That the updated Staff Conflict of Interest Policy be received.

Lesley Crichton

Group Manager, Corporate Services and Risk Assurance

Appendix 1: Staff Conflict of Interest Policy

1. Purpose

This policy defines the obligations that guide an employee's behaviour where there may be a conflict, real or perceived between their role as an employee and their interests as an individual, Westland District Council resident or member of the public.

The policy also provides guidance for the identification and management of conflicts of interest so that the public is confident that decisions have been made:

- Impartially and for the right reasons; and
- Are not influenced by personal interests or other motives.

1.1 Scope

This policy applies to all employees of Westland District Council, including permanent, fixed term, and casual employees. This policy also applies to contractors and consultants engaged by Council when providing advice that may ultimately be used as the basis for a Council decision where the contract or engagement agreement specifies that the policy applies. For the sake of brevity the terms "employee" and "employees" when used in this document include the above mentioned persons.

1.2 Commencement

This policy comes into force on **DAY MONTH YEAR**.

1.3 Definitions

Staff Gifts and Hospitality

- As defined in the Gifts and Hospitality Policy.

Conflict of Interest

- If an employee's duties or responsibilities to Council could be affected by or compromised or perceived to be compromised by some other interest or duty that the employee may have.

Type of interest;

- Pecuniary, where there is an expectation of an actual or potential financial gain or loss of money personally, family or close associates.
- Non-pecuniary, which does not involve financial benefit but arises from such things as personal relationships, business relationships, beliefs or involvement in social, cultural, religious or sporting activities.

Real, Perceived or Potential;

- Real (or actual) is a conflict of interest that involves a direct conflict between an employee's current duties and responsibilities, and existing private interests.
- Perceived (or apparent) conflict of interest can exist where it could be perceived, or appears, that an employee's private interests could improperly influence the performance of their duties, whether or not this is the case.
- A potential conflict of interest arises where an employee has private interests that could conflict with official Council duties in the future.

2. Principles and Ethics

Employees must carry out their duties in an efficient and competent manner and a conflict of interest may affect a person's judgement as to what is in the public interest, or may lead to a bias in their decision making.

It is not always possible to avoid a conflict of interest and it is not necessarily unethical or wrong.

It is important that any actual, perceived or potential conflict of interest is identified, disclosed and effectively managed (or avoided if possible). Management of conflicts of interest must be fair, transparent, accountable and free from bias or the appearance of bias.

Disclosure provides transparency and protects those concerned from allegations of duplicity and enables the avoidance of being unwittingly placed in situations that may lead to a conflict of interest.

Employees should seek independent advice about how to manage any conflict of interest, and are encouraged to report any actual, perceived or potential conflict of interest that they observe.

Nothing shall limit rights under the Protected Disclosures (Protection for Whistleblowers) Act 2022.

3. Policy

2.1 A real or perceived conflict of interest is where an employees' duties or responsibilities to Council could be affected or compromised by some other interest or duty that employee may have.

Real or Perceived conflict could be derived by, but not limited to the following;

- Financial benefit or advantage from a transaction or process
- Financial interest or role in another party to the transaction or process
- Strong opinions or views
- Has been lobbied by an interested party either formally or informally
- Relationship either familial or by marriage
- Direct or indirect interest in a transaction
- Association with entities deriving a benefit from Council
- Has an interest in another party tendering for work for WDC.

Attached as Appendix 1 are Office of the Auditor General examples of Conflicts of Interest.

2.2 The staff interest register is required to be completed by employees on a six monthly basis or updated when there are any changes to previous declarations.

Employees are also required to confirm on the register if they have no conflicts of interests.

Employees must consider the type of interest as described in the definitions section of this policy, and also whether the interest is real, perceived or potential.

The disclosure must also detail the nature of involvement and dealings the employee has in the conflict.

Once an interest has been declared, the employee shall not take part in any Council decision-making activity or process in relation to that interest.

However, there may be instances where an employee with an interest may also have particular and unique expertise in the matter. The Chief Executive can decide to allow the employee to contribute their expertise despite their interest in the matter. In these cases there should be documented reasons for allowing the employee to contribute, and a detailed description of the steps taken to ensure the decision in the matter is unbiased.

Staff Conflict of Interest Policy

Where there is uncertainty, employees should discuss the potential conflict with their Group Manager, line manager or the Chief Executive.

If in doubt, employees should err on the side of caution, declare a conflict of interest and record on the interest register.

The Executive Leadership Team (ELT) will also hold a separate interests register.

Staff interest register is administered and maintained by the Office of the Chief Executive.

4. Reporting

The executive team will review the staff interest register every six months and the ELT register at weekly ELT meetings.

5. Related Documents and Acts

The following Westland District Council documents relate to this policy:

- Staff Interests Register
- Staff Gifts and Hospitality Policy
- Fraud Control Framework
- Fraud Policy
- Fraud Risk Register
- Staff Code of Conduct
- Sensitive Expenditure Policy
- Procurement Policy
- Protected Disclosures Policy
- Delegations Manual
- Social Media Policy
- WDC Staff submissions to consultation and engagement information document

The following Legislation relates to this policy:

Note: Any legislation referred to should be interpreted as meaning the Act and its amendments

Staff are also referred to:

- Protected Disclosures (Protection for Whistleblowers) Act 2022
- The Secret Commissions Act 1910
- LGNZ guidelines on employees making submissions on public processes

6. Policy Review

A review of this policy will take place in APRIL 2027.

Created:	June 2024	Date for review:	June 2027
Author:	GMCS & RA	Authorised by:	
Consulted on:		Version	V2

DRAFT

7

Conflicts of interest in everyday life

- 7.1 In this Part, we show how conflicts of interest can arise in our everyday lives and provide guidance about the matters that should be considered:
- Scenario 1: Funding for a club
 - Scenario 2: Family connection to a tenderer for a contract
 - Scenario 3: Employment of a relative
 - Scenario 4: Public statements suggesting predetermination
 - Scenario 5: Decision affecting land
 - Scenario 6: Gifts and hospitality
 - Scenario 7: Making a public submission in a private capacity
 - Scenario 8: Mixing public and private roles
 - Scenario 9: Personal dealings with a tenderer for a contract
 - Scenario 10: Duties to two different organisations
 - Scenario 11: Professional connection to a tenderer.
- 7.2 The scenarios are intended to show the range of situations that can occur and the issues that might need to be considered in assessing their seriousness and deciding how to manage them. They are examples, not rules. In reality, sometimes a small difference in context or detail can make a critical difference. People will have to use their own judgement.

Scenario 1: Funding for a club

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

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

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

Scenario 2: Family connection to a tenderer for a contract

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

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

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

Scenario 3: Employment of a relative

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

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

Scenario 4: Public statements suggesting predetermination

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

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

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

Scenario 5: Decision affecting land

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

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

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

Scenario 6: Gifts and hospitality

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

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

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

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

Scenario 7: Making a public submission in a private capacity

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

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

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

Scenario 8: Mixing public and private roles

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

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

Scenario 9: Personal dealings with a tenderer for a contract

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

¹⁶ If the private company regularly carries on business in the same general industry as the CRI, the CRI might have to be more cautious about being involved in such a company anyway.

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

Scenario 10: Duties to two different organisations

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

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

Scenario 11: Professional connection to a tenderer

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