



**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# Risk and Assurance Committee Meeting Agenda

Wednesday, 11 June 2025

1.00pm

Council Chamber

28-32 Ruataniwha Street

Waipawa

*Together we thrive! E ora ngātahi ana!*

## Order Of Business

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- 1 **WELCOME/KARAKIA/NOTICES**
- 2 **APOLOGIES**
- 3 **DECLARATIONS OF CONFLICTS OF INTEREST**
- 4 **STANDING ORDERS**

#### **RECOMMENDATION**

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers
- 21.5 Members may speak only once
- 21.6 Limits on number of speakers

And that Option C under section 22 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

#### 5 **CONFIRMATION OF MINUTES**

Risk and Assurance Committee Meeting – 12 March 2025.

#### **RECOMMENDATION**

**That the Minutes of the Risk and Assurance Committee Meeting held on 12 March 2025 as circulated, be confirmed as true and correct.**



**MINUTES OF CENTRAL HAWKE'S BAY DISTRICT COUNCIL  
RISK AND ASSURANCE COMMITTEE MEETING  
HELD AT THE COUNCIL CHAMBER, 28-32 RUATANIWHA STREET, WAIPAWA  
ON WEDNESDAY, 12 MARCH 2025 AT 1.00PM**

**UNCONFIRMED**

**PRESENT:** Chair Andrew Gibbs  
Deputy Chair Tim Aitken  
Mayor Alex Walker  
Cr Pip Burne  
Independent Member Mike Timmer

**IN ATTENDANCE:** Doug Tate (Chief Executive)  
Nicola Bousfield (Group Manager People and Business Enablement)  
Brent Chamberlain (Chief Financial Officer)  
Dylan Muggeridge (Group Manager Strategic Planning & Development)  
Mark Kinvig (Group Manager Community Infrastructure and Development)  
  
Jane Budge (Strategic Governance Manager)  
Lianne Austin, Ernst & Young  
Stuart Mutch, Ernst & Young  
Kieron Wright, Ernst & Young  
Ben Swinburne (3 Waters Manager)  
Annelie Roets (Governance Lead)

**1 KARAKIA**

The Chair, Andrew Gibbs welcomed everyone to the meeting and Her Worship, The Mayor Alex Walker opened with a karakia.

**2 APOLOGIES**

There were no apologies received.

**3 DECLARATIONS OF CONFLICTS OF INTEREST**

There were no Declarations of Conflict of Interest received.

**4 STANDING ORDERS**

**COMMITTEE RESOLUTION: 25.1**

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

That the following standing orders are suspended for the duration of the meeting:

- 21.2 Time limits on speakers.
- 21.5 Members may speak only once.
- 21.6 Limits on number of speakers.

And that Option C under section 21 General procedures for speaking and moving motions be used for the meeting.

Standing orders are recommended to be suspended to enable members to engage in discussion in a free and frank manner.

**CARRIED**

## 6 REPORT SECTION

### 6.2 AUDIT PLAN - 2024/25 FINANCIAL YEAR

#### PURPOSE

The purpose of this report is to receive the 2025 Annual Audit Plan.

Mr Stuart Mutch from Ernst Young will be in attendance online for this meeting.

#### COMMITTEE RESOLUTION: 25.2

Moved: Deputy Chair Tim Aitken

Seconded: Mayor Alex Walker

**That the Risk & Assurance Committee notes and receives the Audit Plan for the 2024/25 Financial Year.**

**CARRIED**

Brent Chamberlain introduced the audit team for the year, including Stuart Mutch, Leanne Austin, and Kieron Wright. Leanne and Stuart provided further details on the audit plan:

- Leanne Austin is the new lead for 2025.
- Focus areas to include rates, grants, expenditure, debt, cyclone recovery, and infrastructure.
- Emphasis on the importance of timely completion and the impact of Three Waters reform.
- Discussion on audit fees and the additional work required due to Cyclone Gabrielle and revaluations. Test the fees at the next Long-term Plan.

## 5 CONFIRMATION OF MINUTES

#### COMMITTEE RESOLUTION: 25.3

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

**That the minutes of the Risk and Assurance Committee Meeting held on 11 December 2024 as circulated, be confirmed as true and correct.**

**CARRIED**

### 6.1 RESOLUTION & ACTION MONITORING REPORT

#### PURPOSE

The purpose of this report is to present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

#### COMMITTEE RESOLUTION

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

**That the Risk & Assurance Committee notes the 'Resolution & Action Monitoring Report'.**

**CARRIED**

The report was introduced by Doug Tate and taken as read.

**Insurance Renewal Processes and Loss Modelling:**

- AON has asked all the Hawke's Bay councils to re-evaluate their loss modelling.
- Central Hawkes Bay has expressed interest in participating.
- If a regional approach does not proceed, an independent local reassessment will be considered.
- AON aims to complete its assessments by March-April in readiness for the new financial year.

### 6.3 RISK STATUS REPORT

#### PURPOSE

The purpose of this paper is to report on Council's risk landscape, risk management work in progress and to continue a discussion with the Risk & Assurance Committee about risk.

#### COMMITTEE RESOLUTION: 25.4

Moved: Independent Member Mike Timmer

Seconded: Mayor Alex Walker

**That the Risk & Assurance Committee notes the Risk Status Report.**

**CARRIED**

Nicola Bousfield introduced the report with discussion noting:

- New risks related to local water reform, landfill volume, and roading recovery.
- Transparent engagement and communication with the community.
- Updates on drinking water risks and operational technology assessments.

### 6.4 HEALTH AND SAFETY REPORT: 1 NOVEMBER 2024 - 31 JANUARY 2025

#### PURPOSE

To provide the Risk and Assurance Committee with health, safety and wellbeing information and insight, and to update the committee on key health and safety initiatives for the period 1 November 2024 to 31 January 2025.

#### COMMITTEE RESOLUTION

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

**That the Risk & Assurance Committee notes the 'Health & Safety report dated 1 November 2024 – 31 January 2025.**

**CARRIED**

Michelle Annand presented the report as read and discussions noted:

- Highlighted the well-being initiatives, contractor reporting, and the need for ongoing training and support for staff.
- A notifiable incident involving a contractor, but which was outside the reporting period.

## 6.5 HEALTH, SAFETY & WELLBEING GOVERNANCE CHARTER

### PURPOSE

To adopt minor changes to the Health, Safety and Wellbeing Governance Charter following a scheduled review.

### RECOMMENDATION

~~1. That the Risk and Assurance Committee adopts the recommended changes to the Health, Safety & Wellbeing Governance Charter.~~

Doug Tate introduced the report. Discussion included:

- Ensuring it reflects the specific needs and context of Central Hawkes Bay District Council.
- Includes legislative requirements but lacks specific details about the council's business model and operational context.
- More specific information to be included about the council's contractor business model and the unique aspects of its operations.
- Aligning with practical implementation and reporting processes was emphasised.
- It was agreed to leave the recommendation on the table to incorporate feedback from the meeting.

## 6.6 TREASURY MANAGEMENT MONITORING REPORT

### PURPOSE

The purpose of this report is to provide an update on Treasury Management Policy Compliance.

### COMMITTEE RESOLUTION: 25.5

Moved: Mayor Alex Walker

Seconded: Deputy Chair Tim Aitken

**That the Risk and Assurance Committee notes the Treasury Management Monitoring Report.**

**CARRIED**

Brent Chamberlain presented the Treasury Management report, noting the stable interest rates and Council's compliance with policy. Discussion included:

- Debt and the interest rate yield curve.
- The impact of the construction season on council funds.



## **6.7 ELECTED MEMBERS EXPENSES FOR 1 JULY - 31 JANUARY 2025**

### **PURPOSE**

To update the Committee on Elected Members' Expenses on the most recent reporting period from 1 July 2024 to 31 January 2025.

### **COMMITTEE RESOLUTION: 25.6**

Moved: Independent Member Mike Timmer

Seconded: Chair Andrew Gibbs

**That the Risk & Assurance Committee notes the Elected Members Expenses for 1 July 2024 to 31 January 2025.**

**CARRIED**

Brent Chamberlain presented the paper which was taken as read.

## **6.8 EMISSIONS TRADING SCHEME - UPDATE**

### **PURPOSE**

The purpose of this report is to provide an overview and update on how the Council participates in the Emissions Trading Scheme (ETS), and how we protect ourselves from fluctuating carbon credit prices. It also outlines the next steps proposed to continue to lift Council's maturity in the management of the scheme.

### **COMMITTEE RESOLUTIONS: 25.7**

Moved: Mayor Alex Walker

Seconded: Cr Pip Burne

**That the Risk & Assurance Committee:**

- 1. Notes the Emissions Trading Scheme update.**
- 2 Recommends, with suggested changes, that the Finance, Infrastructure and Performance Committee considers the adoption of the draft Emissions Trading Scheme – Carbon Credit Policy.**

**CARRIED**

Brent Chamberlain provided an update on the Emissions Trading Scheme, including Councils current carbon credit holdings and the draft policy for managing carbon credits. The committee discussed the need for a clear strategy and regular reporting. Amendments to include:

- Add the process used between CHB and the bank.
- Consideration of the impact of landfill consent and neighbouring Councils, and potential loss of the Tararua contract.
- Correct General Manager ie CFO not the GM Community, Infrastructure and Development.
- Incorporate a future strategy.
- Amendments to be circulated via email prior to submitting to the Finance, Infrastructure and Performance Committee.

**7 DATE OF NEXT MEETING****COMMITTEE RESOLUTION: 25.8**

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

**That the next meeting of the Risk & Assurance Committee be held on 11 June 2025.****CARRIED****8. PUBLIC EXCLUDED****RESOLUTION TO EXCLUDE THE PUBLIC****COMMITTEE RESOLUTION: 25.9**

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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 for the passing of this resolution
<b>8.1 - Principal Risks and Issues - Forum Discussion</b>	<p>s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons</p> <p>s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or harassment</p>	s48(1)(a)(i) - 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 would exist under section 6 or section 7

**CARRIED****COMMITTEE RESOLUTION: 25.10**

Moved: Cr Pip Burne

Seconded: Deputy Chair Tim Aitken

**That the Risk & Assurance Committee moves into Public Excluded Business at 3.24pm.****CARRIED**

**COMMITTEE RESOLUTION: 25.11**

Moved: Cr Pip Burne

Seconded: Mayor Alex Walker

**That the Risk & Assurance Committee moves out of Public Excluded Business at 4.07pm.**

**9 TIME OF CLOSURE**

The Meeting closed at 4.07pm.

**The minutes of this meeting will be confirmed at the next Risk & Assurance Committee meeting to be held on 11 June 2025.**

.....  
**CHAIRPERSON**

## 6 REPORT SECTION

### 6.1 RESOLUTION & ACTION MONITORING REPORT

**File Number:** COU1-1408

**Author:** Annelie Roets, Governance Lead

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** 1. Resolution and Action Monitoring Report - 11 June 2025 [↓](#)

#### PURPOSE

To present to the Committee the Risk and Assurance Committee Resolution Monitoring Report. This report seeks to ensure the Committee has visibility over work that is progressing, following resolutions made by the Committee.

#### RECOMMENDATION

**That the Risk & Assurance Committee receives the 'Resolution & Action Monitoring Report'.**

#### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

#### DISCUSSION

The Resolution & Action Monitoring Report is attached and includes the Committee Action Monitoring Report.

#### IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

20250611 - Resolution and Action Monitoring Report - 11 June 2025.xlsx



Risk & Assurance Committee Resolution Monitoring Report for 11 June 2025

Key	
Completed	
On Track	
Off Track	

Item Number	Item	Council Resolution	Resolution Date	Responsible Officer	Progress Report
1	6.7	Insurance Renewal Upate and Insurance Strategy Development  1. That the Risk and Assurance committee receive this update on the annual insurance placement for the 2023/2024 year. 2. That the Risk and Assurance committee receive the draft Insurance Strategy and provide feedback to allow for further work on the strategy to be undertaken and brought back for this committee’s endorsement at the next meeting.	7 Dec 2023	Brent Chamberlain	On Track - Jim Palmer provided a external review on policy in August 2024. Next step to undertake further Loss Modelling (due Sept/Oct 2025) and then develop a Financial Risk Strategy.
2	6.8	Emmissions Trading Scheme - Update  That the Risk & Assurance Committee: 1. Notes the Emissions Trading Scheme update. 2 With suggested and amended changes, the Risk & Assurance Committee recommends that the Finance, Infrastructure and Performance Committee considers the adoption of the draft Emissions Trading Scheme – Carbon Credit Policy	12 March 2025	Brent Chamberlain	Complete - Policy Adopted by the Finance, Infrastructure, and Performance Committee on the 24 April 2025.

Action Monitoring Report for 11 June 2025

Item Number		Meeting Date	Item	Action	Responsible Officer	Progress
1	6.4	11 Dec 2024	Health & Safety Report: 1 Oct - 30 Nov 2024	Review and update the Health and Safety and Wellbeing Governance Charter, policy statement, action plan, and resource allocation.	Michelle Annand	On track - The Charter is currently under review and will come back to R&A later in the year.
2	6.1	12 March 2025	Resolutions & Action Monitoring Report	Insurance Renewal Process & Loss Modelling: Follow up with AON to determine the status of other councils.	Brent Chamberlain	On Track - The other MWLASS & HBLASS councils declined to update their loss modelling as a group. Therefore CHBDC has contracted AON directly to undertake this work. The report is expected to be received late September, early October.

## 6.2 RISK STATUS REPORT

**File Number:****Author:** Nicola Bousfield, Group Manager - People & Business Enablement**Authoriser:** Doug Tate, Chief Executive**Attachments:** 1. Quarterly Risk Register Update June 2025 [↓](#)

### RECOMMENDATION

**That the Risk & Assurance Committee receives the Risk Status Report.**

### PURPOSE

To report on Council's risk landscape, risk management work in progress and to continue a discussion with the Risk & Assurance Committee about risk.

### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as of some significance, noting the key risk issues being reported.

### BACKGROUND

The Risk Status Report is part of regular reporting designed to provide governance with oversight and input into the way that identified risks are being managed within Council.

The Risk Maturity Review undertaken in 2023 identified opportunities and recommendations for officers reporting risks to the Risk & Assurance Committee (R&A). The key recommendation was to focus the discussion on current top risks specific to our Central Hawke's Bay context and discuss only those risks that sit outside of the risk appetite settings set by Council.

### DISCUSSION

The attached Risk Register Update sets out the current top risks to Council, as determined by the Executive Leadership Team in conjunction with Council.

These top risks are continuously reviewed and updated, those that are trending outside of the risk appetite set by Council have commentary provided in the Risk Register Update and those trending outside of appetite for two quarters or more are reported to Council.

### Risk Register Updates

1. Commentary updated in each item where the risk is trending outside of appetite.
2. Updates to risk descriptions following previous R&A Risk Report and R&A workshop:
  - (a) Council is unable to remotely monitor the delivery or of safety of drinking water – update to risk description and controls.
  - (b) Failure of critical roading infrastructure – specific roading assets identified.
  - (c) Structural failure of reservoirs and drinking water rising and falling mains – update to risk descriptions.

## IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would significantly alter the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## NEXT STEPS

This risk report will continue to be reported to Council where risks are trending outside of appetite.

Officers will continue to receive feedback from the R&A Committee on the reporting and discussions on risk.



Risk Register Update - Quarter 4 2024/2025

Risk and Assurance Committee – 11 June 2025

PROUD DISTRICT										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Council loses its social licence to operate	Council has a low appetite to take risk	Council doesn't deliver the Three-Year Plan in-line with community expectations	Ineffective planning and programming	Council loses its social licence to operate	1. Resourcing - people and funding 2. Robust project plans 3. Formal governance arrangements 4. Effective project controls 5. Transparent engagement and communication					
The community loses confidence in Council's ability to deliver water and roading infrastructure.	Council has a low appetite to take risk	Council doesn't deliver the capital investment as planned in three waters, roading maintenance and roading recovery	Ineffective planning, programming, capacity and capability and funding constraints	The community loses confidence in Council's ability to deliver water and roading infrastructure	1. Agreed capital works delivery programme 2. Formal governance arrangements – new committee structures have been implemented, including reporting and accountability 3. Communication and engagement reform and associated regulatory changes 4. Asset management planning 5. Renewals programming 6. Process and systems improvements within the Programme Delivery Team		New			Inherently there is risk with the delivery of infrastructure that Council has varying levels of can only influence e.g. weather, changing standards, external funding uncertainty, consenting and property acquisition, partner engagement. The forecasted delivery becomes increasingly certain throughout the financial year with high confidence levels in Q4.

PROSPEROUS DISTRICT										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
The delivery of water services is unaffordable to the rate payer and Council is unable to meet its regulatory thresholds	Council has a moderate appetite to take risk	Council is unable to deliver an affordable water delivery solution through Local Water Done Well and associated regulatory reform	Complexity of implementing the legislation whilst maintaining regional alignment	The delivery of water services is unaffordable to the rate payer and Council is unable to meet its regulatory thresholds	1. Working proactively regionally on business case development and 2. Water Services Delivery Plan 3. Regular engagement with central government 4. Executive leadership structure in place 5. Programme management approach in place regionally 6. Regular update to Elected Members on emerging risks and changes to the programme					
Closure of the CHBDC landfill and increasing unit cost of managing solid waste	Council has a moderate appetite to take risk	Volume to the landfill significantly decreases below the viable minimum	Reducing waste volumes, competition with other private landfills and no contracted agreements with primary users to guarantee volumes	Closure of CHBDC landfill and increasing unit cost of managing solid waste	1. Section 17A Review 2. Renegotiating contract agreements 3. Exploring other external solid waste sources of volume 4. Monitoring volumes, revenue and reporting to FI&P Committee			New		

Correct as at:	6 June 2025	Page 1 of 7
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory	
Sponsor:	Doug Tate, Chief Executive	





STRONG COMMUNITIES										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Reduced capability and capacity of Council staff	Council has a moderate appetite to take risk	Reduced capability and capacity of Council staff	Inability to recruit creating long-term or senior vacancies	Council is unable to deliver on community expectations	1. External contract support 2. Recruitment agency support 3. Employer brand project 4. Temporary internal coverage of vacant roles 5. Competitive employment benefits 6. Employee development and wellbeing opportunities					
Failure to maintain Council's earthquake-prone buildings - CHB Municipal Theatre and Waipukurau Memorial Hall	Council has a high appetite to take risk	Failure to maintain Council's earthquake-prone buildings - CHB Municipal Theatre and Waipukurau Memorial Hall	An earthquake	A Council building is no longer operational	1. Asset Management plans are in place including renewal/replacements 2. Appropriate site and hazard controls are in place 3. System includes plans, procedures for work practices/activities for all high-risk areas 4. Earthquake-prone building system requirements 5. Earthquake-prone building and seismic management review 6. Closure of buildings as required – old Waipukurau Library 7. Capital investment planning for Council buildings					
A workplace accident or incident	Council has a low appetite to take risk	A workplace accident or incident	Failure of workplace procedure	Serious injury or loss of life to a worker	1. Health & Safety system and processes implemented to ensure all H&S risks are managed 2. System includes plans, procedures for work practices/activities for all high-risk areas 3. Pre-qualification engagement programme - contractors 4. Engage staff in the H&S system 5. Health and safety culture	↓	↓	↓	↓	
The CHB community's inadequate response to a natural disaster or civil defence emergency	Council has a low appetite to take risk	The CHB community's inadequate response to a natural disaster or civil defence emergency	Capacity and capability constraints in Council and communities	The CHB community is unable to adequately respond and recover from a civil defence emergency	1. The outcomes and recommendations of the various Civil Defence reviews are implemented adequately. 2. Community resilience training is delivered to communities and mana whenua 3. Locality specific information is developed and shared with the EOC and community 4. Communities and mana whenua have the resources to respond 5. Communities and mana whenua have input into what recovery looks like in their community 6. Community Emergency Hubs (CEH) are in place and are resourced 7. Communication processes are in place between CEH and IMT		↓	↓	↓	No update to this risk this quarter. Officers have updated the residual risk to amber following review of top risks. Work is underway to build resilience, capability and capacity within the CHB community. This is a community-led approach. This risk is at amber indicating that while work is underway, it is not yet completed. Officers expect that risk will decrease as work is completed. <u>Action:</u> Officers will continue to implement the actions in the social pou of the CHBDC Cyclone Gabrielle Recovery and Resilience Plan and implement recommendations from reviews. An update was provided to the Strategy, Growth & Community Committee on 27 March 2025 – please see p. 24 and 45 of <a href="#">this report</a> .
The Waipawa and Pōrangahau communities are not adequately protected during future rain events	Council has a moderate appetite to take risk	Current and future flood protection is not provided in a timely way	Uncertainty in timeframes and unexpected delays with flood protection and future scheme work led by HBRC	The Waipawa and Pōrangahau communities are not adequately protected during future rain events	1. HBRC to ensure flood mitigation in CHB built to adequate standards 2. Locality specific information is developed and shared with Controllers and community 3. Early warning from HBRC if a particular CHB community will be at risk 4. Good communications to community about what has been completed, and what remains to be done 5. CHBDC has visibility on the HBRC led-work programme	New				

Correct as at:	6 June 2025
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory
Sponsor:	Doug Tate, Chief Executive

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Roading recovery isn't fully completed to the community's expectations. Further investment decisions required	Council has a moderate appetite to take risk	Recovery programme is not delivered to the community's expectations	Uncertainty of central government funding and NZTA approvals	Roading recovery isn't fully completed to the community's expectations. Further investment decisions required	1. Ongoing conversations with NZTA as co-funder 2. Political advocacy with central government and NZTA board 3. Right sized solutions based on affordability 4. Regular updates to the Land Transport Committee 5. Regular community conversations and engagement			New	
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Correct as at:	6 June 2025
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory
Sponsor:	Doug Tate, Chief Executive

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CONNECTED CITIZENS										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Council's inadequate response to a natural disaster or civil defence emergency	Council has a low appetite to take risk	Council's inadequate response to a natural disaster or civil defence emergency	Capacity and capability constraints in the local and regional civil defence systems	Council is unable to respond and recover from a civil defence emergency.	1. Recommendations from reviews are adequately implemented 2. Collaborative regional governance approach 3. Partner and community exercises are held, and clear communications lines are established 4. IMT staff are fully trained 5. Debriefs are held after each event and corrective actions are implemented 6. Local Emergency Services meetings are held 7. Response and resourcing plans for most common events are developed and implemented					No update to this risk this quarter. The HBCDEM Transformation Strategy was adopted at the HBCDEM Joint Committee meeting on 27 <sup>th</sup> January 2025. The strategy aims to strengthen emergency management across the region and is built around four key themes - a system that places the community at its heart; that is prepared and ready; that is highly effective, capable and assured and; that is balanced and responsive to local needs.  While Council is well placed at a local level to respond to minor events, there are concerns around the ability to respond to a major event. <u>Action:</u> Officers continue to progress local actions to meet the intent of the Strategy. An update on the Strategy and local actions was provided to the Strategy Growth & Community Committee meeting on 27 March 2025 – please see p. 24 and 45 of <a href="#">this report</a> .

Correct as at:	6 June 2025
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory
Sponsor:	Doug Tate, Chief Executive

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A major privacy breach of customer information occurs	Council has a low appetite to take risk	A major privacy breach of customer information	Cyber security controls are breached	Customer information is not protected	1. Cyber security work programme including the cyber security implementation plan 2. Cyber specific support agreement with Hastings District Council IT team and external vendors for 24/7 monitoring and support 3. Cyber incident management processes and training 4. Cyber security tools 5. Cyber security training for staff 6. Privacy Policy and processes 7. 3 <sup>rd</sup> party software cyber protection	↓	↓	↓	↓	While Council is underway with the cyber security work programme that adds security layers (trending down arrow as scheduled work is completed) the risk will always be inherently there. The five part cyber security implementation plan previously reported to the R&A Committee has been completed with the establishment of our Security Information and Event Management Partnership in Dec 2024. <u>Action:</u> An Incident management team cyber event exercise was held on the 7 <sup>th</sup> of March 2025. Actions and recommendations following this will be implemented as required. An independent audit of Council's cyber security posture <u>has been completed in May 2025. The findings of which are due to be reported to the Risk and Assurance Committee. is also scheduled for May 2025. The findings of which we will report to the R&amp;A Committee.</u>
Council is unable to remotely monitor the delivery <u>or of</u> safety of drinking water	Council has a low appetite to take risk	Remote connection to drinking water monitoring systems <u>failure</u>	A cyber event <u>that impacts Council's systems</u> prevents remote access to water data and monitoring systems	Council is unable to remotely monitor the delivery <u>or of</u> safety of drinking water	1. Operational technology assessment (SCADA – the software that collects data from water infrastructure and communicates back to Council server) 2. SCADA network segregation (separate the SCADA onto its own network) 3. Physical monitoring of water treatment plants, but limited resourcing 4. Introducing additional security measures to all remote access sites 5. Water systems resilience plan and actions following cyber security events that impacted the Councils ability to monitor drinking waters <u>6. Alternative communication methods – cellular network and radio</u> <u>7. Premium water operations contractor engaged</u>		New			The residual risk has been updated to red <u>this quarter</u> . Although the risk itself has not changed, the Operational Technology Assessment has now been completed where officers now better understand the risks. The action has updated below. An operational technology assessment has been completed, this has identified several issues with across the SCADA network that require a planned investment and delivery approach, <u>investment has been provided in the Annual Plan for the 2025/26 financial year.</u> For the SCADA network segregation project, we have opted for the timeliest solution as an immediate step to mitigate this risk, <u>this work is underway and expected to be completed by end of July 2025.</u> This is not however, the most effective mitigation. <u>Action:</u> Assess the recommendations and develop a planned approach to remedy the issues identified in the Operational Technology assessment.

Correct as at:	6 June 2025
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory
Sponsor:	Doug Tate, Chief Executive

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SMART GROWTH										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Council infrastructure is unable to service development	Council has a high appetite to take risk	Council infrastructure is unable to service development	Funding constraints	Council does not enable growth and development	1. Infrastructure Strategy 2. Asset Management planning 3. Integrated Spatial Plan to plan for future growth 4. Prioritisation of investment in infrastructure that supports growth 5. Lobbying central government for external funding to support growth 7. Leverage regional investment 8. Progressing actions following the Smart Growth Review	➡				
Growth and capital investment in infrastructure is hindered in flood risk areas	Council has a high appetite to take risk	Capital investment plans slow down/ pause in flood risk locations	The potential changes as a result of the Upper Tukituki Review / new flood risk information	Uncertainty in future wastewater and drinking water infrastructure delivery programmes impacts growth	1.Delayed significant new infrastructure delivery programme in wastewater investment in river corridors. 2. Working with HBRC to understand the implications of the review 3. Relocation of Tikokino Road drinking water treatment plant is funded and scheduled 4. Planning for critical infrastructure upgrades that will provide more resilience in flood events (e.g. changing to pump types that can cope with more extreme weather events)			New		
Investment in critical infrastructure is delayed in flood risk areas	Council has a high appetite to take risk	Council has delayed investment in capital infrastructure	There isn't a full understanding of risk profiles of Council infrastructure	In the longer-term Council will hinder development in flood risk areas.	1. Review Wastewater and Drinking Water Strategies 2. Understanding the flood risk and designing the infrastructure accordingly 3. Integrated climate risk assessments and use of modelling tools to plan and design infrastructure 4. Asset Criticality Framework			New		
Waipukurau wastewater infrastructure is unable to service growth	Council has a moderate appetite to take risk	Waipukurau wastewater infrastructure is unable to service growth	Potential insufficient capacity at the Waipukurau wastewater treatment plant	Constraints in our 3 Waters infrastructure hinders future connections (growth) in Waipukurau	1. Detailed investigation required 2. Projectisation of investigation and resulting work programme 3. Planned approach with asset management oversight and allowing for resilience/ redundancy 4. Monitoring and analysis of all rain events 5. Investigate developer investment funding options	New				

ENVIRONMENTALLY RESPONSIBLE										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Council fails to meet wastewater consent conditions	Council has a high appetite to take risk	Council fails to meet wastewater consent conditions	Existing treatment systems cannot meet consent conditions and there are delays in the wastewater infrastructure delivery programme due to uncertainty from Cyclone Gabrielle	Council is prosecuted for non-compliance	1.Maintain clear communication with HBRC as the regulator 2. Interim projects that work towards improving effluent discharge quality are funded within the Three Year Plan 2024-2027 (Waipukurau DAF). 3. Funding of reconsenting programmes for Pōrangahau and Te Paerahi and within the Three-Year Plan 2024-2027 4. Continual maintenance and optimisation of existing treatment processes					

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DURABLE INFRASTRUCTURE										
Risk Title	Appetite	Risk Statement			Controls	Trend				Narrative for those risks outside of Risk Appetite settings
		Event	Cause	Consequence		Q1 24/25	Q2 24/25	Q3 24/25	Q4 24/25	
Failure of critical roading infrastructure	Council has a moderate appetite to take risk	Significant failure of critical roading infrastructure ( <u>specific assets identified are Patangata and Makaramu Bridges</u> )	Age/ condition/ vulnerability/ lack of redundancy of our assets	Council's ability to provide critical lifelines is compromised	1. One Network Road Classification (ONRC) 2. One Network Framework (ONF) 3. NZTA fundings and other external funding 4. Asset inspection regime 5. Asset Management Plans 6. Infrastructure Strategy 7. Critical asset register 8. Insurance 9. Renewals programme 10. Sufficient funding (depreciation)/budget 11. Operational scenario planning 12. Planned redundancy, critical spares 13. Community activation/household resilience		New			
<u>Structural</u> Failure of drinking water reservoirs in Waipawa and Waipukurau	Council has a low appetite to take risk	<u>Structural failure due to poor condition</u> Failure of drinking water reservoirs in Waipawa and Waipukurau	<u>Age/ condition/ vulnerability/ lack of redundancy of our assets</u> <u>An earthquake, ground movement or other event</u>	Council's ability to provide safe drinking water to Waipawa or Waipukurau is compromised	1. Reservoir replacements are funded through Y1-Y5 of the Three-Year Plan 2024-2027. 2. In the interim, regular inspections are carried out to identify deterioration 3. Operational scenario planning and contingency plans 4. Water Supply Bylaw - requirement to have (non-potable) 3000L storage for new builds 5. Community resilience (household emergency water supply for 3 days)					No update to this risk this quarter. This risk sits outside of Council's appetite until the scheduled replacement work has been completed as part of the Three-Year Plan 2024-2027.  Waipawa reservoir replacement was scheduled for Y1-2 and Pukeora (Waipukurau) was scheduled for Y3-Y5 in the Three-Year Plan 2024-2027. Progress on Waipawa reservoir replacement project has been slower than anticipated, as officers work through agreements with the landowner. Options and regular status updates have been presented to council to provide visibility on the potential timing of this risk control 1.  <u>Action:</u> Continue regular asset condition inspections and strengthen interim mitigations as much as practicable until the scheduled work is completed. Continue to progress projects to a shovel ready state and provide council with visibility of options.
<u>Structural</u> Failure of drinking water rising and falling mains in Waipukurau and Waipawa	Council has a low appetite to take risk	<u>Structural Failure due to poor condition</u> of drinking water rising and falling mains in Waipukurau and Waipawa	<u>Age/ condition/ vulnerability/ lack of redundancy of our assets</u> <u>An earthquake, ground movement or other event</u>	Council's ability to provide safe drinking water to Waipawa or Waipukurau is compromised	1. Capital investment programme that replaces critical pipelines, or other capital investment programmes that make these assets redundant (reservoir replacement). 2. Small scale capital investment to improve the network operational resilience 3. Targeted asset condition assessment 4. Operational scenario planning and contingency plans 5. Procurement of critical spares 6. Lessons learnt from operational events and actions inform the risk management approach 7. Water Supply Bylaw - requirement to have (non-potable) 3000L storage for new builds 8. Community resilience (household emergency water supply for 3 days)					No update to this risk this quarter. <u>Waipawa rising main</u> - the section along Tikokino Road has now been commissioned, and the remainder is linked with the reservoir replacement programme for Waipawa. <u>Waipukurau rising main</u> - attempt to mitigate the rising main risk through the Pukeora reservoir replacement. This rising main is not funded for replacement in the Three-Year Plan 2024 -2027 as the new reservoir location may mean this rising main is no longer required. <u>Waipukurau falling main</u> – the risk is that it’s a single asset serving a large population. The likelihood of failure is less than the rising main risk of failure however the consequences are greater. Having some critical spares partially mitigates this risk. Recent events have increased confidence in the ability to manage the network in response to any isolated failures. Future pipeline renewal programming will better consider asset criticality following work underway to finalise Asset Criticality Framework and a more robust renewal prioritisation process. <u>Action:</u> Asset condition monitoring, critical incident planning and an Asset Criticality Framework are all being developed but may take time to become effective in mitigating this risk.

Correct as at:	6 June 2025
Prepared by:	Nicola Bousfield, Group Manager – Corporate, Community & Regulatory
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### 6.3 HEALTH AND SAFETY REPORT: 1 FEBRUARY - 30 APRIL 2025

**File Number:****Author:** Michelle Annand, Health and Safety Advisor**Authoriser:** Adrienne Martin, People and Capability Manager**Attachments:** 1. Risk and Assurance - Health and Safety Report 11 June 2025 [↓](#)

#### RECOMMENDATION

**That the Risk & Assurance Committee receives the 'Health & Safety report dated 1 February 2025 – 30 April 2025**

#### PURPOSE

To provide the Risk and Assurance Committee with health, safety and wellbeing information and insight, and to update the committee on key health and safety initiatives for the period 1 February 2025 to 30 April 2025.

#### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

#### BACKGROUND

Elected members, as 'Officers' under the Health and Safety at Work Act 2015 (HSWA), are expected to undertake due diligence on health and safety matters.

The Health and Safety at Work Act requires those in governance roles, and senior management to have a greater understanding of their organisation's health and safety activities.

This report and its attachments provide information to assist elected members to carry out their due diligence role. It also provides the health and safety information you need to be aware of your responsibilities under the Act.

#### DISCUSSION

##### **Governance Health and Safety Report**

The Health & Safety Report to the Risk & Assurance Committee is **attached**. The key areas covered in the report are:

1. Work Programme (formerly referred to as Gap Analysis) – Project Update.
2. Critical Risks – Project Update.
3. Lead & Lag Indicators.
4. Rooding Contractors – H&S Partnership in Action.
5. Council and Contractor event reporting.

#### IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## **NEXT STEPS**

To continue to progress Council Health and Safety work programme priorities.





**CENTRAL  
HAWKE'S BAY**  
DISTRICT COUNCIL

# **Risk and Assurance Committee**

## **Health and Safety Report**

### **1 February 2025 – 30 April 2025**

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Central Hawke's Bay District Council – Health and Safety Report

1

**Author:** Michelle Anand

**Date:** June 2025

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## OVERVIEW

The Health and Safety Report is a high-level update on Officers progress of the Health and Safety Work Programme and includes lead and lag event reporting for both Council and Contracting partners.

## EXECUTIVE SUMMARY

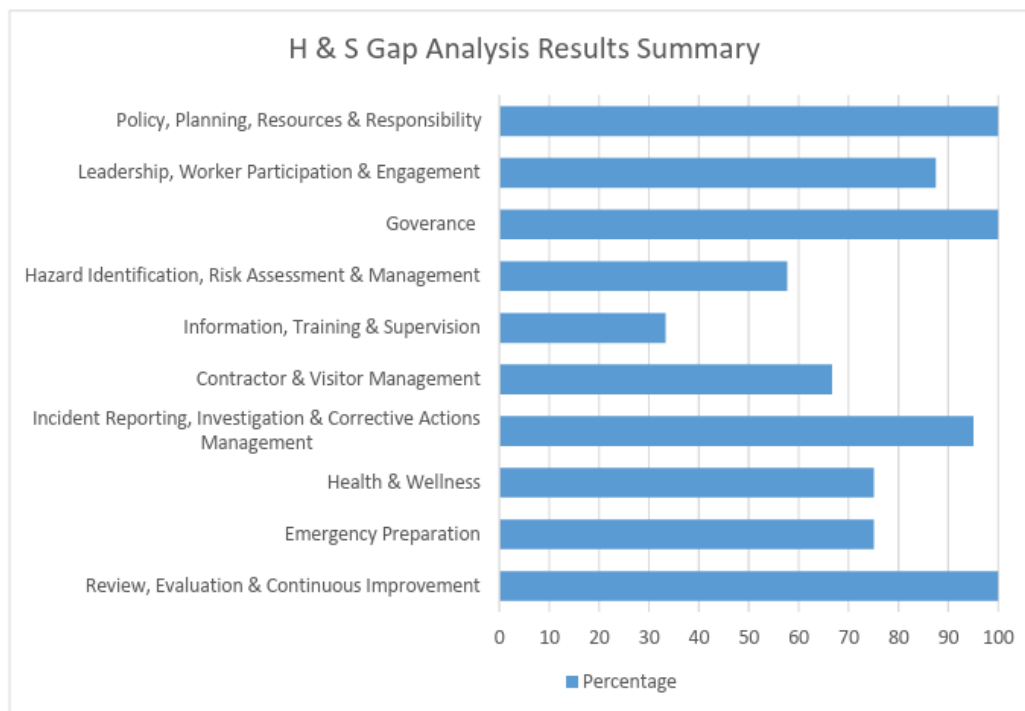
1. Health and Safety Management System (HSMS) Assessment:
  - An external assessment of Council's HSMS was conducted, highlighting significant progress have been made and recommending further improvements, particularly in hazards, risks, training and competency.
2. Critical Risk Programme:
  - The implementation of the Critical Risk Programme is prioritised, with an assurance programme to provide insights into potential vulnerabilities.
  - Eleven Critical Risks have been identified and prioritised, with progress updated provided for each.
3. Event Reporting:
  - Council reported 12 events in this quarter, with six linked to a critical risk.
  - Contractor reported one event to WorkSafe NZ involving injury during excavation.
4. Lead and Lag Indicators:
  - Lead indicators include health and safety initiatives, training schedules and monthly committee meetings
  - Lag indicators show the total number of events reported by Council and Contractor's, including injuries and property damage.
5. Contractor Health and Safety:
  - Focus on aggression towards contractors from members of the public, and manual handling injuries, with actions being implemented to address these issues.

## HEALTH AND SAFETY WORK PROGRAMME UPDATE

An external assessment of Council's Health and Safety Management System (HSMS) has been undertaken.

The Gap Analysis assessment report highlighted the significant progress and development journey of Council's Health and Safety Management System. The report makes further recommendations as expected, to work to continuously improve. Just as many previous recommendations have been adopted and closed out. There is still fundamental work to do around hazards and risks and training and competency which largely involves bedding in processes and continuing to refine these over time.

A key recommendation was that the implementation of the Critical Risk Programme is prioritised and accelerated. Once in place, an assurance programme implemented to provide the most meaningful insight into potential vulnerabilities that may exist around these most significant risks.



### CRITICAL RISKS – PROJECT UPDATE

As previously reported, staff have endorsed the identified 11 Critical Risks and have prioritised those that pose the greatest risk to Council to progress first. These are set out in the table below, including a progress update on the development of each. Each standard has been written, and programming is underway to progress these into the business.

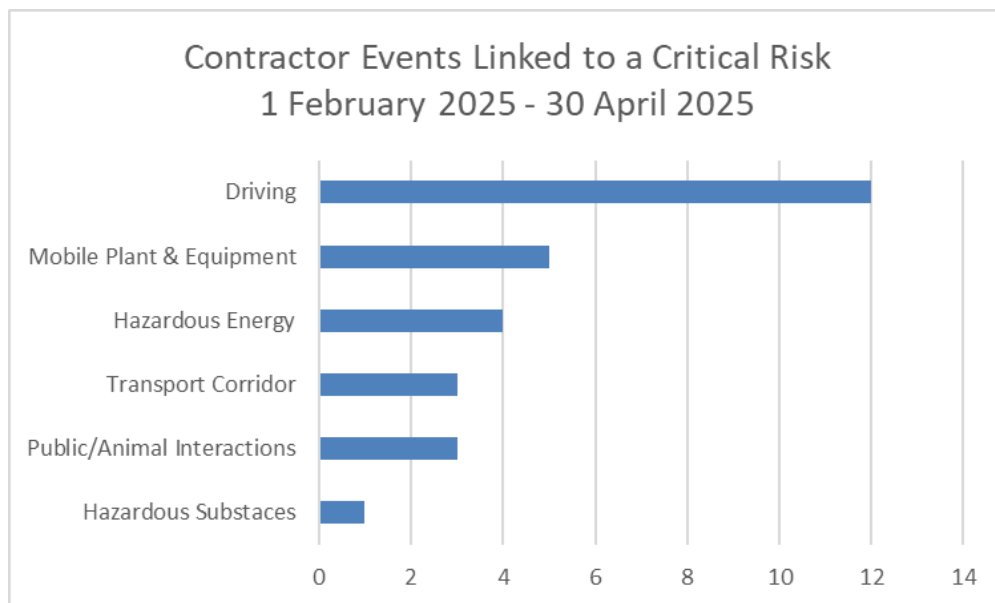
Priority	Critical Risk Standards	Council / Contractor Focus	Draft Written	Gap analysis of controls completed	Endorsed by ELT	Critical Risk Owner & Sponsor Assigned	Monitoring Plan Implemented	Evaluation (Critical Control Verifications assessed)
1	Driving	Both	ü	ü	ü	ü	Progressing	
2	Public / Animal Interactions	Council	ü	ü	ü	ü	Progressing	
3	Transport Corridor	Both	ü	In-progress Out for review				
4	Working at Height	Both	ü	In-progress				
5	Unauthorised Access to a Site Containing a Man-made Body of Water	Both	ü	In progress Out for review			Being Developed in line with contractor procurement / induction process	
6	Hazardous Energy	Both	ü					
7	Fixed Plant & Machinery	Contractor	ü	In-progress Out for review			Being Developed in line with contractor procurement / induction process	
8	Mobile Plant & Equipment	Contractor /subcontractor only	ü	In-progress Out for review			Being Developed in line with contractor procurement / induction process	
9	Confined Spaces	Contractor /subcontractor only	ü					
10	Excavations (included trenches)	Contractor /Subcontractor only	ü	ü			Being developed in line with contractor procurement / induction process	
11	Hazardous Substances	Contractor/subcontractor	ü	In-progress Out for review				
Key	Completed	In-progress	Not started – Note: Although this phase of the development of the standard reads “not started” there are a number of controls that are already practiced and in-place but are yet to be captured and formalised in the development of the Critical Risk Standards.					

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There are two categories of critical risks to safety within the Council:

Council Employees & Contractor Shared Safety Risks – risks that are related to work activities undertaken by **both** employees and contractors/subcontractors.

Contractor-only Safety Risks – a risk that relates to work undertaken by **contractors/subcontractors only**



## LEAD AND LAG REPORTING

Officers report on “lead” and “lag” events and indicators in this report.

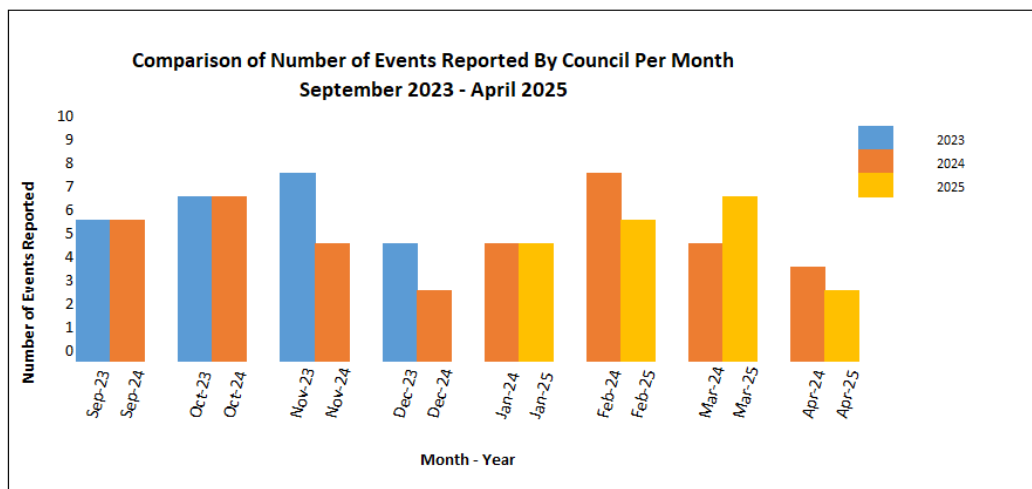
Council Events reported to WorkSafe NZ: 0

Contractor Events reporting to WorkSafe NZ: One. This involved injury to a contractor who was hit by mobile plant while excavation in progress. Full investigation undertaken by contractor and corrective actions put in place.

Council reported 16 events in this three month reporting period. Eight of these were linked to a Critical Risk. Five of these related to Contractors.

There were two events reported by a member of public.

A comparison of number of events reported each month is fairly consistent over the last year.



### Events reported by Council linked to critical risks

Each event has been reviewed in accordance with the corresponding Critical Risk Standard, and actions have been taken to ensure the necessary controls and in place and being actively monitored.

Critical Risk	Event Type	Description	Actions/Recommendations
Operating a Light Vehicle 1433134	Safety Observation	Driving on uneven ground and slopes not identified by contractor as a risk, and controls were not put in place.	Council Officers discussed this with contractor at the site.
Interaction with Public	Incident	Member of public became abusive to TTM crew who were managing detour due to road closure and reversed into contractor vehicle.	Event investigated by contractor.
Working in Transport Corridor	Incident	Member of public drove thorough TTM site running over cones at rd closure	Event investigated by contractor.
Driving a Light Vehicle	Safety Observation	Contractor observed to turn right across SH2 in area where high number of near misses reported. Procedure in place to turn left.	Contractor's procedure in place is for vehicles towing a trailer. Operator was not towing a trailer.
Working with Hazardous Substances	Safety Observation	No clear egress to external diesel container shed due to clutter.	Egress cleared to be cleared. Clutter removed from floor area.
Interactions with Public	Incident	Aggressive member of public outside Library building.	Nil further actions required.

## Lead Indicators - Council

### Health and Safety Initiatives:

Title	Activity
<b>Health and Safety Committee / Staff Engagement</b>	<ul style="list-style-type: none"> <li>Monthly Health, Safety and Wellbeing Committee meetings continue to be held monthly.</li> <li>Review of Terms of Reference and Health, Safety and Wellbeing Charter</li> <li>Vacancies within committee filled to ensure worker representation requirement</li> <li>Wellbeing subcommittee yearly wellbeing plan</li> <li>Health &amp; Safety Rep representation at ELT operational H&amp;S monthly meeting</li> </ul>
<b>Health and Safety Partnership in Action</b>	<ul style="list-style-type: none"> <li>Monthly meetings continue and participation extended to all Council suppliers. <ul style="list-style-type: none"> <li>Key topics – aggression towards contractors and manual handling.</li> </ul> </li> <li>On-going collaboration with contractor's health and safety plans before work begins</li> </ul>
<b>Critical Risks Project</b>	<ul style="list-style-type: none"> <li>Work continues, update provided in the critical risk project update section of this report.</li> </ul>
<b>Wellbeing</b>	<ul style="list-style-type: none"> <li>The wellbeing of our staff continues to be a strong focus, regular one-to-one check ins and most recently the Mates for Life team ran a session that was opened to staff and contractors.</li> </ul>
<b>H&amp;S Training</b>	<ul style="list-style-type: none"> <li>Health and Safety training schedule is being developed within the Critical Risk programme to ensure everyone has the skills to keep themselves and others safe – linking to critical risk controls. <ul style="list-style-type: none"> <li>First aid Essential &amp; Refresher training - ongoing</li> <li>Situational Awareness / Conflict course for staff and Elected Members – June 2025</li> <li>Governance Health and Safety training –completed.</li> <li>ELT Health and Safety Training – July 2025</li> <li>Risk Assessment Training – proposed later in year.</li> </ul> </li> </ul>
<b>H&amp;S Policy &amp; Procedures</b>	<ul style="list-style-type: none"> <li><b>Health, Safety and Wellbeing Framework</b> – review in progress. To be completed post review of health and safety management system in March.</li> <li><b>Hazard &amp; Risk Management Procedure</b> – been updated. For review and adoption post review of Health and Safety Management System being undertaken in March 2025.</li> <li><b>Health, Safety and Wellbeing Policy Statement</b> – currently being reviewed.</li> <li><b>Health, Safety and Wellbeing Committee Terms of Reference</b> – currently out for consultation with Health, Safety and Wellbeing Committee.</li> <li><b>Event and Investigation Procedure</b> – new procedure that defines the process to ensure all incidents are reported and investigated so that the appropriate level of preventative and corrective actions can be implemented – for adoption by ELT.</li> </ul>



### Lag Indicators - Council events this quarter

Sixteen events reported by Council Officers. Two resulted in injuries, one first aid/discomfort and one requiring medical treatment.

The below table shows the total number of all events reported by Council that resulted in either injury/illness or property damage ("Incidents") i.e. of the five events reported there was one incident resulting in injury requiring medical treatment and one that resulted in property damage.

Title	Month	Total number of "Events"	Incidents	Injuries/Illness	Personal Consequence	Property Damage
Number of events resulting in either injury/illness or property damage	Sept	7	3	2	Discomfort or First Aid Restricted Work or Lost Time	0
	Oct	6	2	1	Medical Treatment	0
	Nov	5	3	1	Discomfort or First Aid = 1	1
	Dec	2	2	1	Medical Treatment = 1	0
	Jan	5	3	1	No consequence	1
	Feb	7	7	2	First Aid/Discomfort = 2	1
	Apr	3	1	1	First Aid/Discomfort injury	0
Top three hazards associated with work	Sept	<ul style="list-style-type: none"> <li>Surface/Ground Conditions &amp; Changes of level,</li> <li>Operating Light Vehicle, Interactions with Public, Interactions with Animals</li> </ul>				
	Oct	<ul style="list-style-type: none"> <li>Office / Workplace Ergonomics</li> <li>Operating a Light Vehicle, Working with Hazardous Substances, Surface/Ground Conditions &amp; Changes of Level</li> </ul>				
	Nov	<ul style="list-style-type: none"> <li>Other</li> <li>Surface/Ground Conditions &amp; Changes of Levels</li> <li>Operating Mobile Plant (forklifts, tractors etc)</li> </ul>				
	Dec	<ul style="list-style-type: none"> <li>Interactions with Public</li> <li>Surface/Ground Conditions &amp; Changes of Level</li> </ul>				

	Jan	<ul style="list-style-type: none"> <li>Interactions with Public, Falling Objects, Operating a Light Vehicle, Working at Heights, Other</li> </ul>
	Feb	<ul style="list-style-type: none"> <li>Interactions with Public</li> <li>Other</li> </ul>
	Mar	<ul style="list-style-type: none"> <li>Operating a Light vehicle</li> <li>Other</li> </ul>
	Apr	<ul style="list-style-type: none"> <li>Surface conditions/ change of level</li> </ul>

### Lead Indicators – Contractor

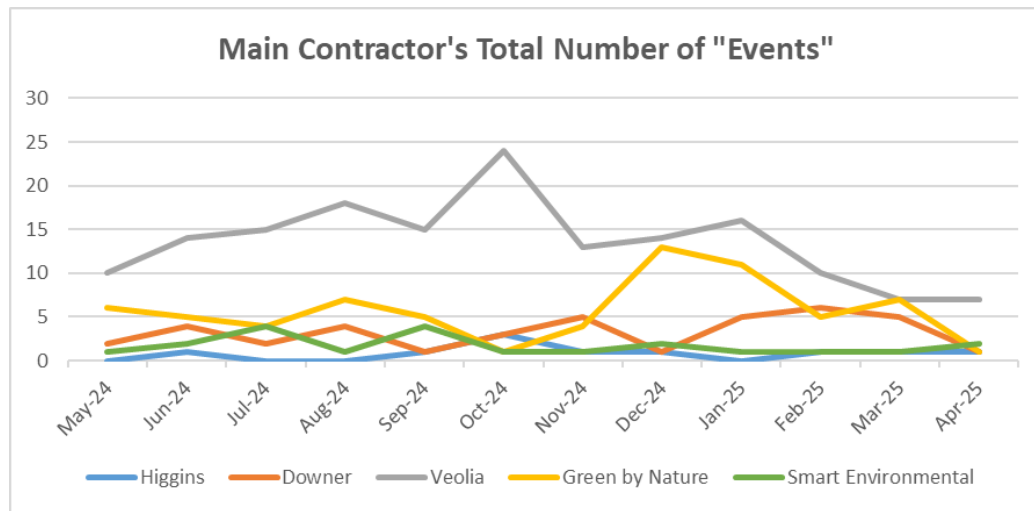
A key focus at the Monthly Contractor Health & Safety Meeting over this quarter has been the aggression shown towards contractors while undertaking work in the transport corridor and manual handling injuries. The following actions are being implemented:

- **“Act with Mana” Signage:** Council exploring opportunities to increase the “Act with Mana” signage in collaboration with Contractors.
- **Contractor Activity:** Work with contractors to ensure they remain active and visible on-site to reduce public frustration.
- **Traffic Management:** Council coordinating with local police to manage traffic issues and ensure safety at work sites.
- **Early intervention for Lifting injuries:** Contractor implementing early intervention programs to address lifting-related injuries and prevent further incidents.
- **Winter preparations:** Contractor toolbox talks on slip, trip, and fall prevention for winter months. Issue of new PPE.

One contractor the completion of a major upgrade at Wanstead Swamp and the effectiveness of police presence in managing traffic issues.

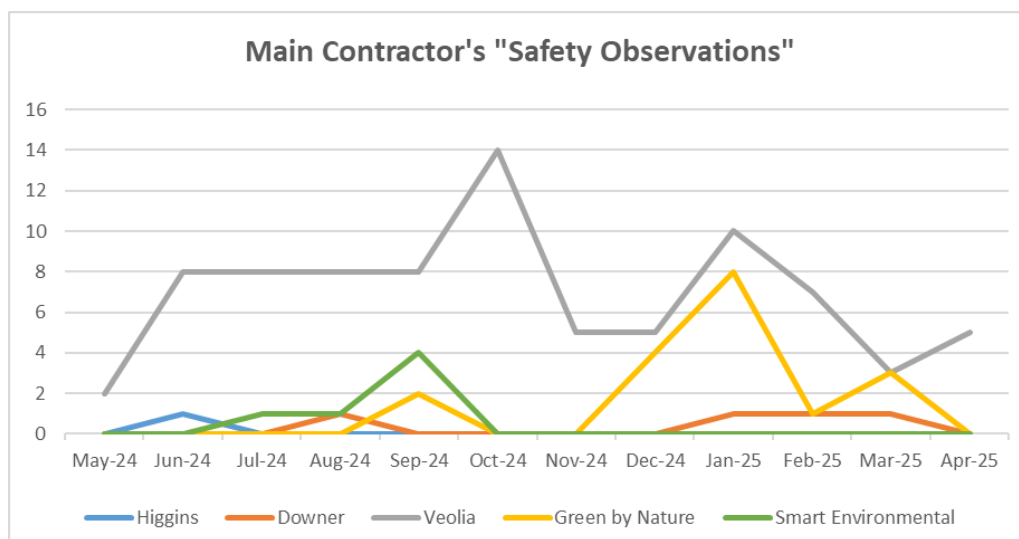
### Dashboard

The total number of events is shown in the graph below are further broken down into lead indicators (Safety Observations, Near Misses, Safety Observations, and Site Visits/Critical Risk Sweeps) and lag indicators (Incidents)



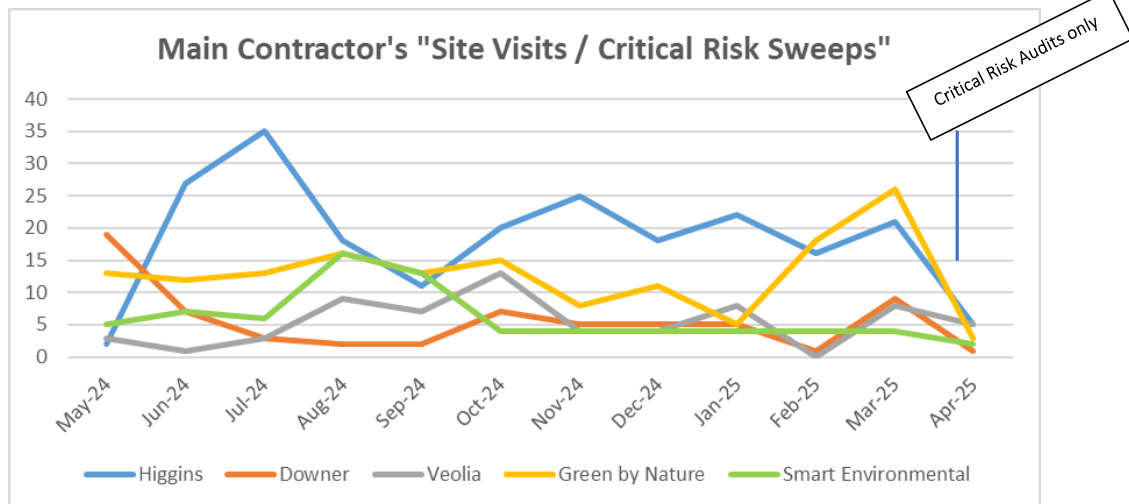
#### Safety Observations

Recording of a worker's positive or negative safety behaviour or observation of an absent or failing control e.g., not wearing correct PPE, inappropriate Traffic Management set-up.

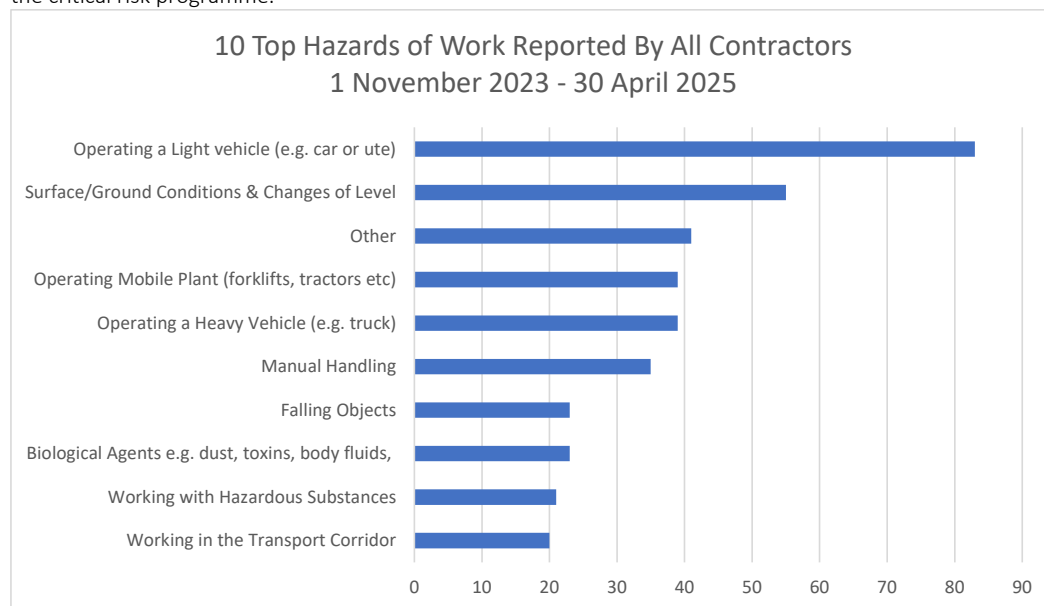


### Leadership Activities – Contractor Site Visits/Critical Risk Sweeps

These are “lead indicators” and inclusive of site visit assessments, critical risk audits, and any improvements to work undertaken by Contractor.



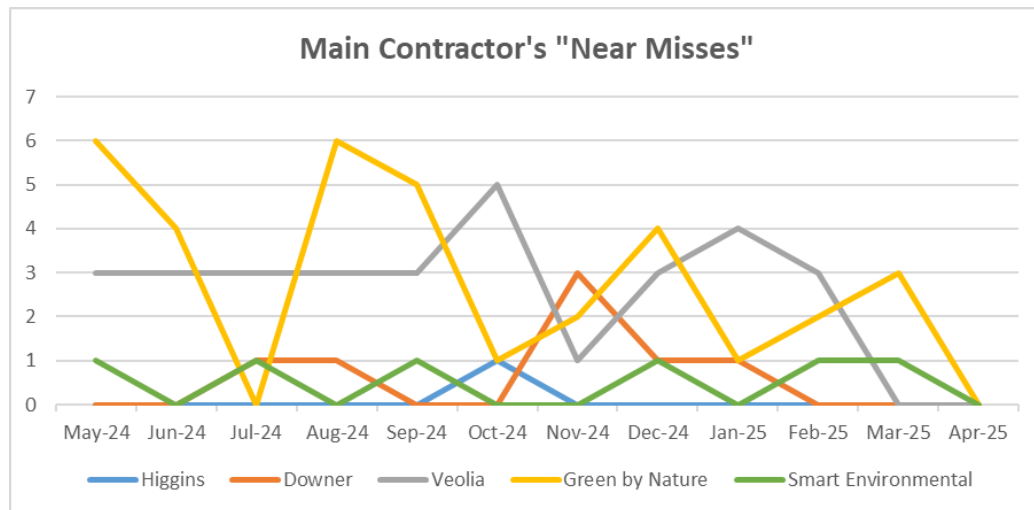
In line with Council’s focus on Critical Risks the data will now be collected to show the audits on Critical Risks undertaken by contractors. We will progress to show a percentage of critical risk verification as we progress the critical risk programme.



**Contractor Near Misses**

These are “lead indicators” as these are representative of where an unplanned event has occurred without consequence (e.g., injury/illness, or damage). However, there was the potential for injury/illness or damage to occur.

Reporting of near misses provides an insight about working conditions, highlighting any areas that may need attention before they’ve had a chance to become a serious problem.



## Lag Indicators – Contractor Reporting

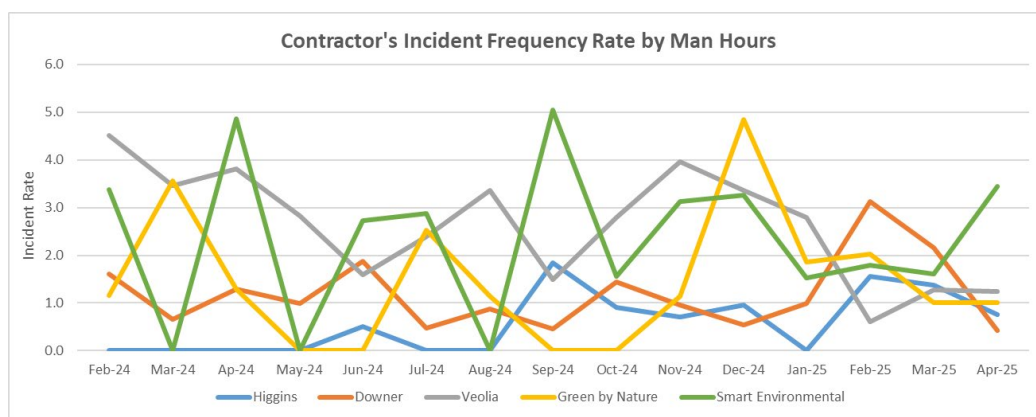
### Contractor Man Hours Worked

The below graph is a report on man hours worked by the main contractors which gives visibility to the contractor size and scale as a comparison.

### Contractor Incident Frequency Rate (inclusive of injury's, illness and property damage or delays in work production)

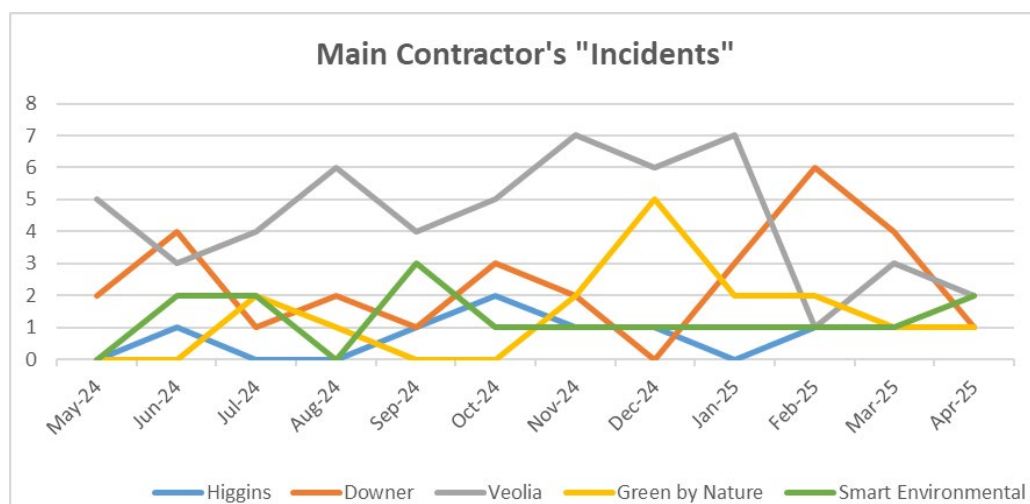
The below graph and table report on the number of workplace incidents relative to the total number of hours worked to provide insight into how often incidents occur for each main contractor.

(2000 hours = 1 employee working 40 hours a week for 50 weeks a year).



### Contractor Incidents

These are "lag indicators". Any unplanned event where there has been some consequence such as injury/illness or damage.



The below table shows the total number of all events that resulted in either injury/illness or property damage (Incidents) that were reported by **all** Councils contracting partners.

Title	Month	Total number of "Events"	Incidents	Injuries/Illness	Personal Consequence	Property damage
Number of events resulting in either injury/illness or property damage	Sep	26	7	5	Discomfort or First Aid = 4 Restricted Work or Lost Time = 1	0
	Oct	32	13	4	Discomfort or First Aid = 2 Medical Treatment = 2	5
	Nov	24	13	5	Discomfort or First Aid Injuries = 4	3
	Dec	33	13	5	Discomfort or First Aid Injuries = 5	3
	Jan	36	15	9	Discomfort or First Aid Injuries = 8	5
	Feb	21	11	8	Discomfort or First Aid = 4 Restricted Work or Lost Time = 4	3
	Mar	22	10	5	Discomfort or First Aid = 4 Medical Treatment = 1	4
	Apr	12	7	3	Illness = 1 (non-work medical event) Discomfort of First Aid = 2	3
	Sep	<ul style="list-style-type: none"> <li>Operating a light Vehicle</li> <li>Surface/Ground Conditions and Changes of Level</li> <li>Operating Mobile Plant and Equipment</li> </ul>				
	Oct	<ul style="list-style-type: none"> <li>Operating a Light Vehicle</li> <li>Surface/Ground Conditions and Change of Level</li> <li>Driving a Heavy Vehicle, Working with Hazardous Substances, Falling Objects, Biological Hazards</li> </ul>				
	Nov	<ul style="list-style-type: none"> <li>Operating a Light Vehicle</li> <li>Surface/Ground Conditions and Change of Level</li> </ul>				

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Top three hazards associated with work		<ul style="list-style-type: none"><li>Falling Objects, Other</li></ul>
	Dec	<ul style="list-style-type: none"><li>Operating a Light Vehicle</li><li>Operating a Heavy Vehicle, Manual Handling, Surface and Ground Conditions</li></ul>
	Jan	<ul style="list-style-type: none"><li>Manual Handling</li><li>Operating a Heavy Vehicle</li><li>Other</li></ul>
	Feb	<ul style="list-style-type: none"><li>Surface/Ground Conditions and changes of level</li><li>Operating a light vehicle, Operating Mobile Plant, Manual Handling</li></ul>
	Mar	<ul style="list-style-type: none"><li>Operating a Light Vehicle</li><li>Biological agents, Manual Handling, Surface &amp; Ground Conditions</li></ul>
	Apr	<ul style="list-style-type: none"><li>Manual Handling</li><li>Operating a Light Vehicle; Operating Mobile Plant &amp; Equipment</li></ul>



## 6.4 TREASURY MANAGEMENT MONITORING REPORT

**File Number:** COU1-1408

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### RECOMMENDATION

**That the Risk and Assurance Committee receives the Treasury Management Monitoring Report.**

### PURPOSE

To provide an update on Treasury Management Policy Compliance.

### SIGNIFICANCE AND ENGAGEMENT

This report is provided for information purposes only and has been assessed as not significant.

### BACKGROUND

Council is required under the Local Government Act 2002 to have three policies:

- Treasury Management Policy.
- Liability Management Policy, and
- Investment Policy.

The rationale for the policies is to ensure prudent use of public funds, manage investment returns, borrowing costs, and to minimise the risk of loss of public funds.

Central Hawke's Bay District Council (Council) has combined these into a single policy covering all three topics.

This current policy was adopted on 14 March 2024, following a review supported by Bancorp Treasury, officers and the Committee, ahead of the preparation of the Three-Year Plan (3YP).

### DISCUSSION

#### *Investments*

As at 20 April 2025, Council was holding \$9.1m in funds on call (up from \$6.8m from 30 June 2024).

Council was also holding a term deposits of \$4m each maturing May and paying 4.15% pa. Council has no other investments besides LGFA bonds.

## Borrowing

As at 30 April 2025, Council had \$52m of external debt drawn (\$44m 30 June 2024). In April Council drew \$7m of new debt, and repaid \$3m of existing debt.

The new debt is split over two maturities - \$3m 15/05/2028 @ 4.58% floating with quarterly resets, and \$4m 20/04/2029 @ 4.52% also floating.

The table below provides all the details of the existing loans:

<b>Debt Position</b>	<b>Draw Date</b>	<b>Maturity Date</b>	<b>Interest Rate</b>	<b>Amount 30/06/2024</b>	<b>Amount Now</b>	<b>Movement</b>
LGFA - Floating Rate	11/07/2022	15/07/2024	6.07%	3,000,000	-	(3,000,000)
LGFA - Floating Rate	17/04/2023	15/04/2025	4.32%	3,000,000	-	(3,000,000)
LGFA - Floating Rate	10/08/2022	15/04/2026	4.09%	3,000,000	3,000,000	0
LGFA - Floating Rate	17/04/2023	15/04/2026	4.14%	3,000,000	3,000,000	0
LGFA - Floating Rate	8/07/2024	15/04/2026	4.65%	-	3,000,000	3,000,000
LGFA - Floating Rate	17/04/2023	15/04/2026	4.14%	2,000,000	2,000,000	0
LGFA - Floating Rate	15/04/2025	15/05/2028	4.58%	-	3,000,000	3,000,000
LGFA - Floating Rate	15/04/2025	20/04/2029	4.52%	-	4,000,000	4,000,000
			4.37%	14,000,000	18,000,000	4,000,000
LGFA - Fixed Rate	16/01/2024	16/07/2024	5.78%	5,000,000	-	(5,000,000)
LGFA - Fixed Rate	8/07/2024	7/07/2025	5.54%	-	3,000,000	3,000,000
LGFA - Fixed Rate	28/08/2017	25/08/2025	3.85%	2,000,000	2,000,000	-
LGFA - Fixed Rate	16/03/2020	15/04/2027	2.03%	4,000,000	4,000,000	-
LGFA - Fixed Rate	15/04/2024	15/04/2027	5.47%	11,000,000	11,000,000	-
LGFA - Fixed Rate	14/12/2022	15/05/2028	5.27%	2,000,000	2,000,000	-
LGFA - Fixed Rate	6/03/2023	15/05/2028	5.70%	6,000,000	6,000,000	-
LGFA - Fixed Rate	8/07/2024	20/04/2029	5.36%	-	6,000,000	6,000,000
			4.99%	30,000,000	34,000,000	4,000,000
Live ANZ Interest Rate Swap	31/12/2024	15/04/2026	3.83%	-	5,000,000	5,000,000
ANZ Standby Facility (\$4,000,000)				-	-	-
Total Debt (Excl Swaps)			4.72%	44,000,000	52,000,000	8,000,000

<b>Forward Start Interest Rate Swap:</b>	<b>Start Date</b>	<b>Finish Date</b>	<b>Interest Rate</b>	<b>Amount 30/06/2024</b>	<b>Amount Now</b>	<b>Movement</b>
ANZ	31/08/2025	15/04/2026	3.46%	-	7,500,000	7,500,000
ANZ	15/04/2026	20/04/2029	3.91%	10,000,000	10,000,000	0
ANZ	15/10/2025	15/10/2029	3.55%	-	5,000,000	5,000,000
ANZ	15/04/2027	15/04/2030	3.82%	-	7,500,000	7,500,000
Total Swaps			3.72%	10,000,000	30,000,000	20,000,000

Council's 3-Waters capital programmes has had some rephasing as it deliverability is explored and how proposed Waste Water standards may impact some proposed investment. Land transport has recently finished the tail end of the 99% funded roading recovery programmes and is now beginning to deliver the 89% NZTA funded works which are due to be completed before 30 June 2025.

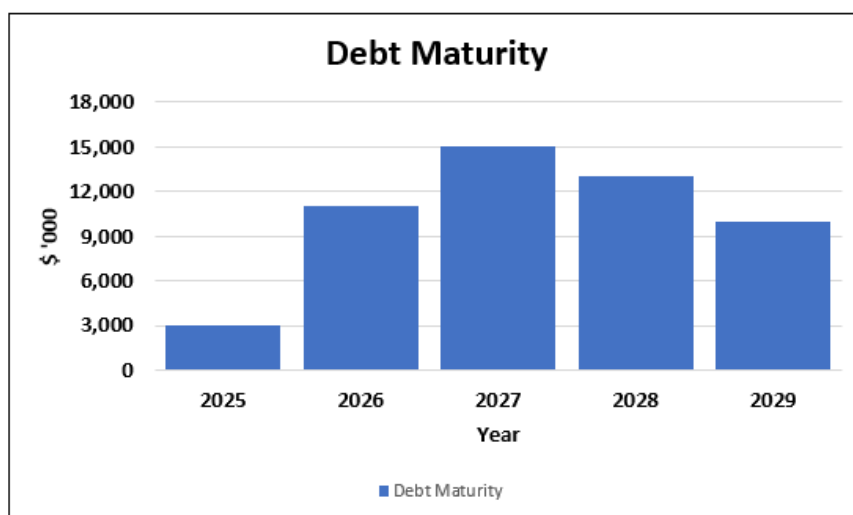
With the fund on hand, and the next rates instalment due 20 May 2025, no future borrowing will be required before 30 June 2025.

It is pleasing to see Councils floating rate debt cost of funds starting to come down as they are reset every 90 days by LGFA.

Below is an extract of the New Zealand wholesale three-year swap rate since late 2023. July 2024 was when the Reserve Bank begun its easing cycle and as can be seen post October 2024 has substantially stabilised with a gradual easing since then as more economic data and a better understanding of the state of the New Zealand economy and world events unfold.

**Swap rate**

The graph and table below show the maturity of this debt, and how these compare to Councils treasury policy.



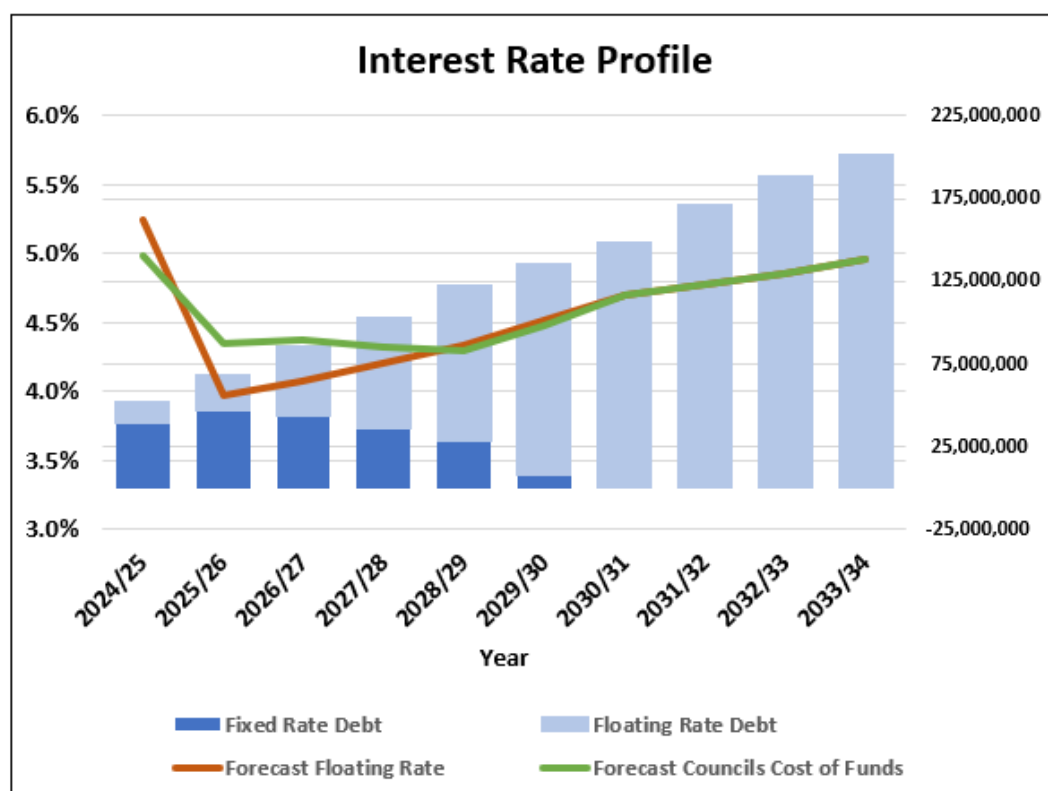
	2025	2026	2027	2028	2029	2030
Actual	6%	21%	29%	25%	19%	0%
Policy	35%	35%	35%	35%	35%	35%
Met	Y	Y	Y	Y	Y	Y

The Treasury Management Policy contains a benchmark for Council's average cost of funds. The resultant benchmark calculations are detailed below:

	Rate	Weighting	Weighted Rate
Average 90 day bill rate for reporting month	3.34%	30%	1.00%
2 Year Swap Rate at end of reporting month	3.33%	10%	0.33%
2 Year Swap Rate, 2 years ago	5.19%	10%	0.52%
4 Year Swap Rate at end of reporting month	3.59%	10%	0.36%
4 Year Swap Rate, 4 years ago	1.10%	10%	0.11%
7 Year Swap Rate at end of reporting month *	3.95%	15%	0.59%
7 Year Swap Rate, 7 years ago *	2.85%	15%	0.43%
<b>Benchmark Targeted Rate</b>			<b>3.34%</b>
<b>Council Achieved Weighted Average Cost of Funds</b>			<b>4.72%</b>
* 7 Year Swap rate was used instead of 8 Year rate due to the 8 year rate not being reported on by RBNZ			

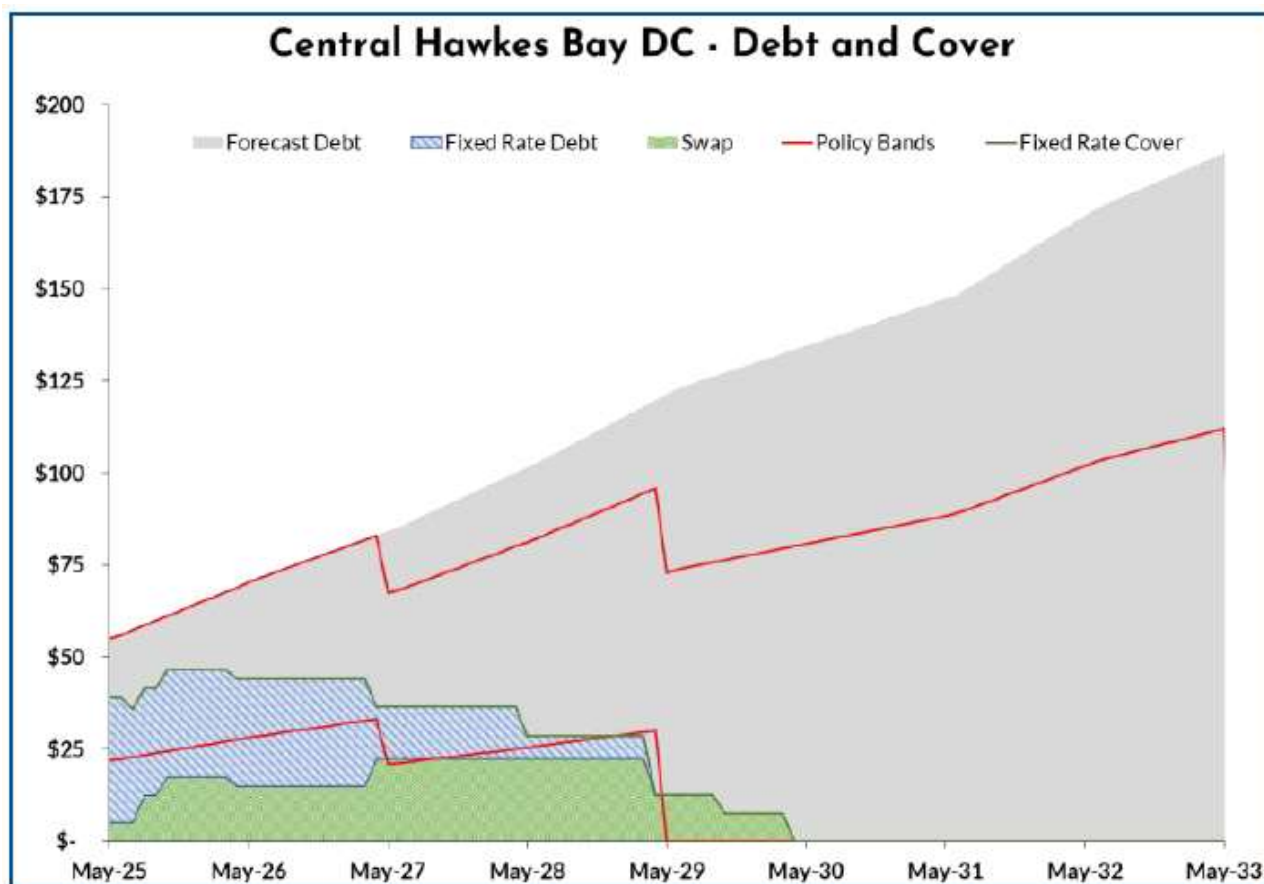
This shows that Council is not achieving the expected benchmark due to the majority of Council's debt being drawn recently, weighting the average cost of funds towards the highest current market rates. It also highlights the usual interest rate market that existed four years ago during Covid.

The graph below shows Council's expected average cost of funds compared to the expected floating rate. What this shows is that Council's average cost of funds drop as the floating portion of its loan portfolio falls with the lowering of the OCR. The average cost of funds then plateaus with the swaps coming into force through until 2030.

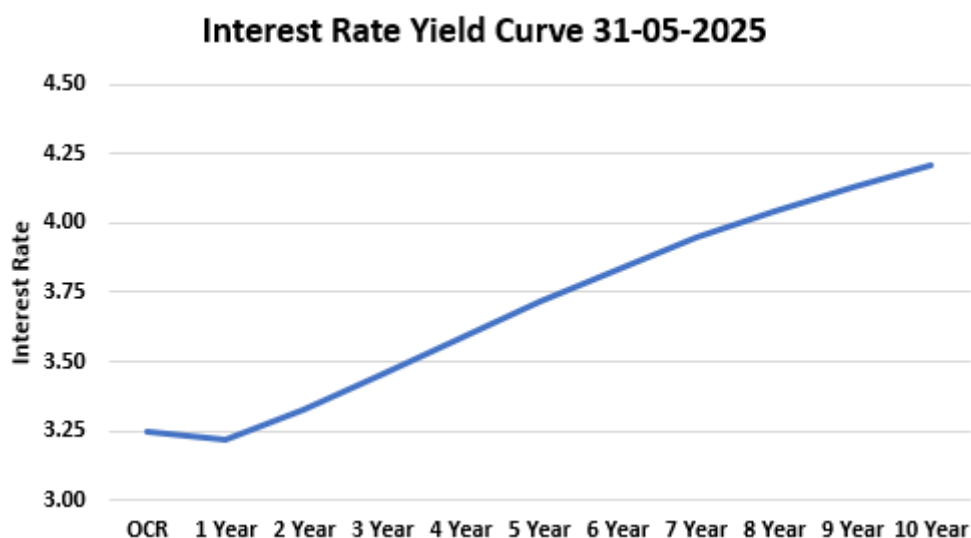


Below is a different view, showing that as Council's debt increases so to must its interest rate cover. The debt increases in this graph is a combination of the Annual Plan for 2025-26 and the 3YP model Council consulted on. The graph also shows the impact of the forward starting swaps.

Based on Councils expected growing debt levels we are currently sitting on minimums for our fixed interest rate cover apart for a brief part of 2029. However, officers are being conservative not to take too much fixed cover before the debt is drawn in case circumstances change and the debt isn't drawn, or the Hawke's Bay Water entity is stood up and the debt is transferred off Councils books (this is likely to occur before the 2029 breach occurs).



Currently, the interest rate yield curve is shaped as shown in the graph below. It shows that the markets are assuming we are almost at the bottom of interest rate easing cycle. Further out than 12 months the market is uncertain of the direction of change and risk comes back onto the table and longer yields reflect neutral plus a risk allowance which grows the further out you are looking.



Both officers and Bancorp are monitoring the interest swap rates. Bancorp considers 3.00% to 3.25% to be the target range (or the neutral level).

Below is a list of Council's debt ratios as per the existing policy:

<u>Liquidity (Liquid Assets + Debt / Debt)</u>		<u>Finance Costs / Total Revenue</u>	
Policy Limit	>115%	Policy Limit	<20%
ANZ Cheque and Call Accounts	6,974,316	Finance Costs	1,594,828
ANZ Standby Facility Undrawn	4,000,000	Total Revenue	63,451,125
Total Debt	52,000,000		
Achieved Limit	121%	Achieved Limit	3%

<u>Finance Costs / Total Rates Revenue</u>		<u>Debt to Operating Revenue</u>	
Policy Limit	<25%	Policy Limit	<150%
Finance Costs	1,594,828	Total Debt	52,000,000
Total Rates Revenue	27,650,492	Total Forecast Revenue	63,997,328
Achieved Limit	6%	Achieved Limit	81%

At the end of April 2025, Council was fully compliant with these ratios.

The only caveat on the above ratios is that operating revenue currently is distorted due to the Waka Kotahi emergency repairs subsidy Council is receiving, making the debt to revenue ratio look much better than if you excluded this one-off revenue stream.

### OCR Rate forecasts

On the 28 May 2025, the Reserve Bank of New Zealand (RBNZ) met as widely anticipated cut its Official Cash Rate (OCR) by 0.25% to 3.25% pa.

The rate cut was decided by a vote and wasn't unanimous. They did note that the Reserve Bank now consider themselves to be in the neutral zone ie neither stimulatory or contractionary for the economy. The Governor added *"The key message is that we have done a lot of work. We have come a long way and we're in a good position such that we can respond to developments as they occur, as opposed to being pre-programmed or preset to make any particular move."*

This implies the central bank is at, or near, the end of its cutting cycle, which saw markets start to unwind some of the projected cuts because markets like to front-run cyclical changes.

Below is Bancorp's take on this change and the associated commentary:

*"This implies the central bank is at, or near, the end of its cutting cycle, which saw markets start to unwind some of the projected cuts because markets like to front-run cyclical changes."*

The next OCR announcement is due on 9 April 2025 where a further rate cut of 0.25% pa is expected.

### IMPLICATIONS ASSESSMENT

This report confirms that the matter concerned has no implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

**NEXT STEPS**

Officers will continue to provide quarterly updates on Treasury Management.

## **6.5 ELECTED MEMBERS PECUNIARY INTERESTS REGISTER UPDATE 2025**

### **File Number:**

**Author:** Annelie Roets, Governance Lead

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **PURPOSE**

To provide and receive the latest summary of interests from Council's appointed Registrar.

### **RECOMMENDATION**

**That the Risk & Assurance Committee receives the February 2025 Summary of Elected Members Pecuniary Interests, noting that there are no matters of materiality identified by the Registrar.**

### **BACKGROUND**

The Local Government (Pecuniary Interest Register) Amendment Act 2002 (2022 No 24) (attached) came into effect on 20 November 2022, increasing the requirements for members to disclose potential pecuniary interests.

A local authority must keep a register of the pecuniary interest of members of the local authority members who have been elected under the Local Government Act 2001 and Local Electoral Act 2001 who are part of the local authority.

The purpose of the register of members' pecuniary interests is to record members' interests so as to provide further transparency and to strengthen public trust and confidence in local government processes and decision-making, by keeping and making publicly available, information about member's pecuniary interests. The Amendment Act provides four main obligations for Councils:

- Keep a register of members' pecuniary interests.
- Appoint a registrar to compile and maintain the register.
- Make a summary of the information contained in the register publicly available.
- Ensure that information contained in the register is only used in accordance with the purpose of the register and is retained for seven years after the date on which a member provides the information.

The legislation further strengthens and lifts the extent of transparency of potential interests and is also separate to and does not replace the obligations members have under the Local Authorities (Members Interests) Act 1968, which remains in force.

This report seeks to formally present the summary of the information, having been received and collated by the Registrar.

### **DISCUSSION**

The legislation requires that a register contain all pecuniary interests returned and filed by elected members and any corrections made by them. These requirements do not apply to appointed members of Council committees, only to Elected members, with potential conflicts declared and managed through the Chief Executive.

Elected members need to disclose in their returns:



- information relating to the elected member's position – as a business owner, employee, trustee, etc; and
- information relating to the elected members' activities – as recipients of gifts or payments.

The Local Government Act 2002 (LGA) sections 54C, 54E and 54F prescribe when the *pecuniary interest return* must be submitted, what period it is to cover, and what it must contain.

- Members must make the pecuniary interest return by the day that is 120 days after the date on which the member comes into office under section 115 of the Local Electoral Act 2001 and
- The last day of February in each subsequent year.

The requirement to comply with these provisions falls completely to the Elected Member, and there is yet to be further guidance provided by the Office of the Auditor General on responsibilities relating to where the responsibility falls to report members who do not comply with the requirements of the legislation.

### **Managing Privacy Risks**

Council has obligations under the Privacy Act 2020 to keep the information disclosed private that is otherwise not required to be proactively released. The only exception to this, is if members of the public are unsatisfied that sufficient detail has been disclosed in the Registrars summary, then the public can under LGOIMA seek further information. This again, however, is a decision of the Registrar and would be on a case-by-case basis.

The Registrar also has obligations to maintain privacy principles and those of the people elected members may disclose in their return form. This means that the private information is not accessible across the organisation and is held by the Registrar. As a Council, we also have existing Privacy measures in place under legislation including a Privacy Officer to support this.

### **Summary of Information**

A requirement of the registrar is to provide a summary of the information, which must be made publicly available. In accordance with the legislation, the summary is available on the Council's website [here](#) and as a hard copy at the Customer Services office for viewing.

In compiling the summary, the Registrar did not identify any matters of concern that have required further clarification or action. It is now presented at this meeting for the Committees receipt and formal acknowledgement that no material matters were identified by the Registrar.

### **RISK ASSESSMENT AND MITIGATION**

Non-compliance, by elected members, with the legislated requirements is an offence under the Act and is punishable by a fine. There are no other substantial risks from this decision required.

### **SIGNIFICANCE AND ENGAGEMENT**

In accordance with the Council's Significance and Engagement Policy, this matter has been assessed as of low significance and this legislated obligation for Council, does not require consultation.

## **6.6 ASSURANCE MONITORING OF THE MAYORAL FUND**

### **File Number:**

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **RECOMMENDATION**

**That the Risk & Assurance Committee receives and notes the Assurance Monitoring Report on the Mayoral Fund.**

### **PURPOSE**

To provide an update on the discretionary expenditure made through the Mayoral Fund for the year.

### **SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as not significant.

### **BACKGROUND**

Each year Council provides the Mayoral Fund \$5,000 for the mayor to use at her discretion.

The fund is governed by the following rules:

- To provide for payments to worthy individuals or groups at the sole discretion of the mayor.
- Income for this fund comes from public donations, and if required, an allocation of interest from Special Fund Investments.
- The balance of the Fund will be maintained at a minimum of \$5,000 as at each 30 June milestone.
- The Mayor will report to Council on a 6-monthly basis on expenditure from this Fund.

It is important to note that this fund is distinct to the “Mayoral Relief Fund” that Council operated post Cyclone Gabrielle. This fund was established from 20 February 2023 and operated until 31 August 2023 when the fund was formally closed. Over the life of this fund, it received and distributed over \$609,000 of funds, where applications for assistance were overseen by four of the Councillors.

There was a small residual amount remaining and some late donations to this fund which the mayor is distributing on an ad hoc basis. At the time of writing there was \$38,076 remaining available for distribution. During the year four distributions totalling \$11,294 have been made from this fund for Cyclone related hardships.

### **DISCUSSION**

During the 2024-2025 year the following payments have been made through the Mayoral Fund:

EPIC Ministries – Festival of the Future	\$133
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All payments are consistent with the policy governing this fund.

## **IMPLICATIONS ASSESSMENT**

This report confirms that the matter concerned has no particular implications and has been dealt with in accordance with the Local Government Act 2002. Specifically:

- Council staff have delegated authority for any decisions made.
- Council staff have identified and assessed all reasonably practicable options for addressing the matter and considered the views and preferences of any interested or affected persons (including Māori), in proportion to the significance of the matter.
- Any decisions made will help meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.
- Unless stated above, any decisions made can be addressed through current funding under the Long-Term Plan and Annual Plan.
- Any decisions made are consistent with the Council's plans and policies; and
- No decisions have been made that would alter significantly the intended level of service provision for any significant activity undertaken by or on behalf of the Council or would transfer the ownership or control of a strategic asset to or from the Council.

## **NEXT STEPS**

Officers will continue to track and monitor expenditure and report this to this committee.

## **6.7 INSURANCE RENEWAL AND LOSS MODELLING UPDATE**

**Author:** Brent Chamberlain, Chief Financial Officer

**Authoriser:** Doug Tate, Chief Executive

**Attachments:** Nil

### **RECOMMENDATION(S)**

**That the Risk and Assurance Committee notes/receives the Insurance Renewal and Loss Modelling Update report.**

### **PURPOSE**

To provide an update to the committee on insurance matters ahead of this year's renewal.

### **SIGNIFICANCE AND ENGAGEMENT**

This report is provided for information purposes only and has been assessed as not significant.

### **BACKGROUND**

Council has an annual insurance renewal on the 1 November each year. Ahead of this date Council officers have to supply AON with asset schedules and discuss Loss Limits and Deductibles ahead of them seeking cover from the market.

### **DISCUSSION**

Below is an update on various insurance matters:

#### **Cyclone Gabrielle Claim Status**

We are close to finalising our insurance claim from Cyclone Gabrielle with the loss assessor. To date they have accepted a total claim of \$1.2m with the only item still outstanding being the repair to Pōrangahau Hall which was on hold until we had confirmed stopbank protection, alternatively we may have had to alter the floor height. This repair is underway now.

Council received \$500k as a goodwill payment in March 2023, and a further progress payment of \$687k in April 2025. The remaining balance of \$125k will be settled along with the Pōrangahau Hall repair once this is complete.

#### **Renewal Update**

Officers recently attended an insurance update held by AON in Hastings. The graphic below shows the current state of the insurance market in New Zealand.

At this stage the market is easing, with more cover and capacity coming back into the market.

## New Zealand Market Dynamics

### Q1 2025

	Overall	Pricing	Capacity	Underwriting	Limits	Deductibles	Coverages
Overall	Moderate	Flat	Abundant	Prudent	Flat	Flat	Stable
Automobile	Moderate	Flat	Abundant	Flexible	Flat	Flat	Stable
Casualty	Moderate	Flat	Abundant	Flexible	Flat	Flat	Stable
Cyber	Soft	-5-10%	Abundant	Prudent	Increased	Flat	Smaller
Directors & Officers	Moderate	Flat	Ample	Flexible	Flat	Flat	Stable
Property	Moderate	-5-10%	Ample	Prudent	Flat	Flat	Stable

Below is AON's commentary on this matrix:

#### Pricing

Overall, market pricing is improving, particularly for property, where a benign claims environment, favourable treaty reinsurance pricing and increased competition are creating favourable impacts.

#### Capacity

Capacity is ample-to-abundant across all segments, although higher hazard property risks, particularly those with significant natural catastrophe exposures, continue to face challenges.

#### Underwriting

Underwriting discipline continues across all lines as insurers require detailed risk information to support informed decision-making. Underwriting for automobile, casualty and directors and officers is flexible as insurers respond to increasing competition and benign claims environments in recent years.

#### Limits

Most placements are renewing with expiring limits, although some buyers are reviewing limit options, mostly to manage program pricing. The favourable cyber environment – with robust capacity, competitive pricing and flexible underwriting – is providing opportunities for clients to reinvest premium savings in the purchase of higher limits.

#### Deductibles

Most placements are renewing with expiring deductibles, although some risks with poor loss history may face corrective deductible increases.

#### Coverages

Coverages are largely stable across the market with some easing of policy conditions and coverage extensions becoming more common, e.g., an automobile insurer has introduced post-loss roadside assistance services to all policies at no additional cost.

As part of the due diligence ahead of consulting on Hawkes Bay Water, the four Hawkes Bay Councils engaged GHD to value all 3 Water Council assets. There have been concerns expressed that while all Councils regularly undertake revaluations, each Council uses different valuers and therefore unit rates and asset lives differed slightly between them.

Below is the result of this valuation, all be it with slightly different assumptions:

	<b>Drinking Water</b>	<b>Wastewater</b>	<b>Stormwater</b>	<b>Total</b>
<b>2024 Stantec</b>	112,911,147	115,471,875	50,040,097	278,423,119
<b>2025 GHD</b>	106,368,069	126,200,725	63,801,528	296,370,322
<b>Change</b>	(5.8%)	9.3%	27.5%	6.4%

This valuation indicates that Council's stormwater assets may have been previously undervalued.

Based on the premium payable per \$1 of cover declining by 1-10% (as above), being offset by increases in replacement values (+6.4% above) officers expect that overall insurance costs should be at similar costs to the prior year.

### **Loss Modelling & Risk Strategy**

In 2024, AON was encouraging the Hawkes Bay Councils to collectively work together to update their Loss Modelling based on advances in the science, in particular, the possible impact of the Hikurangi Trench. Unfortunately, the other councils choose not to take up this offer.

To progress the work recommended by Jim Palmer on the financial headroom Council needs to set aside for natural disasters, and to validate the current loss limits currently in place Central Hawkes Bay District Council has agreed to engage AON directly to have its Loss Modelling updated. At this stage officers are expecting to receive the updated report in late September/early October.

The next step once Loss Modelling is received is to develop a Risk Financing Strategy that will consider the maximum probable loss, the extent to which this is insured/insurable, and what costs will fall back to council. That will then be able to inform a discussion on self-insurance funds held versus debt headroom held which is a very similar discussion to that Wellington City Council officers have had with their councillors about their insurance gap. This insurance gap will differ depending on the outcome of the Hawkes Bay Water consultation.

At a recent AON forum Hastings District Council presented on their experience post Cyclone Gabrielle where they outlined their Cyclone costs at approximately \$800m, and their insurance/reimbursement shortfall at approximately \$230m (about 28% of total costs). This shortfall was driven by uninsured roads and bridges, category 3 property buyouts, and deductibles from various funders (NEMA and insurance). This shortfall has consumed all their debt headroom and will take 16 years of "cyclone recovery rates" to repay. This leaves them exposed should a second event occur.

### **STRATEGIC ALIGNMENT**

Insurance is one of the risk mitigation techniques that Council employees to ensure that it protects Council's durable infrastructure and keeps a prosperous community that isn't burdened by unnecessary risks and asset replacements.

### **NEXT STEPS**

Officers are compiling schedules of assets and values for AON ahead of them approaching the market.

Officers are also working AON to provide an updated Loss Modelling report ahead of the renewal date.

Further updates will be brought to the committee ahead of the renewal date as information becomes available.

## 7 DATE OF NEXT MEETING

### RECOMMENDATION

That the next Risk & Assurance Committee meeting be held on 23 September 2025.

## 8 PUBLIC EXCLUDED BUSINESS

### RESOLUTION TO EXCLUDE THE PUBLIC

#### RECOMMENDATION

That the public be excluded from the following parts of the proceedings of this meeting.

The general subject matter 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 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 for the passing of this resolution
<b>8.1 - Cyber Security Update</b>	s7(2)(b)(i) - the withholding of the information is necessary to protect information where the making available of the information would disclose a trade secret  s7(2)(c)(ii) - the withholding of the information is necessary 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	s48(1)(a)(i) - 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 would exist under section 6 or section 7
<b>8.2 - Legal Risk - Assurance Review</b>	s7(2)(c)(ii) - the withholding of the information is necessary 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  s7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	s48(1)(a)(i) - 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 would exist under section 6 or section 7
<b>8.3 - Principal Risks and Issues - Forum Discussion</b>	s7(2)(a) - the withholding of the information is necessary to protect the privacy of natural persons, including that of deceased natural persons  s7(2)(f)(ii) - the withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of Council members, officers, employees, and persons from improper pressure or	s48(1)(a)(i) - 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 would exist under section 6 or section 7



	harassment	
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**9        TIME OF CLOSURE**