HERETAUNGA HASTINGS DISTRICT COUNCIL

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council
Council Meeting

Kaupapataka

Attachments Vol 1

Te Rā Hui: Meeting date:	**Thursday, 26 September 2024**
Te Wā: Time:	**1.00pm**
Te Wāhi: Venue:	**Council Chamber** **Ground Floor** **Civic Administration Building** **Lyndon Road East** **Hastings**

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TE KAUNIHERA Ā-ROHE O HERETAUNGA

Item 7 **Summary of Recommendations of the Risk and Assurance Committee meeting held 5 August 2024**
Risk & Assurance Committee Report Item 6 - Treasury Activity and Funding U

Item 7

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Ross Franklin, Finance Special Projects Officer**

Te Take:
Subject: **Treasury Activity and Funding Update**

1.0   Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

The purpose of this report is to update the Risk and Assurance Committee on treasury activity and funding issues.

1.2   Since the last update on 20 May 2024, Council has borrowed a further $79m. This comprises Floating rate debt of $39m and fixed rate debt of $40m. In addition, $80m of new interest rate swaps have been added. That means Council has hedged interest rates for a further $120m worth of debt.

1.3   Council's total external debt on 12 July 2024 was $413m, with debt forecasted to rise to $489m by 30 June 2025. Based on the 2024-25 LTP budgets Council will need to increase the total borrowings by $96m this financial year.

1.4   Council's adopted 2024-34 LTP forecasts peak debt of $711m by June 2030. This is higher than the forecast in the draft LTP due to council's decision to reduce the 2024/25 rates increase and adopt a 5 year, rather than 3 year, strategy to lift revenue levels. This has necessitated additional borrowing to make up the revenue shortfall. This higher debt forecast requires a heightened level of hedging activity for Council to remain in policy.

1.5   Our advisers consider that an interest rate swap at or under 4% will represent good long-term value for Council.

1.6   While the recent swaps have been sightly, above the 4% target area they were necessary to ensure Council is closer to being fully within policy based on the projected new debt profile. Council is currently within policy in all areas.

1.7   Going forward Officers will target further cover when it becomes financially efficient to do so.

1.8   Council is currently compliant with its existing Treasury Management Policy for the 2024-34 debt profile.

1.9   With the appointment of the new CFO effective 15th July the delegations in the Treasury policy is required to be updated.

1.10   The Reserve Bank of New Zealand's (RBNZ) Official Cash Rate (OCR) remains at 5.5% following its last review on 10 July 2024. Its next review is 14 August 2024. The following is a summary of the RBNZ's points.

- Restrictive monetary policy has significantly reduced consumer price inflation.
- The decline in inflation reflects receding domestic pricing pressures.
- Current and expected government spending will restrain overall spending in the economy.
- Some domestically generated price pressures do remain strong.
- The Committee agreed that monetary policy will need to remain restrictive. The extent of this restraint will be tempered over time consistent with the expected decline in inflation pressures.

2.0   Recommendations - *Ngā Tūtohunga*

A)   That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 5 August 2024.

B)   That the Risk and Assurance Committee recommend Council approve the changes to the delegations as detailed in the Treasury Policy.

3.0   Background – *Te Horopaki*

3.1   The Hastings District Council has a Treasury Policy which is a summarised version of the Treasury Management Policy and forms part of the 2024-2034 Long Term Plan. Under these policy documents, responsibility for monitoring treasury activity is delegated to the Risk and Assurance Committee.

3.2   Council is provided with independent treasury advice by Bancorp Treasury Services and receives daily and monthly updates on market conditions.

3.3   Under the Treasury Policy, formal reporting to Council occurs quarterly and regular more in-depth treasury reporting is provided for the Risk and Assurance Committee. The Treasury Policy has been updated to reflect the current financial situation and in support of the 2024-34 Long Term Plan.

4.0   Discussion – *Te Matapakitanga*

4.1   Current Situation:

4.2   Council's total external debt at 30 June 2024 was $393.7m, of which 206m relates to 3waters. The cash balance as at 30 June was $13m. In addition, Council has an undrawn bank facility of $45m.

4.3   On 1 July 2024, $20m of existing debt matured and on 8 July a further $39m of floating rate debt was raised through the LGFA tender. The total external debt as at 12 July is $412.7m.

This includes:

Fixed rate debt	$140.0m
Floating rate debt	$272.7m

On 12 July, Council held $247.5m of interest rate hedging instruments, including:

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"Live" swaps of $78.5m

Forward starting Swaps of $169m

Forward starting fixed interest contracts of $30m

4.4   Since the last report to the committee, Officers in conjunction with Council's advisers, have implemented the following:

- Borrowed $79m through: (refer table in 4.7 for detail)
  - o Floating rate debt $39m
  - o Fixed rate debt $40m

In addition to the fixed rate debt Council has entered into $80m worth of new interest rate swaps.

4.5   The following graph shows the borrowing and hedging activity since the beginning of 2024.

The green dots show drawdowns of floating rate debt, and

The red dots show where we have either borrowed fixed rate debt or entered into interest rate swaps to hedge our interest costs.


4.6   Floating Rate Debt Drawdowns:

Ref	Type	Counterparty	Facility	Start	Maturity	Margin	Effective Interest Rate
A	FRN	LGFA	$20m	15-Apr-24	15-Apr-25	0.27%	5.76%
B	FRN	LGFA	$9m	15-Apr-24	15-Apr-26	0.48%	5.97%
C	FRN	LGFA	$20m	8-Jul-24	15-Apr-27	0.54%	6.03%
D	FRN	LGFA	$19m	8-Jul-24	20-Apr-29	0.74%	6.23%

4.7   Cover transactions this year including fixed debt:

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Ref	Date	Cover	Bank	$m	Start	Date	Maturity Rate
1	1-Feb-24	Swap	ANZ	$15m	31-Oct-24	31-Oct-26	4.18%
2	1-Feb-24	Swap	ANZ	$30m	31-May-28	31-May-30	4.21%
3	11-Apr-24	FRD	LGFA	$20m	15-Apr-24	20-Apr-29	5.43%
4	22-May-24	Swap	ANZ	$10m	17-Mar-25	15-Mar-30	4.24%
5	29-May-24	FRD	LGFA	$40m	4-Jun-24	15-May-30	5.40%
6	21-Jun-24	Swap	ANZ	$15m	31-Mar-26	31-Mar-31	4.16%
7	8-Jul-24	FRD	LGFA	$30m	15-Apr-25	15-Apr-31	5.31%
8	10-Jul-24	Swap	ANZ	$10m	31-Mar-25	31-Mar-30	4.08%
9	10-Jul-24	Swap	ANZ	$10m	31-Jan-28	30-Apr-31	4.20%
10	18-Jul-24	Swap	ANZ	$15m	31-Mar-25	31-Mar-30	3.82%
11	18-Jul-24	Swap	ASB	$15m	28-Jan-28	30-Apr-31	3.99%
12	18-Jul-24	Swap	ANZ	$15m	30-Apr-27	31-Jan-28	3.64%

4.8   The following graph shows Council's level of cover and is within the treasury policy bands for cover.
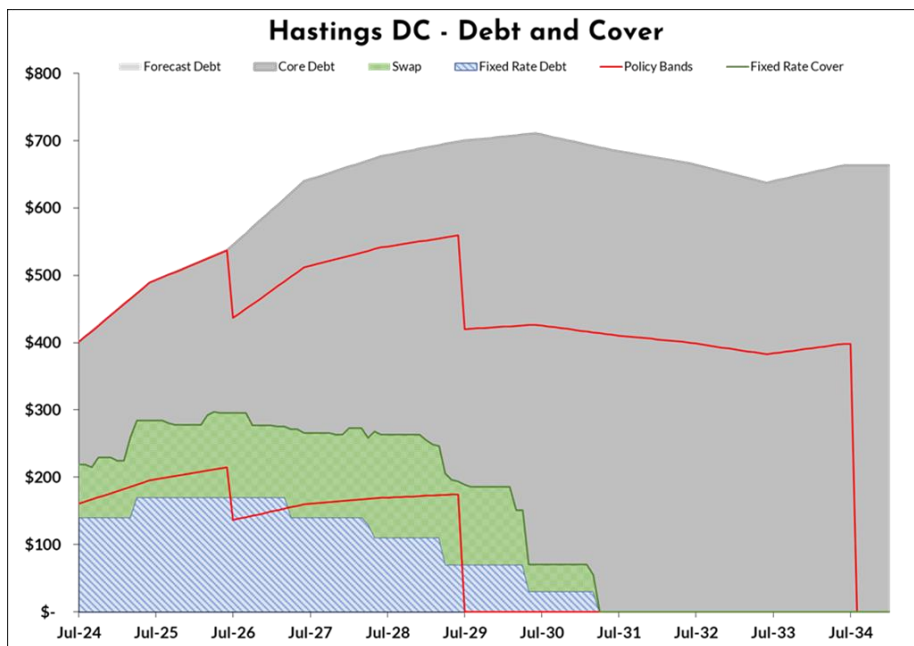
Update to Treasury policy:

4.9   With the appointment of the new CFO, there is a need to update the delegation's portion of the Treasury policy. Below is a table of the proposed changes:

Activity	Current Delegated Authority	Proposed Delegated Authority Change	Limit

Overall day-to-day risk management	CEO (delegated by Council) GMCS	CEO (delegated by Council) CFO	Subject to policy
Re-financing existing debt	CEO (delegated by Council) GMCS	CEO (delegated by Council) CFO	Subject to policy
Adjust interest rate risk profile	GMCS	CFO	Per risk control limits Fixed rate maturity profile limit as per risk control limits
Managing funding maturities in	GMCS	CFO	Per risk control limits
Maximum daily transaction amount (borrowing, investing, interest rate risk management	The Council Unlimited CEO $40 million GMCS $30 million FC $15 million	The Council Unlimited CEO $40 million Deputy CE $30 million CFO $30 million FC $15 million	

Looking forward –2024-34 LTP debt forecasts

4.10   The 2024-34 LTP has introduced new policy limits. These are reflected in the updated Treasury policy presented to the last committee meeting.

- The key measure is the Debt to revenue limit of   250%

4.11   Total council debt is forecast to reach $711m by June 2030 before dropping to $663m in June 2034

4.12   Following Council's decision to reduce the year 1 rate increase and therefore the income collected, the adopted LTP forecasts Council will breach its 250% debt to revenue ratio over the first 3 years of the plan as shown in the following table. This therefore requires a very disciplined approach to financial management by Council over the next few years to keep within the debt to revenue limit. The graph shows the forecast track for the ratio over the term of the LTP.

	Forecast Debt	Forecast Debt to revenue ratio
June 2025	$489m	251.84%
June 2026	$573m	256.94%
June 2027	$640m	251.10%
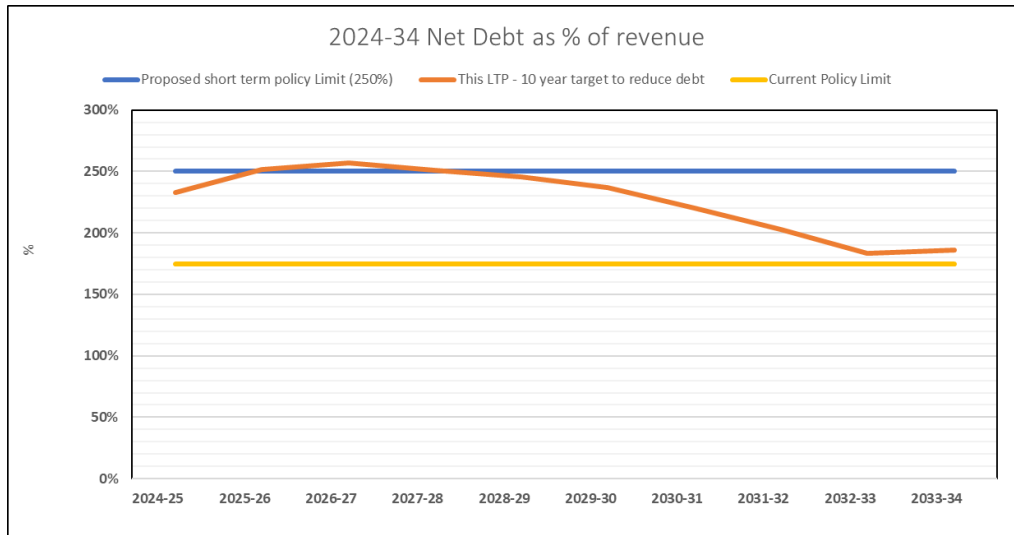
Attachments:

There are no attachments for this report.

Summary of Considerations - *He Whakarāpopoto Whakaarohanga*

Fit with purpose of Local Government - *E noho hāngai pū ai ki te Rangatōpū-ā-Rohe*

The Council is required to give effect to the purpose of local government as set out in section 10 of the Local Government Act 2002. That purpose is to enable democratic local decision-making and action by (and on behalf of) communities, and to promote the social, economic, environmental, and cultural wellbeing of communities in the present and for the future.

Link to the Council's Community Outcomes – *Ngā Hononga ki Ngā Putanga ā-Hapori*

This proposal promotes the financial wellbeing of communities in the present and for the future.

Māori Impact Statement - *Te Tauākī Kaupapa Māori*

There are no known impacts for mana whenua / iwi / tangata whenua above and or beyond the general community population in relation to information in this report.

Sustainability - *Te Toitūtanga*

This report is a requirement of the Treasury policy to report to the Risk and Assurance Committee:

Financial considerations - *Ngā Whakaarohanga Ahumoni*

This report has significant impact on the cost of debt and how Council is working to minimise the overall average cost of funds.

Significance and Engagement - *Te Hiranga me te Tūhonotanga*

This decision/report has been assessed under the Council's Significance and Engagement Policy as being of low significance.

Consultation – internal and/or external - *Whakawhiti Whakaaro-ā-roto / ā-waho*

This is an information report as per the Treasury Policy.

Risks

Opportunity:<Enter text> :

REWARD – *Te Utu*	RISK – *Te Tūraru*
Ensuring Council cost of funds and treasury management is within Treasury policy.	Finance

Rural Community Board – *Te Poari Tuawhenua-ā-Hapori*

This report covers both the rural and urban rating areas

HERETAUNGA
HASTINGS DISTRICT COUNCIL

Te Hui o Te Kaunihera ā-Rohe o Heretaunga
Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take
Report to Risk and Assurance Committee

| *Nā:* | **Bruce Allan, Deputy Chief Executive** |
| From: | **Jeff Tieman, Management Accountant** |

| *Te Take:* | |
| Subject: | **Insurance Update** |

1.0   Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga*

Market renewal update

1.1   The market is showing signs of softening. The New Zealand market is still struggling with capacity but the London markets capacity has increased, leading to smaller premium increases. Material damage policies on a same value comparison are around 5% higher, motor vehicles between 5 – 7.5% and infrastructure is around 5%.

1.2   A more complete market analysis will be provided to the next Committee meeting prior to placing any insurance renewals.

Public Liability Professional Indemnity

1.3   The Council's PI/PL policy has been delivered through Marsh Ltd for a number of years. This policy had a June 30th renewal date. In April of this year, Council was notified by our brokers that the London underwriters were no longer participating in the New Zealand market, this was due to the court rulings with the Napier City Council case verses Risk Pool. Marsh had 13 Council which had there PI/PL policies with them and 22 Councils for which they looked after their entire insurance portfolio. In the interest of looking after their 22 councils, which had all their insurance cover with them, Marsh advised the 13 Councils that only had their PI/PL policy with them, that they could no longer support them.

1.4   Aon were already in the process of quoting for Hastings District Council when this news became public. This unfortunately delayed our quote as we could no longer just fit within their existing PI/PL

programme as there was now 12 other Councils looking for cover. Aon managed to find an underwriter to lead this policy which has the following terms.

Professional Indemnity

Coverage	Claims first made against the insured and notified during the period of insurance alleging civil liability, by any act, error, omission or conduct that occurred in connection with the insured's Professional Business Practice
Insured	Hastings District Council ***Please note that this policy does not extend to cover any subsidiary company or Council Controlled Organisation.***
Period of Insurance	From: 4:00pm on 30 June 2024 to 4:00pm on 1 November 2025
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: ▪ Territorial Local Authority ▪ Ownership & occupier of premises
Limit of Liability	Professional Indemnity Any one claim and in the aggregate any one Period of Insurance (excluding Costs & Expenses) $15,000,000 Building Defect Claims Any one claim in the aggregate any one Period of Insurance for the Insured; $15,000,000 *But limited in the aggregate for all Claims by all Councils listed in the Table of Insured Councils of the Building Defects Endorsement for all Claims payable under the Building Defects Endorsement to:* $30,000,000 Costs & Expenses Any one claim and in the aggregate any one Period of Insurance for the Insured $2,000,000 *But limited in the aggregate for all Claims by all Councils listed in the Table of Insured Councils of the Building Defects Endorsement for all Claims payable under the Building Defects Endorsement to:* $4,000,000
Deductibles *Exclusive of GST*	Each & every claim (inclusive of Costs and Expenses) $25,000 Other than: Each & every claim relating to the Building Act 2004 $100,000 *** Please also refer to the Multi-Unit Residential Excess Endorsement**
Retroactive Date	Unlimited
Continuity Date	30 June 2024
Territorial Limits	New Zealand

1.5   A restriction with this policy is with the building defects claims where there is a limitation to $30m aggregate for all Councils in the table. This policy has 17 Councils in the group, the 13 that Marsh initially advised they could no longer provide cover for, plus 4 other Councils. Aon have assured Officers that they endeavour to work on this policy and want to get to a point where there is no $30m limit, but this was all they could do in the short timeframe they had to ensure cover could be put in place. The annual premium is $572,230.

1.6   The 2023/24 premium under Marsh was $180,000.

1.7   Marsh where able to put together a policy for their existing clients that they retained and due to losing 4 Councils to Aon, were able to quote on their policy, which had variations to the Aon policy. The main difference was the $15m limit was solely ours and not shared with other Councils and had no total limit of $30m. This however came at a cost, with the premium quoted around $750,000.

1.8   Discussion were had with senior Planning & Regulatory staff to assess their risk profile to ascertain which policy was suitable. It was agreed to go with the Aon policy and that Officers will work with Aon to improve the terms and conditions within the policy to better fit within the Council's requirements.

1.9   Marsh have been supplied a list of around 15 potential claims before the policy lapsed with them in case something came of them. This was to protect council should anything happen and there was an issue we hadn't notified the insurer prior to the ending of our policy with them. It also protects Council from any potential dispute between the insurers on who is liable should a claim be made.

Bridge Insurance

1.10   The 2023 valuation for the bridges was $123m. This was conducted in May/June of that year, not long after the cyclone. Since then there has been a lot of learnings and reassessment of the true costs for replacing a bridge and especially in a situation where multiple bridges are lost. This has reflected in the new valuation for 2024 coming in at $441m. With this in mind, Officers have also reassessed the loss limit, which was $10m and have asked Aon to quote premiums for loss limits of $40m and $50m. Officers will report back to the committee once we have this information.

1.11   Material Damage and Business Interruption (MDBI)

1.12   The material damage schedule was revalued this year on its three year cycle. In years 2 and 3 an inflationary adjustment is applied based on advice from both our insurance brokers and Added Valuation whom conduct the 3 yearly valuation. Years 2 & 3 of the last cycle officers had implemented a 12% inflationary increased based on advice received, which increased the asset schedule to $716m. This year's revaluation resulted in this asset scedule reducing to $689m. Feedback from the markets that have had earlier renewal dates indicate that capacity has returned in the MDBI market, resulting in competitive pricing with only slight increases of around 5%.

1.13   3 years ago, Council elected to self-insure the stand alone toilet blocks due to their low risk nature. During the valuation process this year, a few more assets have been identified as low risk and consideration should be had regarding the removal of them from the schedule for further premium savings. Officers have identified the following assets and seek approval to remove these from the schedule.

1.14   Frimley pool – Due to the viability of this facility, if an event occured that destroyed this facility, would it be replaced? This facility has an insured value of $15,850,500. Last year's premium was $54,487. There is the option to cover this facility for demolition costs only, Aon have quoted an approximate cost of $1,300.

1.15   The following changing rooms at various parks in the district are all constructed of concrete, steel and concrete block structure. These buildings are deemed low risk as per the standalone toilet. Last year's premiums for these facilities were $34,300.

- Changing shed 35 Te Mata Rd $1,407,400
- Changing Shed 9 Moori Rd $338,500
- Changing Shed Frimley Park $932,500
- Changing shed Chatham Rd, Giorgi Park $1,291,300
- Changing rooms Wilson Rd $1,397,100
- Changing rooms Kiwi Rd $1,282,700
- Changing room Te Aute Rd $2,058,700
- Changing room Bill Mathewson Park $1,219,700

1.16   The removal of the above assets would reduce premiums (based on current pricing) by $87,487.

LAPP

1.17   Late in 2023, LAPP gathered information from their 22 member councils to conduct a loss modelling exercise to get a better understanding of the limits for their 3 levels of events (current event limits are ($65m, $105m and $150m). This was long overdue as there have been a dramatic increase in

the value of the infrastructure over the last 5 years, but these levels only changed a small amount. (top end in 2021 was $140m, currently $150m). The modelling has been completed and the findings for a 1 in 1000 year event now shows that a top level event needs to be $400m.

1.18 Ian Brown (LAPP Administration Manager) has acknowledged that this information is late for this year's renewal and for any council to allow for it in their budgets and has capped the increase in premiums for 2024/25 to a 30% increase, which for HDC will be a total contribution of approximately $848k. The budget is $750k.

<u>Update on Insurance claim positions – Cyclone Gabrielle.</u>

1.19 Material damage – to date Council has received advance payment of $950,000. Damage to assets outside of the 3 waters group have now been repaired and this totals $834,526. 3 waters had damage to a number of pump stations around the district with the major loss being the Whirinaki water treatment plant. To date the 3 waters team has spent just over $1.3m on repairs and costs to temporarily getting services back up and running. A lot of these costs will fall under our business interruption cover and a schedule is maintained and has been supplied to our loss assessor to scrutinise as to whether the expense is cover by this policy. The Whirinaki treatment plant was insured for $1.5m and officers in the 3 waters team enlisted BECA to produce a report on potential replacement options. All options for replacement exceed the insured value of the plant and a like for like replacement is not a viable option because of the risk with the location.

2.0 Recommendations - *Ngā Tūtohunga*

A) That the Risk and Assurance Committee receive the report titled Insurance Update dated 5 August 2024.

B) That the Committee make recommendations to Council on the removal of assets from the Material Damage asset schedule for the purpose of reducing the associated insurance premiums.

Attachments:

There are no attachments for this report.

Hastings District Council
Enterprise Risk Management
Policy & Framework

Policy expert	Chief Risk Officer
Policy owner	Council
Owner Department	Corporate
Approval date	TBC 2024
Version	6.0
Review date	25 July 2024

Contents

Change history

Amendment (s)	Date	Updated by and authority
First Release	12 Sep 2012	Updated by Business Service Manager. Authorised by Leadership Management Team
Annual Review V1.1 Minor changes to text for clarification	16 Sep 2013	Updated by Business Service Manager.
Full Review V2.0 Overview of risk management updated to reflect ISO 31000 standard. Guiding principles from the ISO 31000 standard included in risk framework. Roles and responsibilities, and conflict of interested included in Policy section. Need for risk management to be integrated in to all business activities reinforced throughout.	9 Feb 2017	Updated by Business Service Manager.
Audit & Risk V2.1 Protection of personal safety added to policy objectives. Risk matrix included as Appendix 1.	28 Feb 2017	Updated by Business Service Manager. Confirmed by Audit & Risk Subcommittee.
PWC feedback incorporated V2.2 CE commitment statement added Reference to Risk Handbook included. Enhancements include; - Annual policy review, principles moved to Policy section, risk process overview included, Additional guidance relating to consultation and treatment plans. Risk register management and monitoring Glossary of Terms added.	11 May 2017	Updated by Business Service Manager.
Purpose amended to include community outcomes	21 Jun 2017	Updated by Business Service Manager. Confirmed by Council
Draft removed. Version published	13 Jul 2017	Updated by Business Service Manager. Approved by Council 13 July 2018
Annual review. Moved to new policy template: - Add Architecture section. Include Council responsibilities in Purpose and Roles & Responsibilities. - Updated risk principles to match ISO31000:2018 - Updated Risk Appetite and Tolerance. - Risk Impact and matrix revised. - Minor amendments to Risk Process Analysis and Evaluation sections.	3 Aug 18	Updated by Risk and Corporate Services Manager. Approved by Council 31 January 2019
Annual review: - Architecture section updated to reflect current structure. - Risk appetite section added and tolerance statements included.	10 July 20	Updated by Risk and Corporate Services Manager. Approved by Council 8 December 2020
V5 changes include: - Supporting documentation listed 3 LOD model included in the framework. - Reference to the HDC Water Safety Plan included.	17 Nov 21	Updated By Risk and Corporate Services Manager.

Amendment (s)	Date	Updated by and authority
- Opportunity risk descriptions added and community impact scale added. - Risk Appetite statement updated to match LTP.		
Annual review version 5.2 – No change recommended Note: Delayed due to Cyclone Gabrielle	6 July 23	Updated by Chief Risk Officer
Annual review version 6.0 - Lead Team meeting frequency changed - Updated 3 lines model added. - Risk Appetite table and statements updated.	14 June 23	Updated by Risk Manager and Chief Risk Officer

Note: Changed sections are indicated by a vertical bar in the margin.

1.Purpose

The purpose of this document is to describe the Hastings District Council (HDC) Enterprise Risk Management (ERM) framework, including the architecture, strategy and protocols, and how ERM is used to manage significant risks that affect successful achievement of the organisation's objectives.

> *Note: A Risk Management Handbook that includes a summary of the strategy and protocols described in this document is provided as a quick reference for staff.*

1.1.   Background

"Organisations of all kinds face internal and external factors and influences that make it uncertain whether, when and the extent to which they will achieve or exceed their objectives[1]". The effect this uncertainty has on the organisation's objectives is 'risk'.

Risk management provides a structured approach that can be applied to any discipline or undertaking to reduce uncertainty and enhance value.

Risk management achieves this by creating visibility of operational risk (including assumptions and uncertainties), and by describing consequences to be avoided or opportunities to be pursued.

Successful implementation of risk management relies on informed and engaged staff, and incorporation of risk management into 'business as usual' activities. Risk management within HDC is supported by senior leadership in a 'no blame' reporting culture. All staff are expected to engage in identifying and communicating risks associated with their work.

1.2.   Governance Oversight

Collectively the Councillors are responsible for setting risk management tone and objectives, and for oversight of the organisation's strategic risks. This includes determining acceptable levels of risk exposure (refer to Risk Appetite and Tolerance) and confirming that management operate within the limits defined.

1.3.   Chief Executive Commitment

To ensure we can deliver the Council's long term plan and work programme safely and effectively, it is important we understand and address the risks we may face. Through the application of good risk management we can minimise the possibility of harm and loss, whilst taking advantage of opportunities to innovate. I am committed to ensuring that all Council staff are well equipped to follow good risk management practices. This is particularly important when it comes to protecting our people, our community and our environment.

Risk management enhances our service culture and should be engrained in our DNA. Risk management is a continuous journey of learning and its application underpins our ability to deliver positive outcomes for our community.

Nigel Bickle, Chief Executive

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[1] ISO 31000:2018 Risk Management –Guidelines, Introduction, Page v.

2.Architecture

2.1.   Reporting Structure

The overarching responsibilities for managing risk within HDC are as follows:

- Overall responsibility for ensuring risks are mitigated resides with the Council as the governing body.
- The responsibility for ensuring robust risk management practices are in place is delegated to the Risk and Assurance Committee.
- The Executive Lead Team (LT) is ultimately responsible for ensuring risk are effectively managed.

Risk information flows down from the Council, and is reported up from Groups and business teams as shown in the diagram below:

In addition to this regular information flow, issues that arise between reporting cycles will be raised with the appropriate forum in a timely manner to allow effective treatment decisions to be made.

Business units and underlying teams may adopt or adapt this framework to meet their needs as deemed appropriate by the line manager. However, in all cases high risk issues identified by these teams must be escalated to LT or Risk and Assurance Committee as described in this framework.
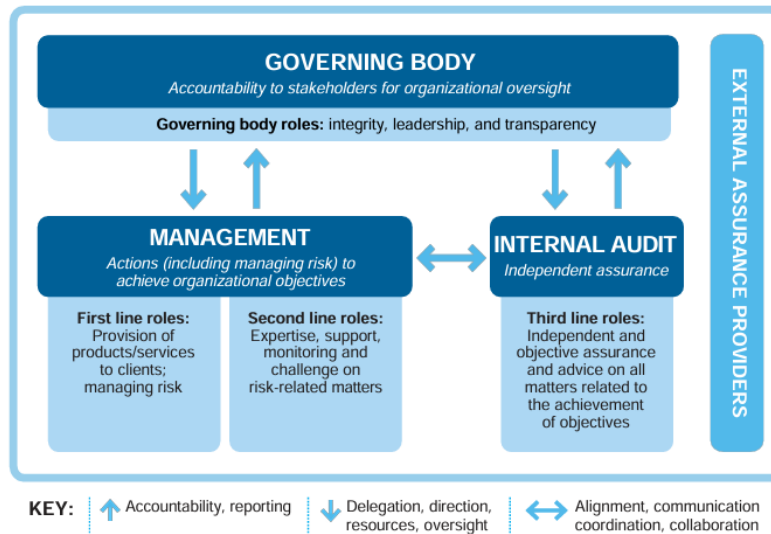
2.2.   Supporting Documentation

This Framework is supported by the Risk Assurance Charter and Risk Management Handbook.

2.3.   Roles and Responsibilities

Roles and responsibilities within this framework are based on the 3 lines of defence as outlined in the image below (*taken from The Institute of Internal Auditors, An update of the Three Lines of Defense, 2020*).

Role	Responsibility
All Staff	Actively involved in managing risk. Consult with and keep line managers informed about risk as appropriate.
Risk Owners	Accountable for management of assigned risks. Consult with and keep LMT informed about risk as appropriate.
Risk Assurance Advisor	Provide advice and support to Risk Owners and staff, as well as undertaking Assurance Reviews as defined in the Risk Assurance Charter.
Group Manager	Have practices in place within their Group to: - Identify, assess and monitor risks. - Assign responsibility for managing risks. - Develop and implement treatment plans to reduce risk exposure. - Regularly review risk controls and treatments. - Appropriately communicate and escalate risks as required. - Consider new, emerging and changing risks. - Support and encourage staff to engage in risk identification and response actions.
Lead Team (LT)	Assess and monitor the organisation wide risk profile. Regularly review risk controls and treatments. Set priorities and allocate resources for risk mitigation.
Councillors (Elected Members)	Responsible for setting risk management tone and objectives. Define the organisation's risk appetite. Confirm that risk is managed within prescribed tolerance. Review the Tier 1 strategic risk register and seek assurance that adequate controls are in place and effective.

2.4.   Conflict of Interest

Any conflicts of interest identified through the risk management process shall be handled in accordance with the Conflict of Interest and Gifts policy held on Infokete.

Item 8   Enterprise Risk Management Policy & Framework Annual Review
DRAFT Enterprise Risk Management Policy and Framework V6   **Attachment 1**

Item 8

3.Strategy

HDC is committed to managing risk to the organisation and community in an on-going and proactive manner.

Effective risk management enhances the ability of HDC to achieve the strategic objectives defined in the Long Term Plan (LTP) and meet its statutory obligations.

HDC manages risks in order to:

- Improve decision making.
- Identify innovations.
- Clearly document risk exposure.
- Appropriately communicate and report on risks.
- Integrate risk management culture into our business.

This framework and policy, supported by the HDC Risk Management Toolkit, outlines the organisational risk management objectives and commitment in order to achieve proactive identification and mitigation of risks that arise as part of the organisation's activities.
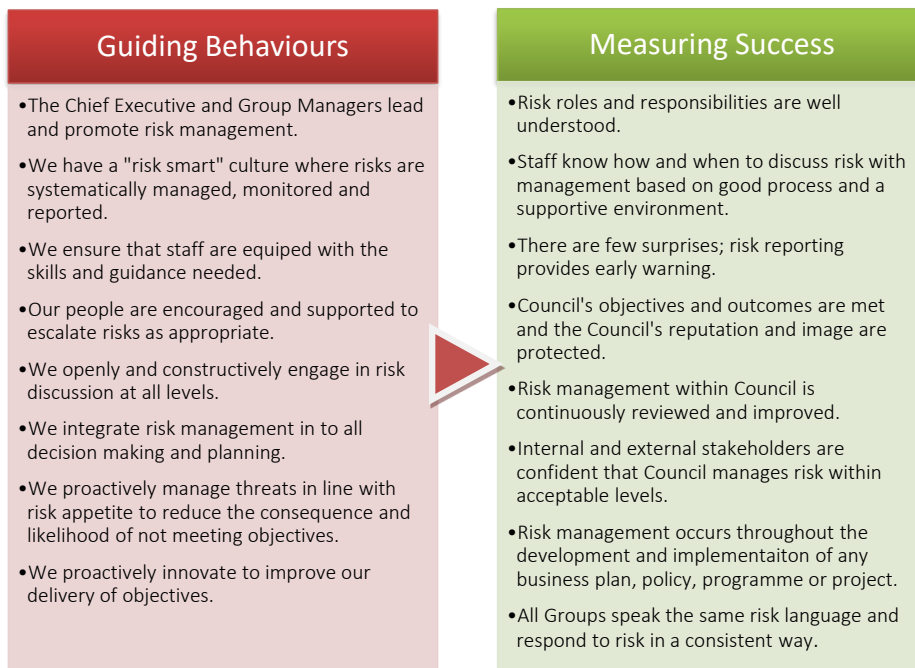
3.1.   Scope and Applications

The scope of the Risk Management framework and policy is organisation wide and will be fully integrated into the organisation's strategic, operational and project planning activities. The development of the framework and process has been informed by the approaches used in these activity and planning areas.

3.2.   Guiding Behaviours and Measures

In line with organisation's risk management principles and industry best practice, the framework guides staff to:

- Identify, assess, treat and monitor risks.
- Appropriately communicate and escalate risks.
- Consider new and emerging risks.

Guiding Behaviours	Measuring Success
•The Chief Executive and Group Managers lead and promote risk management. •We have a "risk smart" culture where risks are systematically managed, monitored and reported. •We ensure that staff are equiped with the skills and guidance needed. •Our people are encouraged and supported to escalate risks as appropriate. •We openly and constructively engage in risk discussion at all levels. •We integrate risk management in to all decision making and planning. •We proactively manage threats in line with risk appetite to reduce the consequence and likelihood of not meeting objectives. •We proactively innovate to improve our delivery of objectives.	•Risk roles and responsibilities are well understood. •Staff know how and when to discuss risk with management based on good process and a supportive environment. •There are few surprises; risk reporting provides early warning. •Council's objectives and outcomes are met and the Council's reputation and image are protected. •Risk management within Council is continuously reviewed and improved. •Internal and external stakeholders are confident that Council manages risk within acceptable levels. •Risk management occurs throughout the development and implementaiton of any business plan, policy, programme or project. •All Groups speak the same risk language and respond to risk in a consistent way.

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4.Policy Statement

In setting our objectives HDC will consider and take into account the risks associated with achieving those objectives.

HDC recognises that it is prudent to systematically manage and regularly review its risk profile at a strategic, operational and project level. The organisation does this by applying this risk management policy and protocols, which defines the management practices required to support the realisation of Council objectives. Not only does HDC wish to minimise relevant threats, but also to maximise its opportunities through innovation.

4.1.   Mandate and Commitment

Elected members and senior leadership support the use of risk management as a key management tool, and expect risk management to be an integral part of decision making. Managers and staff in roles responsible for managing risk will be provided with adequate training and systems to support the open and honest communication of risk information.

The risk management system will be monitored on a frequency considered appropriate by elected members and senior leadership.

4.2.   Objectives

The Council's risk management objectives are:

- Protection of personal safety is ensured in all undertakings.
- HDC has a current comprehensive understanding of its risks.
- All sources of risk are assessed before undertaking any activity.
- The organisation's risks are managed within the risk criteria (appetite) that have been established for the particular activity.

4.3.   Principles

For risk management to be effective, the following principles should be applied at all levels within HDC:

- a)   Integrated part of all organisation activities.
- b)   Structured and comprehensive approach.
- c)   Customised and proportionate to the organisation's needs.
- d)   Inclusive to achieve timely involvement of stakeholders.
- e)   Dynamic so that appropriate changes are made in a timely fashion.
- f)   Best available information applied to risk analysis.
- g)   Human and cultural factors are considered at each stage.
- h)   Continual improvement achieved through learning and experience.

4.4.   Risk Appetite and Tolerance

Risk appetite refers to the amount of risk Council is willing to accept or retain in pursuit of its goals. Depending on the nature of the activity the different levels of risk may acceptable, which in turn has the potential to create different degrees of variation in the achieved performance, therefore there will be a range of outcomes that the Council may need to accept. This range in outcomes is organisation's risk tolerance.

In this sense risk management is about finding an acceptable balance between the impact on objectives should a risk be realised and the implications of treating the risk (i.e. financial cost, potential service level impacts and other consequential risks associated with a different approach must be considered). It should be recognised that all actions and approaches come with their own risks which should be considered throughout the risk management process.

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4.4.1. HDC Risk Appetite Statement

The Council's over-arching risk appetite statement is as follows:

The Hastings District Council is responsible to the rate payers of the District to enable democratic local decision-making and action by, and on behalf of, communities to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

To achieve these outcomes Council has a **conservative** appetite toward risk that would adversely affect core services. In contrast, there is a desire to leverage opportunities that enhance outcomes for the community. As a result, there is a more open approach to accepting risk that is associated with innovation or solutions that create long term benefits.

Accordingly, whilst the overarching risk appetite may be conservative, Council recognises that it is not possible, or necessarily desirable, to eliminate all of the risks inherent in its activities. In some instances acceptance of risk within the public sector is necessary due to the nature of services, constraints within operating environment or a limited ability to directly influence where risks are shared across sectors.

Therefore, in relation to the specific strategic objectives Council's risk appetite may vary depending on the circumstances and trade-offs implicit in the specific context. Resources within business units and projects are aligned to priority outcomes based on the specific risk appetite, and arrangements are in place to monitor and mitigate risks to acceptable levels.

In situations where a greater level of risk taking may be considered appropriate to achieve a specific objective, Council will establish a risk appetite statement specific to the work programme. These objective specific risk appetite statements should apply the risk appetite framework described in **Appendix 2** and be approved by the executive Lead Team, or Council in the case of a Long Term Plan objective.

4.4.2. Risk Appetite Terminology

	Rating	Philosophy	Tolerance for Uncertainty Willingness to accept uncertain outcomes or variations.	Choice Willingness to select an option puts objectives at risk	Trade-off Willingness to trade off against achievement of other objectives.
5	Flexible	Will take justified risks to deliver expected outcome.	Fully anticipated. Events may be Likely.	Will choose option/s with highest return; accepting possibility of failure.	Willing
4	Justified	Will take strongly justified risks to deliver expected outcome.	Expect some Events are Possible.	Will choose to put at risk, but will manage impact	Willing under right conditions
3	Measured	Preference for delivering expected outcome over taking risk.	Limited Events may be Possible.	Will accept if limited and heavily out-weighed by benefits	Prefer to avoid
2	Conservative	Extremely conservative. Strong preference for delivering expected outcome.	Low Events are rare.	Will accept only if essential, and limited possibility/extent of failure	With extreme reluctance
1	Averse	Avoidance of risk is a core objective Confident of delivering expected outcome.	As Low As Reasonably Practicable (ALARP). Events are very rare.	Will always select the lowest risk option.	Never

5. Risk Process

Risk management at HDC is based on each team, business unit and all levels of management identifying, recording and assessing risks to their area of work.

5.1.   Integrated Risk Management

Each team must integrate the following risk assessment process into existing planning and decision making processes so that risk management principles can be applied. This will normally involve undertaking risk assessments as early as possible in a business process so that the greatest opportunity exists to mitigate potentially negative outcomes, or take advantage of innovations (e.g. all Asset Management Plans should contain a robust risk assessment).

The type of risk assessment used should be matched to the potential consequences. So where risk of failure is high a structured risk assessment process should be applied (i.e. bow tie), whereas for low risk activities a simple register could be sufficient.

5.2.   Risk Process Overview

The following diagram provides an overview of the risk management process. The risk management process should be a logical progression from establishing context, risk identification and assessment through to treatment of these risks. Recording and reporting, communication and consultation, and regular monitoring and reviews are required throughout the process.
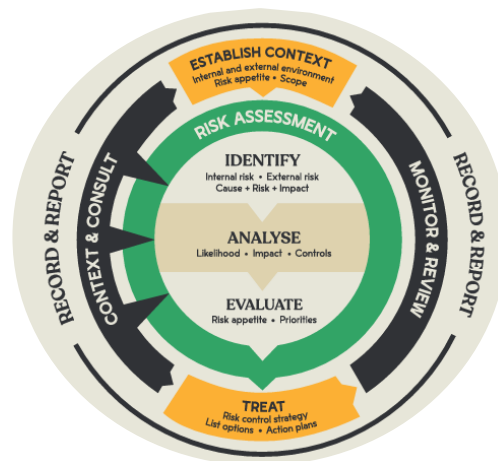
5.3.   Risk Process Map

To support the risk process shown in 5.2 a process map has been developed to provide step-by-step guidance. The diagram below shows the high-level activities that form this process. For further detail refer to the Promapp process or the HDC Risk Management Handbook.

5.3.1. Communication and Consultation

Effective risk management is based on continuous communication between internal and external stakeholders, and should include open two-way communication at all levels. This will help to ensure that individual risks are well understood so that robust risk ratings, risk treatment plans and monitoring requirements are established to increase confidence in successfully achieving Council goals.

5.3.2. Establish Context

An important part of the risk management process is to consider the context for the activity being undertaken. Most importantly this involves developing a clear understanding of the key goals and objectives, and that the performance measures for these outcomes are considered.

When defining the context for a risk assessment, it is important to consider:

- The nature and type of hazards and consequences that might arise.
- How likelihood and impact are defined.
  IMPORTANT: By default the corporate standard definitions should be applied. However, in special cases it might be appropriate to define a tailored approach (e.g. for a major strategic project). If this is required the Chief Risk Officer, Risk Manager or Strategic Projects Manager must be consulted.
- Whether combinations of risk should be taken in to account, and if so, how they should be considered.
- The level at which risk becomes acceptable or tolerable.
  IMPORTANT: By default the Tolerance statement in this framework should be applied. Any variation form this should be approved by LT.

At this stage of the process communication and consultation is important. To fully understand the context consideration should be given to consulting other affected parties or stakeholders and wider management.

5.3.3. Risk Identification

Risk workshops are considered an effective way to initially identify risks associated with HDC business and operations. Workshops should include a wide range of internal and external stakeholders to uncover the full scope of risks that may exist.

When considering the source of risk each of the factors on the impact scale (People Safety, Financial, Service Level, Compliance, Reputation and Environment) should be considered for potential threats or opportunities.

Risks are recorded in a risk register held by each group. Risk details will record an accurate description of the risk, cause and effect to provide clarity for analysis and preparation of treatment plans. Ownership for each Risk should be allocated to a member of the team responsible for the Risk Register on which the risk is recorded

5.3.4. Risk Analysis

Risk score is based on the likelihood and impact of an identified risk occurring. An inherent assessment of the risk should be made based on the assumption that no measures are in place to control the risk. This establishes the raw risk to which the organisation is exposed. A subsequent risk analysis should then be performed to understand the current risk considering all the controls in place to mitigate the issue. The difference between these two assessments provides an indication of the degree of risk mitigation achieved and effectiveness of controls.

To determine the impact rating for a risk analysis the normal practice is to use the impact category (i.e. personal safety, financial, service level, compliance, reputation or environment) that has the greatest/highest level of impact to combine with the likelihood assessment.

As any risk analysis is subject to the state of knowledge at a specific point in time it is good practice to regularly update the assessment as the environment and state of knowledge changes.

The default organisation wide impact and likelihood definitions are included in **Appendix 1**. These definitions provide a consistent language to encourage consistent assessment of risk. However, they are not absolute and should be used as a guide to validate the intuitive assessment of risk.

Approved likelihood, impact and risk matrixes can be found in the following documents:

- HDC Risk Management Toolkit.
- HDC Health & Safety Manual.
- HDC Water Safety Plan

Customised likelihood, impact and risk matrixes may also be developed for projects to reflect the specific needs of the projects. These matrixes must be approved by the Risk team for alignment with the corporate framework.

> *Note: There may be slight differences between the descriptions used in each area. This is intended so that the risk management tool is appropriately matched with the activity.*

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5.3.5. Risk Evaluation

The current risk score established during the risk analysis is then used to determine whether the risk is tolerable by comparison with the Council risk appetite. Any risks that are not tolerable should then be prioritise based on the risks score in order to identify the most important issues for treatment. This allows for effective allocation of resources to achieve the greatest benefit.

Threats classified as High or Extreme cannot be tolerated and treatments must be put in place to reduce the risk. In those situation where there is a low risk tolerance, all effort should be made to ensure the residual risk of the event occurring is As Low As Reasonably Practicable (ALARP). Refer to the Risk Tolerance statement and Escalation section for further guidance on tolerable risk and risk treatment requirements.

5.3.6. Risk Treatment

Development of risk treatments and action plans is key to the success of risk management, as this is how an increase in confidence for achieving key objectives is delivered.

When choosing a treatment option it is important to recognise that a new approach is likely to introduce new risks that need to be considered. The aim should be to achieve a balanced outcome for HDC and the customer/community using the service (e.g. the decision to require specific technical information for a type of consent may unduly slow the decision making process for all consents, and cause unnecessary frustration for the applicant for little overall reduction in risk).

In general there are four options to consider when treating a threat risk known as the 4Ts (refer to Appendix 3 or the Risk Management Toolkit for further information):

- *Tolerate*: Accept or retain the risk and its likely impact.
- *Treat*: Take action to control or reduce the risk.
- *Transfer*: Move the risk to another party, for example through insurance.
- *Terminate*: Stop performing the activity to avoid or eliminate the source of risk.

IMPORTANT: The Health and Safety at Work Act and Regulations contain specific requirements on the hierarchy of controls for risk treatment. Refer to the reference to the H&S manual for details.

When considering opportunity risk the following treatment options known as the 4Es should be considered (refer to Appendix 3 or the Risk Management Toolkit for further information).

- *Exist*: Monitor those opportunity that have minimal potential reward.
- *Explore*: When the likelihood of an opportunity being realised is probable, but the expected benefit is minor, the issue should be explored to see if the impact can be increased.
- *Expand*. Opportunities that present a substantial beneficial impact and will probably occur should be expanded across the Council to gain the greatest benefit.
- *Exploit*: When the Impact of an opportunity is major, but the likelihood is only possible, the outcome should be exploited to improve the chance of realising the benefit.

While Opportunities will be deliberately taken to realise a benefit, it is important to recognise the relationship between risk & reward. As a result, an assessment of the threat risks that come with the opportunity must be undertaken to ensure any downside risk is within the Council appetite before taking action to Explore, Expand or Exploit an opportunity.

To determine the most appropriate risk treatment option(s) the following factors should be assessed;
- impact on service levels,
- cost,
- feasibility, and
- effectiveness.

Treatment and action plans should include;
- Description of the proposed actions and due date for implementation,
- When appropriate, include reasons for selecting the treatment options,
- Identify who is responsible for completing the action and any other resources needed,
- When appropriate, identify performance measures for the control, and
- The reporting and monitoring requirements.

However, allocation of the treatment actions does not imply ownership of the risk itself. Risk ownership remains with the manager responsible for the risk. Treatment plans are to be updated on a regular basis and a note on current progress of treatment actions recorded as well as any changes in detail.

5.3.7. Risk Escalation

Risk owners are responsible for ensuring that risks are escalated to the appropriate level of management or to Council when necessary. Risks scored as High or Extreme according to the appropriate Risk Matrix must be reported to the next level of management and/or Council, whichever is appropriate.

The management team receiving an escalated risk shall review the issue and decide which level of the organisation is best placed to own, and be responsible for treating the risk. Based on this decision the risk may be:

1.   Accepted onto that management team's risk register, or
2.   Escalated further, or
3.   Referred back to the team or business unit for action.

The following table outlines the threat risk action and escalation requirements:

Risk Descriptors	Impact	Action
Extreme Urgent and active management is required. Must identify treatments and implement action plans.	Would stop a number of key objectives being achieved. May cause widespread financial loss, or loss of reputation and confidence in HDC.	Immediate escalation to relevant Group Manager and/or LT. Consider escalation to relevant Council committee or sponsor. Include in Enterprise risk register.
High Senior management attention is needed. Must identify treatments and implement action plans.	Would interrupt the quality or timeliness of HDC's business objectives or outcomes. May result in significant financial loss, capability reduction or impact on the reputation of HDC.	Escalation to Group Manager. As applicable may need escalation to Council committee, sponsor or LT. Include in Group risk register.
Medium Risks require effective internal controls and monitoring. Management responsibility must be specified.	Would interfere with the quality, quantity or timeliness of HDC's business objectives. May have minor financial loss, capability reduction or impact on the reputation of HDC.	A strategy must be in place focusing on monitoring and reviewing existing controls. Include in Group risk register.
Low Routine procedures are sufficient to deal with the impacts.	Minimal impact on HDC's business objectives. Minimal financial loss, capability reduction or impact on the reputation of HDC.	A strategy should be in place focusing on monitoring and reviewing existing controls. Include in Group risk register if appropriate.

The following table outlines the opportunity risk action and escalation requirements:

Risk Descriptors	Impact	Action
Platinum Senior management informed. Responsibility for management oversight must be specified	Would enhance a number of key objectives. May result in substantial financial gain, or enhance reputation and confidence in HDC.	Escalation to relevant Group Manager and/or LT. Consider expanding application across Council to maximise the benefits realised. Include in Enterprise risk register
Gold Senior management attention is needed. Should identify treatments and implement action plans.	Would noticeably improve the quality or timeliness of HDC's business objectives or services. May result in financial benefits, improved efficiency or enhanced reputation.	Escalation to Group Manager. Focus on exploiting the benefits. Include in Group risk register.
Silver Risks require effective internal controls and monitoring. Management responsibility must be specified.	Would improve the quality or timeliness of HDC's business objectives or services. May result in minor financial benefit, improved capability or enhanced reputation.	Activity should focus on exploring the potential benefits. Include in Group risk register.
Bronze No specific action required.	Minimal benefit to HDC's objectives. Negligible financial or reputation benefit.	No specific action required Monitor for change in context.

5.3.8. Risk Monitoring and Review

Risk monitoring provides for ongoing tracking of risk trends and treatment actions. Regular risk monitoring maintains visibility of risk activity and provides oversight for managers of the risks within business. Risk monitoring provides a common communication mechanism for maintaining awareness.

To facilitate this, management needs to provide feedback to relevant groups on risks accepted onto their risk register so staff are kept informed of progress on significant risks.

Risk monitoring is achieved by including Risk Management as an agenda item for all team and management meetings and is referred to in regular management reports. During management meetings risk reviews should monitor:

- Whether each risk still exists,
- Whether new risks have arisen,
- Whether the likelihood and/or impact of risks have changed,
- Report significant changes which affect risk priorities, and
- Deliver assurance on the effectiveness of risk controls.

Having risk as an agenda item at all scheduled meetings (e.g. monthly team meetings) enables risk registers to be reviewed and risk actions to be tracked on a regular basis. This approach supports the involvement of staff and integrates risk management into business as usual activities. Risks, risk treatments and actions inform planning and everyday business activities.

5.3.9. Risk Recording & Reporting

Risks are to be recorded in Quantate or in Risk Registers based on a standard template and are stored in Content Manager. Using a standard template for risk registers enables risks to be collated across business units and between levels of management. The registers also provide for reporting of risk trends and logging actions in response to identified risks.

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6.References

The primary reference and guidance document for the development of the risk management framework is the ISO 31000:2018 Risk Management – Guidelines.

Other relevant risk management publications will be used to aid application of standards and other related techniques to particular business situations. These publications include but are not limited to HB 436 Risk Management Handbook.

7.Review

The risk management policy and framework will be regularly reviewed to ensure it remains relevant to the organisation culture and needs. Reviews shall be performed at least annually, and submitted to Risk and Audit Committee for comment before being approved by Council.

8.Definitions

Term	Definition
Consequence	The consequential effect on strategy or operational processes as a result of a risk event occurring. Note: The consequences that an event will have on the organisation will only be evident after impact has occurred.
Current Risk	Existing level of risk taking in to account the controls in place. Note: Previously called Residual Risk.
Impact	The effect on People, Finances, Service Levels, Compliance or Reputation when a risk event occurs. This is the direct and measureable impact. Standard terms for rating Impact are: Severe, Major, Moderate, Minor & Insignificant.
Inherent Risk	Level of risk before any control activities are applied.
Likelihood	An evaluation or judgement regarding the chances of a risk even occurring. Often described as a 'probability' or 'frequency'. Standard terms for rating Likelihood are: Almost Certain, Probable, Likely, Possible and Rare.
Mitigation Control	Any measure or system that is intended to reduce the impact (consequence) of an event should it occur.
Opportunity	Risk that can enhance or have a positive impact on objectives.
Prevention Control	Any measure or system that is put in place to stop a threat causing loss.
Risk	The effect that uncertainty about internal or external factors has on achieving HDC's objectives. The effect on objects can be positive or negative.
Risk Assessment	The process of risk identification and analysis.
Risk Analysis	A systematic use of available information to determine the likelihood of specific events occurring and the magnitude of their consequence.
Risk Appetite	The amount and type of risk an organisation is prepared to pursue or retain to achieve its strategic goals.
Risk Management	Management activities to deliver the most favourable outcome and reduce the volatility or variability of outcomes.
Risk Register	Document used to record risks, including the associated risk score and treatment plan.
Risk Score	The combination of consequence and likelihood assessments for a risk to derive an overall rating or priority for the risk.
Risk Tolerance	The degree of variability in attainment of goals, or capacity to withstand loss that an organisation is prepared to accept to achieve strategic goals.
Risk Treatment Plan	Actions aimed at reducing the likelihood and/or consequence of a risk.
Threat	Risk with adverse or negative impact on objectives.

9. Appendix 1:
Likelihood, Impact and Risk Matrix Tables

9.1. Likelihood Assessment Table

Likelihood	Probability (*per annum*)	Time Based Descriptor
Rare	<10%	Unlikely to occur within a 10 year period, or in exceptional circumstances.
Possible	10% - 40%	May occur within a 10 year period.
Likely	40% - 70%	Likely to occur within a 5 year period.
Probable	70% - 90%	Likely to occur within a 1 year timeframe
Almost Certain	>90%	Likely to occur immediately or within a short period of time.

9.2. Impact Assessment Table – Opportunity

Impact	Opportunity / Benefit		
	Financial	Citizen Benefit	Service Innovation
Substantial	A beneficial difference in budget of more than 50% OR $4M.	Changes directly benefit citizens across the entire district.	Service delivery time improved by more than 50% OR Entirely new service delivery method identified.
Major	A beneficial difference in budget between 25 - 50% OR $1M-$4M.	Changes directly benefit citizens of multiple communities.	Service delivery time improved by 25-50% OR Implementation of a leading edge practice.
Moderate	A beneficial difference in budget between 10 - 25% OR $200k-$1M	Changes directly benefit citizens of a single community	Service delivery time affected by 10-25% OR Able to implement current best practice.
Minor	A beneficial difference in budget of less than 10% OR between $10k-$200k.	Changes directly benefit members of a single group or association.	Service delivery time affected by less than 10% OR Efficiency gain in current process.
Insignificant	Insignificant budget impact OR less than $10k impact	Little or no citizen benefit.	Maintain status quo

9.3. Impact Assessment Table - Threats

Impact	Threat						
	Harm to People *(ALWAYS assess first)*	Service Degradation	Financial Loss	Compliance	Environment	Reputation	Community
Severe	Fatality or permanent disability involving 1 or more people. OR Health impacts to >100 people.	Service delivery time reduced by more than 50% OR Total facility closure.	An adverse difference in budget of more than 50% OR $4M.	Fine or prosecution for failing to meet multiple core legal requirements	Adverse effects resulting in permanent/ irreversible change to the environment.	Sustained (3+ days) national or one-off International media attention OR Trust severely damaged and full recovery questionable	Complete loss for an extended period (1+ month) of food/water security, housing, employment or societal wellbeing (eg social isolation) affecting an entire community.
Major	Serious injury/ illness, temporary disability involving 1 or more people. OR Health impacts to <100 people.	Service delivery time reduced by 25-50% OR Partial facility closure.	An adverse difference in budget between 25 - 50% OR $1M-$4M.	Fine or prosecution for failing to meet a single core legal requirement.	Long term or significant adverse environmental effects where remediation is possible	Sustained (3+ days) regional attention or one-off national media attention OR Trust recovery involves considerable cost and management attention	Complete loss of food/water security, housing, employment or societal wellbeing (eg social isolation) affecting an entire community for more than 1 week.
Moderate	Medical attention required for 1 or more people. OR Medium term health impact to 1-10 people	Service delivery time reduced by 10-25% OR Hours of service reduced.	An adverse difference in budget between 10 - 25% OR $200k-$1M	Warning about/or adverse public exposure for a non-compliance.	Medium term change or scale of environment impact	Significant regional public interest or media attention OR Trust recovery exceeds existing budget	Noticeable reduction in availability of food/ water, housing, employment or societal wellbeing affecting a large number of people in a community
Minor	First aid needed. Short term health impacts to a few people.	Service delivery time reduced by less than 10% OR Customer queue management required	An adverse difference in budget of less than 10% OR between $10k - $200k.	Self-detected non-compliance.	Short term or minor effect on ecosystem functions	Attention of group / local community or media OR Modest cost to recover trust	Short term reduction in availability of food/ water, housing, employment or societal wellbeing affecting a number of people in a community
Insignificant	No treatment required. No noticeable physical impact.	No noticeable impact on service delivery.	An adverse budget impact OR less than $10k impact	Non-compliance of no consequence	Little or no change to environment	Individual interest or no media attention OR Little effort to recover trust	No noticeable impact on food/ water security, housing, employment or societal wellbeing

* Note: Food security, housing and employment are social impact factors identified by the World Health Organisation Social Dimensions of Climate Change discussion draft.

9.4. Risk Matrix and Heat Map

Likelihood	Threat Impact					Opportunity Impact					Likelihood
	Insignificant *5*	*Minor* *20*	*Moderate* *40*	*Major* *80*	*Severe* *100*	*Substantial* *100*	*Major* *80*	*Moderate* *40*	*Minor* *20*	*Insignificant* *5*	
Almost Certain *0.7*	Low 3.5	Medium 14	High 28	Extreme 56	Extreme 70	Platinum 70	Platinum 56	Gold 28	Silver 14	Bronze 3.5	*Almost Certain* *0.7*
Probable *0.45*	Low 2.25	Medium 9	High 18	Extreme 36	Extreme 45	Platinum 45	Platinum 36	Gold 18	Silver 9	Bronze 2.25	*Probable* *0.45*
Likely *0.3*	Low 1.5	Low 6	Medium 12	High 24	Extreme 30	Platinum 30	Gold 24	Silver 12	Bronze 6	Bronze 1.5	*Likely* *0.3*
Possible *0.2*	Low 1	Low 4	Medium 8	Medium 16	High 20	Gold 20	Silver 16	Silver 8	Bronze 4	Bronze 1	*Possible* *0.2*
Rare *0.17*	Low 0.85	Low 3.4	Low 6.8	Medium 13.6	High 17	Gold 17	Silver 13.6	Bronze 6.8	Bronze 3.4	Bronze 0.85	*Rare* *0.17*

Notes on matrix heat map:
- In this matrix it can be observed that by redefining High risks they may become Golden opportunities, but conversely Platinum opportunities can become Extreme threats if pushed too far.
- An event with Severe impact is considered High risk even if the chance of occurrence is Rare. An event with Insignificant impact is considered Low risk even if it is Almost Certain to occur.

9.4.1. Calculated Risk Score Ranges

Risk Descriptors		Low	High
Extreme	Platinum	>28	<=70
High	Gold	>16	<=28
Medium	Silver	>7	<=16
Low	Bronze	>0	<=7

10. Appendix 2: Risk Appetite Framework

10.1. Risk Appetite Objective Specific

In this framework risk appetite is a tool to guide how much risk to take to achieve an objective, while risk management is a tool to address those risks that have been taken. As a result, the following key properties of risk appetite are important:

1) The organisation's risk appetite will vary depending on the objective being considered. Therefore, understanding the value of the business objective is important to establish the risk appetite.
2) Accepting risk when undertaking an activity may enable work to progress faster, but will be associated with the chance that the outcome achieved may vary from what is expected.
3) Risk appetite is intended to provide a safe space to operate within when making a decision that involves a level of uncertainty. This means that the Council is prepared to accept a chance of an adverse event to achieve a desired benefit.

The following sections provide guidance on defining the size and chance of bad, or good, event that may be acceptable for each risk appetite level. This is referred to as the risk taking preference.

10.2. Risk Appetite Mapping to Risk Impact & Likelihood.

Because risk appetite implies accepting the chance of some kind of event, there is a strong correlation with the likelihood and impact sales to assess risks. Therefore, to ensure alignment between risk appetite and risk assessments, the existing risk matrix has been used to map risk appetite levels to probability and impact scales.

In the table below the risk appetite scales (Adverse to Flexible) are overlaid on the Council risk matrix. As Extreme risk is always out of appetite, the risk appetite mapping excludes these ratings to avoid excessive risk taking.

Likelihood	Threat	Impact			
	Insignificant	Minor	Moderate	Major	Severe
Almost Certain	Measured	Justified	Flexible	Extreme	Extreme
Probable	Measured	Justified	Flexible	Extreme	Extreme
Likely	Conservative	Measured	Justified	Flexible	Extreme
Possible	Averse	Conservative	Measured	Justified	Flexible
Rare	Averse	Averse	Conservative	Measured	Justified

10.3. Risk Taking Preferences.

By using the risk appetite mapping on the risk matrix above it is possible to define the chance and the scale of an event that would be acceptable to Council. Due to the combinations created by the matrix there will be a range in the acceptable combinations of chance and event. For example, if an event has a high probability of occurring the value at risk will need to be low, whereas an event that has a low chance of occurring could have a relatively high value at risk.

When this mapping is applied across the different categories in the impact tables, the following descriptions of acceptable risk taking can be established.

Finance:

Risk Category	Low Range	High Range
Flexible	High chance (90%) of loss up to 25% of budget.	Possibility (10%-40%) of a loss up to 90% of budget.
Justified	High chance (90%) of loss up to 10% of budget.	Rare chance (less than 10%) of a loss up to 90% of budget.
Measured	High chance (90%) of loss up to $10K.	Rare chance (less than 10%) of a loss up to 50% of budget.
Conservative	Likely chance (40%-70%) of loss up to $10K.	Rare chance (less than 10%) of loss up to 25% of budget.
Averse	Possibility (10%-40%) of loss up $10K.	Rare chance (less than 10%) of loss up to 10% of budget.

Service:

Risk Category	Low Range	High Range
Flexible	High chance (90%) that response time or hours of service reduced by up to 25%.	Possibility (10%-40%) that response time or hours of service reduced by up to 90%.
Justified	High chance (90%) that response time or hours of service reduced by up to 10%.	Rare chance (less than 10%) that response time or hours of service reduced by up to 90%.
Measured	High chance (90%) of negligible (<5%) impact on response time or hours of service.	Rare chance (less than 10%) that response time or hours of service reduced by up to 50%.
Conservative	Likely chance (40%-70%) of negligible (<5%) impact on response time or hours of service.	Rare chance (less than 10%) that response time or hours of service reduced by up to 25%.
Averse	Possibility (10%-40%) of negligible (<5%) impact on response time or hours of service.	Rare chance (less than 10%) that response time or hours of service reduced by up to 10%.

Reputation:

Risk Category	Low Range	High Range
Flexible	High chance (90%) of significant regional public interest or additional budget needed to recover trust.	Possibility (10%-40%) of sustained national or international media attention.
Justified	High chance (90%) of attention from a local community or group. Modest cost to recovery trust.	Rare chance (less than 10%) of sustained national or international media attention
Measured	High chance (90%) of individual interest with no media attention.	Rare chance (less than 10%) of sustained regional media attention or national exposure.
Conservative	Likely chance (40%-70%) of individual interest with no media attention.	Rare chance (less than 10%) of significant regional media attention.
Averse	Possibility (10%-40%) of individual interest with no media attention.	Rare chance (less than 10%) attention from a local community or group.

Safety / Compliance

In the case of Safety of People and Compliance the risk appetite will always be Averse. That translates to an approach of **As Low As Reasonably Practical (ALARP)**.

10.4. Tolerable Outcomes.

Based on the risk-taking preferences described there will be occasions when actual performance differs to the intended outcome. As a result, it is possible to monitor the degree of variation in achieved performance from the original objective to ensure that risk taking is occurring within acceptable bounds.

To define the tolerable range above or below the intended target that matches each risk appetite the scales in the risk impact scales can again be used. This approach ensures alignment with the other ratings and helps to calibrate the entire system based on experienced when monitoring objective delivery.
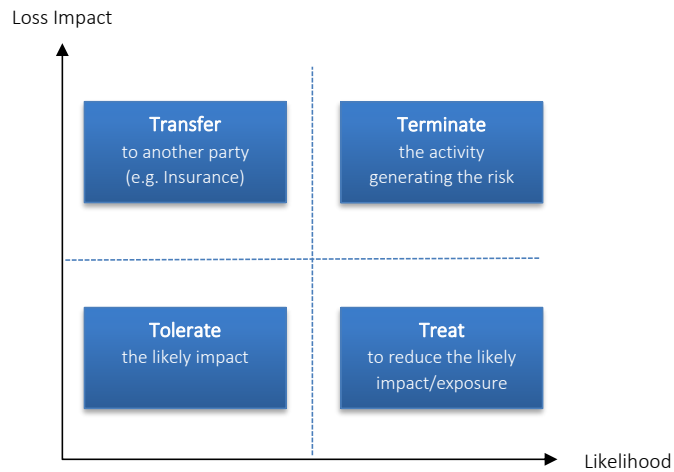
Using the impact table scales the following risk tolerance bands for each risk appetite stance can be defined:

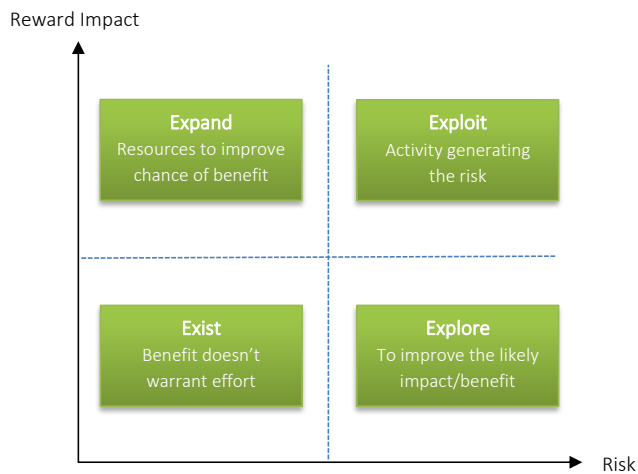| Risk Category	Outcome Range
Flexible	90% range based on intended target (45% under or 45% over target).
Justified	50% range based on intended target (25% under or 25% over target).
Measured	25% range based on intended target (12.5% under or 12.5% over target).
Conservative	10% range based on intended target (5% under or 5% over target).
Averse	5% range based on intended target (2.5% under or 2.5% over target).

11. Appendix 3: Risk Control Techniques

The following diagrams illustrate how risk treatment strategies are generally applied to risks based on where they risk is placed on a risk heat map.

11.1. Treatments for Threat Risk

Loss Impact

Transfer	Terminate
to another party (e.g. Insurance)	the activity generating the risk
Tolerate	Treat
the likely impact	to reduce the likely impact/exposure

Likelihood

11.2. Treatments for Opportunity Risk

Reward Impact

Expand	Exploit
Resources to improve chance of benefit	Activity generating the risk
Exist	Explore
Benefit doesn't warrant effort	To improve the likely impact/benefit

Risk

IMPORTANT: Before pursuing an opportunity an assessment of the unintended consequence must be undertaken. This is required to confirm that any potential threat risks that might arise are within the Council risk appetite. By doing so it is possible to confirm an appropriate balance between the risk vs reward is maintained.

HASTINGS
DISTRICT COUNCIL

Strategic Risk Register Report

Threat Risks

Title	Description	Inherent risk level	Current risk level
Natural or man-made disaster exposure	Natural and man-made disasters covers major disasters or emergencies due to a natural hazard or human-made events affecting community safety or property.	Extreme	High
People Health, Safety & Wellbeing	Exposure to health & safety risks (as a result of activities undertaken or directed by Council) which could result in serious health effects to workers, customers and public.	Extreme	High
Significant Operational Service Failure	Operational failure that may have a material impact on the delivery of Council services to the community.	Extreme	High
Water Quality & Quantity	As a result of climate change and human activities, there may not be a sustainable quantity of quality water to support the communities economic, social and environmental wellbeing aspirations.	Extreme	High
Financial Sustainability	Due to over committing to work programmes the financial sustainability of the Council may be compromised affecting delivery of all LTP goals.	Extreme	High
Growth planning	Poor timing or under-recovery of growth investment may lead to unexpected cost escalation adversely affecting Council's financial position and ability to achieve LTP objectives.	Extreme	High
Failure of climate adaptation	Lack of knowledge, protracted decision making or insufficient application of resources may cause climate change adaptation measures to fail adversely impacting economic, social and cultural wellbeing.	Extreme	High

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Title	Description	Inherent risk level	Current risk level
Liability from legal challenge	Final terms of Crown agreement and the responsibilities placed upon Council within that, may result in Council being the sole entity for any legal challenges to be raised against, or related to the buyout conditions at both community and individual property level. Legal challenges would have significant impacts on Council's finances through unbudgeted costs, reputation through a potential loss of trust and delivery of services as officers would be required to respond to/prepare for any legal challenge.	Extreme	High
Truth Decay	Increasing momentum towards the four trends of the 'Truth Decay' phenomenon, may lead to the erosion of civil discourse and disengagement of individuals from political institutes, resulting in an inability for Council to engage the community, plan for growth, or execute delivery of strategic goals effectively.	Extreme	High
Cyber Security Threat	Increasing sophistication of cyber attacks may cause Council to be unable to defend a significant cyber attack, resulting in an inability to communicate through normal channels, operate core functions or stand up a response, severely impacting Council's reputation and potential legal implications and/or fines.	Extreme	Medium
Significant statutory reform	Failure to proactively adapt to statutory changes could adversely affect economic, environmental, social or cultural wellbeing, and cause significant delays and/or barriers to Council's delivery of LTP objectives.	Extreme	Medium

Opportunity Risks

Title	Description	Inherent risk level	Current risk level
Successful Strategic Partnerships	Provision of sufficient capacity and capability within the organisation to manage relationships with other agencies, would lead to successful partnerships and a collaborative, effective approach to projects. This would result in a positive reputation with communities, better outcomes for the community and other stakeholders, and potentially limit financial costs for each partner.	Silver	Gold
Demonstrate good ESG&C practices	Successfully and proactively addressing Environmental, Social, Governance (ESG) and Cultural expectations during decision making processes would contribute to improving equity of resources, enhanced community wellbeing, enrichment of the natural environment, increased trust of and a positive reputation for Council, attraction as an employer and to gain a head start on complying with potential future legislation.	Bronze	Gold

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Item 11

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Proposed
Terms of Reference
for the
Climate Action Joint Committee

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Adopted by resolution of:
Hawke's Bay Regional Council, ~~26 July 2023~~25 September 2025
Hastings District Council, ~~20 July 2023~~ 2024
Napier City Council, ~~20 July 2023~~ 2024
Central Hawke's Bay District Council, ~~21 September 2023~~ 2024
Wairoa District Council, ~~18 July 2023~~ 2024

1. Name and status of Joint Committee

1.1. The Joint Committee shall be known as the Climate Action Joint Committee.

1.2. The Joint Committee is a joint committee under clause 30(1)(b) of Schedule 7 of the Local Government Act (the Act).

2. Purpose

2.1. Climate mitigation and adaptation is core business for councils. It spans multiple council workstreams such as urban planning, land-use and resource management, transport, flood protection, coastal hazards and emergency management. Without duplicating effort, the purpose of the Joint Committee is to support a coordinated and collaborative response to address the complex challenge of Climate-Resilient Development[1] for the communities of Hawke's Bay.

2.2. The focus of the Joint Committee' will be promoting action to mitigate climate change (emissions reductions and offsetting) and adapt to the changing regional climate.

2.3. The Joint Committee aims to support communities and industries to become resilient to the effects of climate change and to thrive within the means of our natural environment in a manner that aligns with central government policy on climate change[2].

3. Objectives

3.1. Oversee and guide the development and implementation of a Regional Emissions Reduction Plan including recommending actions for partner councils to consider for inclusion in their Long Term Plans.

3.2. Oversee and guide the development and implementation of a spatial Regional Climate Risk Assessment to deliver on responsibilities under the National Adaptation Plan to:

3.2.1. Reduce vulnerability to the impacts of climate change

3.2.2. Enhance adaptive capacity and consider climate change in decisions at all levels

3.3. Strengthen resilience

3.4. Support compliance with the statutory requirement to "have regard to" the National Emissions Reduction Plan and the National Adaptation Plan in all RMA-related plans of partner councils[3].

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[1] Climate Resilient Development is a framework developed in the Intergovernmental Panel on Climate Change 6th report – Impacts, Adaptation and Vulnerability. It combines strategies to adapt to climate change with actions to reduce greenhouse gas emissions to support sustainable development for everyone (FAQ 6: What is Climate Resilient Development? ipcc.ch)

[2] Including UNFCCC Paris Agreement on Climate Change.

[3] From 30 November 2022 it is a legal requirement for local government to 'have regard to' the national adaptation plan and the emissions reduction plan when preparing or changing regional policy statements, regional plans and district plans. (Guidance note environment.govt.nz)

3.5.   Inform planning to drive climate-resilient development in the right locations within the Future Development Strategy required under the National Policy Statement on Urban Development~~, and the Regional Spatial Strategy and regional combined plan proposed under the Spatial Planning and Natural and Built Environments legislation~~.

3.6.   Collaborate on the delivery of key services for infrastructure impacted by climate change on respective councils.

4.   Membership[4]

4.1.   Up to two elected members from the Hawke's Bay Regional Council; being the Chair and one other elected member, and one alternate.

4.2.   Up to two elected members from each Territorial Authority within the Hawke's Bay region; preferably the Mayor and one other elected member, and one alternate.

4.3.   Each Post [Treaty] Settlement Governance Entity (PSGE) within the Hawke's Bay region is invited to appoint one member, and one alternate.

4.4.   Up to two members and one alternate appointed to represent the Ngāti Kahungunu Taiwhenua and Board representatives on the HBRC Māori Committee[5].

4.5.   Under clause 30A(6) Schedule 7 of the Act, the power to discharge any member on the Joint Committee and appoint his or her replacement shall be exercisable only by the body that appointed the member.

5.   Chairperson and Deputy Chairperson

5.1.   The Chairperson of the Joint Committee will be the Hawke's Bay Regional Council Chair or a HBRC Joint Committee member nominated by the Chair of the Hawke's Bay Regional Council.

5.2.   At the first meeting of the Joint Committee the members shall elect a Deputy Chairperson.

5.3.   The mandate of the Chairperson and Deputy Chairperson ends if that person, through resignation or otherwise, ceases to be a member of the Joint Committee.

6.   Delegated authority

The Joint Committee has delegated responsibilities for:

6.1.   Guiding and monitoring climate mitigation and adaptation across the region with current and relevant technical inputs

6.2.   Leading regional emissions reduction plans including recommending actions for consideration to partner councils to include in their long term plans

6.3.   Leading spatial regional climate risk assessments to deliver on responsibilities under the National Adaptation Plan

6.4.   Setting targets, including interim goals, towards achieving carbon neutrality by 2050

6.5.   Monitoring regional greenhouse gas emissions (community carbon footprint) on a regular basis and reporting annually on implementation of regional emissions reduction plans

6.6.   Considering and recommending key emissions reduction actions to each of the partner councils and industry for consideration

6.7.   Advocating for and/or advancing the objectives of regional climate action by submitting on and participating in processes, at the Joint Committee's discretion, including but not limited to:

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[4] Membership will be reviewed at the end of the three-yearly cycle.
[5] HBRC Māori Committee has 13 tangata whenua representatives, 3 from each of the Taiwhenua (and Wairoa Kahungunu Executive) within the Hawke's Bay regional boundary and 1 from the Ngāti Kahungunu Iwi Inc Board.

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6.7.1.   Council long term plans

6.7.2.   Council annual plans

6.7.3.   District and regional plan and policy changes

6.7.4.   Reserve management plans

6.7.5.   Asset management plans

6.7.6.   Notified resource consent applications

6.7.7.   Central Government policy and legislation

6.7.8.   Investigating and securing additional sources of funding to support regional decarbonisation, offsetting and protecting communities from the impact of climate change.

6.8.   For the avoidance of doubt, the Joint Committee can only make recommendations to partner councils. Without legally binding subsequent council decisions, the partner councils agree to:

6.8.1.   Have particular regard to the recommendations of the Joint Committee in developing policies, determining priorities, and allocating resource

6.8.2.   Progress, to the fullest possible extent, actions identified through joint planning and decision-making arrangements.

7.   Powers not delegated

The following powers are not delegated to the Joint Committee:

7.1.   Any power that cannot be delegated in accordance with clause 32 Schedule 7 of the Local Government Act 2002.

7.2.   Decisions relating to the allocation of funding for undertaking investigations, studies and/or projects in climate adaptation, offsetting or climate mitigation and matters relating to consenting.

8.   Meetings

8.1.   The Hawke's Bay Regional Council standing orders will be used to conduct Joint Committee meetings as if the Joint Committee were a local authority and the principal administrative officer (Chief Executive) of the Hawke's Bay Regional Council or his or her nominated representative were its principal administrative officer.

8.2.   The Joint Committee shall hold meetings at such frequency, times and place(s) as required for the performance of the functions, duties and powers delegated under this Terms of Reference, at least three times per year.

8.3.   Notice of meetings will be given as far in advance a possible to all Joint Committee members, and in accordance with the provisions of the Local Government Official Information and Meetings Act 1987.

8.4.   Meetings may provide for members' attendance by audio-visual link if required.

8.5.   Members, or their confirmed alternates, will attend all Joint Committee meetings.

8.6.   The quorum will consist of a majority of members.

9.   Voting

9.1.   In accordance with clause 32(4) Schedule 7 of Act, at meetings of the Joint Committee each member has full authority to vote and make decisions within the delegations of the Terms of Reference on behalf of the body that appointed them without further recourse to the appointing body.

9.2.   Where voting is required, each member has one vote.

9.3.   Best endeavours will be made to achieve decisions on a consensus basis.

9.4.   The Chairperson at any meeting has a deliberative vote and, in the case of equality of votes, may use a casting vote.

10.   Good faith

10.1.   In the event of any circumstances arising that were unforeseen by the partner councils or their representatives at the time of adopting these Terms of Reference, the partner councils and their representatives hereby record their intention that they will negotiate in good faith to add to or vary these Terms of Reference so as to resolve the impact of those circumstances in the best interests collectively of the partner councils taking into account also the views of the Regional Planning Committee and Māori Committee appointed members in relation to those circumstances.

11.   Remuneration

11.1.   Each partner council shall be responsible for remunerating its representatives on the Joint Committee and for the costs of those persons' participation in the Joint Committee.

11.2.   Hawke's Bay Regional Council as the Administering Authority shall be responsible for remunerating the HBRC Māori Committee representatives and the PSGE representatives on the Joint Committee for travel and attendance as per its agreed meeting fees policy.

12.   Technical Advisory Group and Reporting

12.1.   A technical advisory group (TAG) will service the Climate Action Joint Committee.

12.2.   The TAG will comprise of staff members from the partner councils who are working in climate mitigation and adaptation and will involve subject matter experts as required to ensure linkages with other workstreams, such as the work of the Regional Transport Committee and Napier-Hastings Future Development Strategy Joint Committee. The TAG will be led by the Hawke's Bay Regional Council. ~~Climate Action Ambassador along with the dedicated climate roles at Napier City Council and Hastings District Council.~~

12.3.   Following each meeting of the Joint Committee, meeting minutes will be distributed for information to each partner council ~~TAG shall create a summary report of the business of the meeting which will be distributed, for information, to each partner council~~ for inclusion in the agenda for the next available council meeting. ~~Such reports will be in addition to any formal minutes prepared by the Administering Authority, which will be circulated to Joint Committee members.~~

13.   Variations to the Terms of Reference

13.1.   Any member may propose a variation, deletion or addition to the Terms of Reference by putting the wording of the proposed variation, deletion or addition to a meeting of the Joint Committee for recommending to the partner councils if agreed.

13.2.   Amendments to the Terms of Reference must be agreed by all partner councils before taking effect.

14.   Recommended for Adoption

14.1.   The Climate Action Joint Committee, made up of the following members, confirms this Terms of Reference as adopted by the five partner councils.

Hawke's Bay Regional Council represented by:

Councillors ~~Hinewai Ormsby and~~ Xan Harding~~,~~ and Di Roadley, and Hinewai Ormsby as alternate

Councillor ~~Hinewai Ormsby~~Xan Harding as Chairperson of the Climate Action Joint Committee

Hastings District Council represented by:

Mayor Sandra Hazlehurst and Councillors Hana Montaperto-Hendry, and Tania Kerr as alternate

Napier City Council represented by:

Councillors Annette Brosnan and Hayley Browne, and Juliet Grieg as alternate

Central Hawke's Bay District Council represented by:

Mayor Alex Walker and Councillors Tim Aitken and Jerry Greer as alternate

Wairoa District Council represented by:

Mayor Craig Little and Councillors Roslyn Thomas, and Denise Eaglesome-Karekare as alternate

HBRC Māori Committee represented by:

Paul Kelly and Roger Maaka, and Marei Apatu as alternate

Post [Treaty] Settlement Entity appointees:

Tamatea Pōkai Whenua – represented by Cordry Huata

Mana Ahuriri Trust – represented by Tania Eden

Maungaharuru-Tangitū Trust – represented by Robbie Paul

Ngati Pāhauwera Development Trust

Ngati Tuwharetoa Hapu Forum

Tātau Tātau o Te Wairoa – represented by Michelle McIlroy

Te Kopere o te Iwi Hineuru

Te Toi Kura o Waikaremoana

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Appendix A – Project Background

1. The Regional Council declared a climate emergency for the Hawke's Bay region on 26 June 2019. The declaration recognises that the climate crisis is an urgent and pervasive threat to human and ecological wellbeing and that we have a small window of time to act to avoid the most damaging effects of the climate crisis in the longer term. This climate crisis declaration was one of many declarations by councils across the country, with the Government declaring a climate emergency on 2 December 2020.

2. In 2022 HBRC, HDC, and NCC each invested in dedicated strategic climate change roles, an acknowledgement of the important leadership role councils can, and should, play in regional climate action.

3. There is a general acknowledgement that the transition to a low emissions future cannot be achieved by individual councils working in isolation and a regional approach is needed.

4. In 2022 the Ministry for Environment released Aotearoa's first Emissions Reduction Plan. National legislation introduced in November 2022 states that local government must have regard to the National Emissions Reduction Plan and the National Adaptation Plan when developing RMA-related plans.

5. In September 2022 the first Hawke's Bay Community Carbon Footprint was released, measuring greenhouse gas emissions from 2018-19 to 2020-21. Separate footprints were created for each Territorial Authority. The whole of region footprint established that our regional emissions for 2020-21 were made up of:

   5.1. Agriculture 67%
   5.2. Transportation 20%
   5.3. Stationary Energy 10%
   5.4. Waste 2%
   5.5. IPPU 1% (Industrial Processes and Product Use)
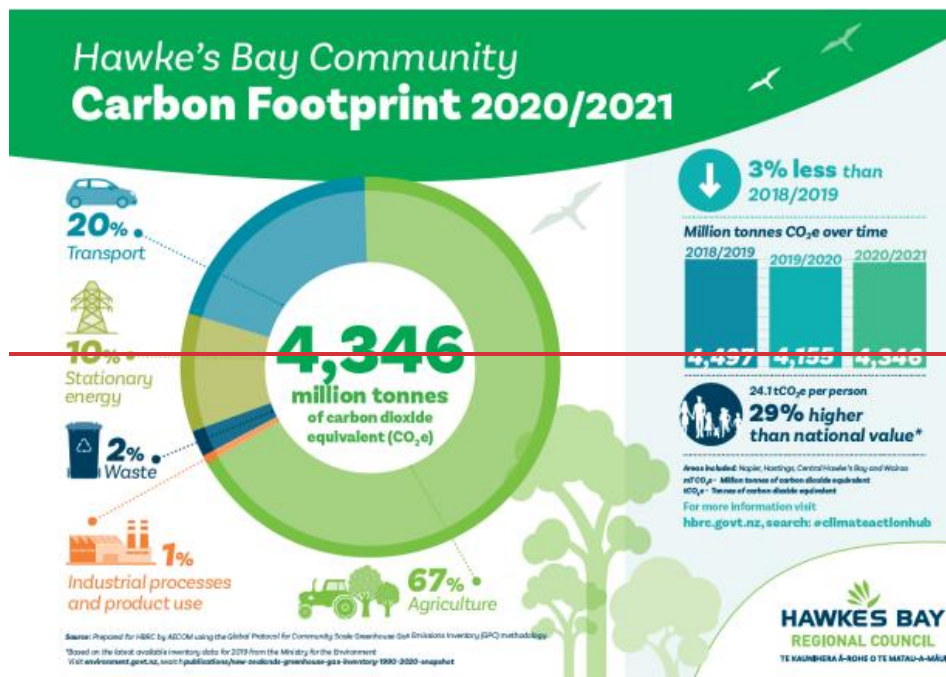
6.1. The next step for is to create a Regional Emissions Reduction Plan, with input from all Hawke's Bay councils, as well as significant engagement across expert, business, and community spheres.