

Tuesday, 25 March 2025

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Tuesday, 25 March 2025**

Te Wā:
Time: **10:00 AM**

Te Wāhi:
Venue: **Council Chamber
Ground Floor
Civic Administration Building
Lyndon Road East
Hastings**

Te Hoapā:
Contact: **Democracy and Governance Services
P: 06 871 5000 | E: democracy@hdc.govt.nz**

Te Āpiha Matua:
Responsible
Officer: **Chief Financial Officer - Graham Watson and Chief Risk Officer
- Regan Smith**

Risk and Assurance Committee – Terms of Reference

Fields of Activity

The Risk and Assurance Committee is responsible for assisting Council in its general overview of financial management, risk management and internal control systems that provide:

- Effective management of potential risks, opportunities and adverse effects.
- Reasonable assurance as to the integrity and reliability of the reporting on financial performance of Council, including quality of audit services.
- Monitoring of Council's requirements under the Treasury Policy.
- Monitoring of Council's Strategic Risk Framework.
- Monitoring of Council's legal compliance.
- Monitoring of Council's health and safety compliance.
- Monitoring significant projects, programmes of work and procurement focussing on the appropriate management of risk.
- Oversight of preparation of the Long Term Plan, Annual Report, and other external financial reports required by statute.

In light of the impacts Cyclone Gabrielle has had on the communities in the district, the Committee will pay particular attention to activities affected within its Fields of Activity, including but not limited to and always in support of the work of Council and the Standing Committees:

- Oversight of cyclone-related insurance claims and issues.
- Monitor funding implications associated with recovery costs, including oversight of the process for recoveries from government.
- Monitor valuation process for cyclone-damaged assets, including impairments particularly relating to roading.
- Support post-cyclone expenditure planning by ensuring good process is applied.

Membership – 8 (including 5 Councillors)

- 5 Councillors - with one being the Chair of Performance and Monitoring and one being the Chair of Strategy and Recovery, or their equivalents.
- Deputy Chair appointed by Council.
- 2 external independent members appointed by Council, with one being appointed as the Chair.
- 1 Heretaunga Takoto Noa Māori Standing Committee Member appointed by Council

Quorum – 4 members

DELEGATED POWERS

Authority to consider and make recommendations on all matters detailed in the Fields of Activity and such other matters referred to it by Council.

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Koromatua

Chair: Graeme McGlenn – External Independent Appointee

Nga Kai Kaunihera

Councillors: Simon Nixon (Deputy Chair), Alwyn Corban, Tania Kerr, Michael Fowler (Chair of Performance & Monitoring Committee) and Councillor Schollum (Chair of Strategy & Recovery Committee)

Mematanga:

Membership:

Mayor Sandra Hazlehurst

External Independent Appointee: 1x Vacancy

Heretaunga Takoto Noa Māori Standing Committee appointee: Tom Keefe

Tokamatua:

Quorum: 4 members

Kaihokoe mo te Apiha

Officers Responsible:

Chief Risk Officer – Regan Smith

AND

Chief Financial Officer – Graham Watson

Te Rōpū Manapori me te Kāwanatanga

Democracy &

Governance Services:

Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

Apologies – Ngā Whakapāhatanga

- 1.0** At the close of the agenda no apologies had been received.
At the close of the agenda no requests for leave of absence had been received.
-

2.0 *Conflict of Interest – He Ngākau Kōnatunatu*

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

If a Member feels they do have a conflict of interest, they should publicly declare that at the start of the relevant item of business and withdraw from participating in the meeting. If a Member thinks they may have a conflict of interest, they can seek advice from the General Counsel or the Manager: Democracy and Governance (preferably before the meeting).

It is noted that while Members can seek advice and discuss these matters, the final decision as to whether a conflict exists rests with the member.

Confirmation of Minutes – Te Whakamana i Ngā Miniti

- 3.0** Minutes of the Risk and Assurance Committee Meeting held Monday 18 November 2024.
(Previously circulated)
-

- 4.0** **Health, Safety & Wellbeing Risk Management Update** **7**
-

- 5.0** **Treasury Activity and Funding Update** **15**
-

- 6.0** **2025 Audit Plan** **19**
-

- 7.0** **Committee Terms of Reference Review 2025** **21**
-

8.0	Annual Strategic Risk Horizon Scan 2025	25
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9.0	Annual Plan 2025/2026 Progress Update	29
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10.0	Annual Civil Defence Emergency Management Update	33
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11.0	Executive Overview and Status of Actions	41
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12.0	Minor Items – <i>Ngā Take Iti</i>	
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13.0	Urgent Items – <i>Ngā Take Whakahihiri</i>	
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14.0	Recommendation to Exclude the Public from Items 15 and 16	47
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15.0	Current Issues Summary	
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16.0	Project Genesis	
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Tuesday, 25 March 2025

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: Jennie Kuzman, Health, Safety and Wellbeing Manager

Te Take:
Subject: Health, Safety & Wellbeing Risk Management Update

1.0 Executive Summary – Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to provide information to the Risk and Assurance Committee about the management of Health, Safety and Wellbeing risks within Council.
- 1.2 This issue arises due to the Health and Safety at Work Act 2015 and the requirement of that legislation for Elected Members to exercise due diligence to ensure that Council complies with its health and safety duties and obligations.
- 1.3 This report provides a summary update on Health and Safety Regulatory Reform and the Health, Safety & Wellbeing activities, and initiatives underway or planned to be undertaken by Council within the 2024/2025 financial year.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Health, Safety & Wellbeing Risk Management Update dated 25 March 2025.
- B) That the Committee endorse the Health Safety & Wellbeing Critical Risk Profiles for:
 - a. Asbestos
 - b. Vehicles and Mobile Plant

3.0 Discussion – Te Matapakitanga

3.1 This report provides a summary update on Health and Safety Regulatory Reform and the Health, Safety & Wellbeing activities, and initiatives underway or planned to be undertaken by Council within the 2024/2025 financial year.

3.2 Health and Safety Regulatory Reform

3.3 In 2024, the Government undertook consultation with a view to developing options to improve the Work Health and Safety Regulatory System so that it is: clear, effective, flexible and durable, proportionate to the risks, and balancing risks with costs.

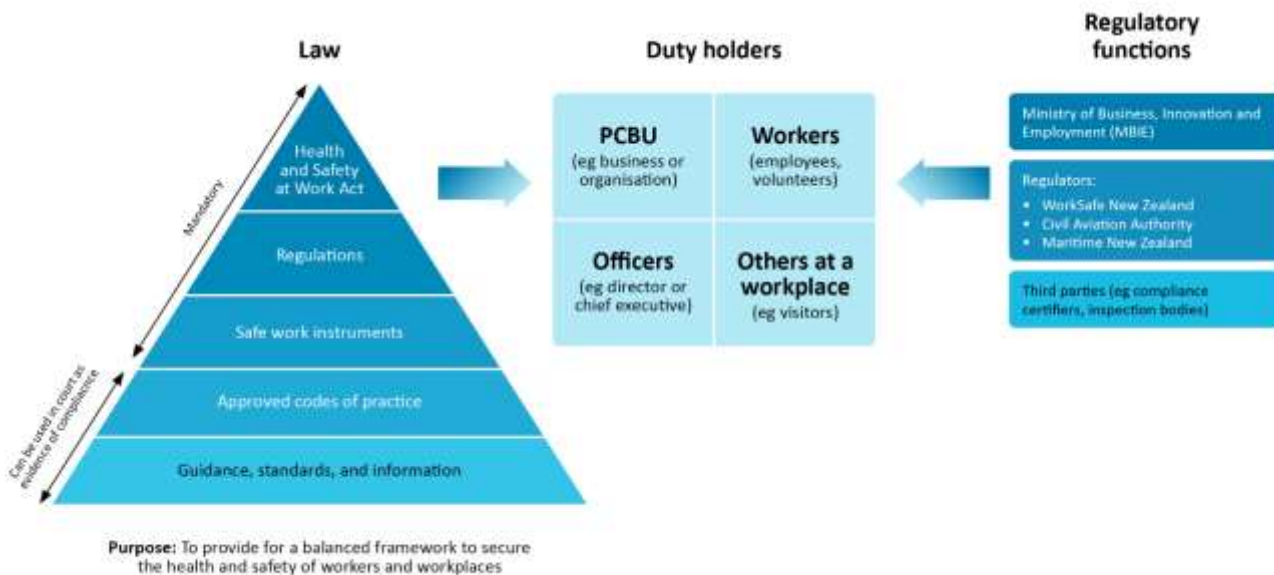
3.4 The consultation process closed in late 2024, and the Government is now considering options for improvements to the current regulatory framework.

3.5 Currently, there are few details known about specific changes that the Government might propose as part of its reforms. However, it is clear that the entire Work Health and Safety Regulatory System is under review.

3.6 The Work Health and Safety Regulatory System is made up of the:

- Health and Safety at Work Act 2015
- Supporting regulations, safe work instruments, standards, approved codes of practice, and guidance that sit under the HSW Act
- Regulators that implement the law and support people to comply through engagement, enforcement, and standard setting
- People and organisations authorised by the regulator or regulations to certify or licence businesses for high-risk work and activities.

3.7 This is summarised in the diagram below:



3.8 Policy Development / Review

3.9 The table on the following page, provides an update on the status of Council Health, Safety and Wellbeing policies that are currently being reviewed or developed.

HSW Policy	Status
Overarching Asbestos Management Plan	Completed. New version issued October 2024.
Rehabilitation & Fit-for-Work Policy	Completed. New version issued December 2024. Workshops with Managers and Team Leaders completed January/February 2025.
Impairment Policy	Final version to be provided to Lead Team to review in March/April 2024.
Health, Safety & Wellbeing Policy	Draft Policy reviewed and approved by Lead Team. Draft Policy going to Performance and Monitoring Committee in March 2025 for endorsement.
Mauri tū Mauri Ora (Wellbeing) Framework and Work-related Stress Policy	Review underway. Currently being reviewed by HSW team.
Health, Safety & Wellbeing Manual	Review underway. Currently being reviewed by HSW team.
Respiratory Protection Policy and Programme	Review underway. Currently being reviewed by HSW team.
Hearing Protection Policy & Programme	Currently in development by HSW team.
Menopause Policy	Scheduled to be developed mid-2025.

3.10 External Audits and Assessments

- 3.11 A Psychosocial (Wellbeing) Risk Assessment was undertaken by an external party in late 2024 and comprised an all-staff survey and focus group interviews. A report was received in late February 2025, which has recently been disseminated to the Lead Team. A high-level summary will be brought to the Committee in time; noting that there are no critical issues identified within the report.
- 3.12 Inspections have been undertaken by an external party for renewal of Council's Hazardous Substances location test certificates at Ōmarunui Landfill, Clive Wastewater Treatment Plant, Splash and Tōmoana Showgrounds have been completed and all locations were compliant and have been issued with current Location Test Certificates.
- 3.13 Exposure monitoring is currently being undertaken by an external party with the following teams: Ōmarunui Landfill, Water Operations, Tōmoana Showgrounds, Splash Planet, Cemetery & Crematorium, and is expected to conclude at the end of March 2025.
- 3.14 Annual Health Monitoring of employees who are exposed to health risks in their roles at Council, is currently underway with Council's contracted Occupational Health Nurse and expected to conclude in April 2025.
- 3.15 Annual Inspections of Council facilities and offices by an external party are scheduled to be undertaken in May 2025.

3.16 Internal Audits and Assessments

- 3.17 The following internal audits and assessments are scheduled for the upcoming months, summaries of the audit findings will be brought to the Committee later in 2025.

- Safeplus– Self Assessment – April/May 2025.
- Contract Audits of Council’s high-risk long-term contracts – May/June 2025.

3.18 **Critical Health, Safety & Wellbeing Risk Profiles**

3.19 Council has 12 Critical Health, Safety & Wellbeing Risks that impact upon the organisation. A bowtie risk analysis exists for each of these risks, and these are regularly reviewed. In late 2023, it was agreed that when each of these critical risk bowties come up for review, a summary critical risk profile would be created as part of that review. The intention of the critical risk profile approach is to provide a simple (and concise) mechanism to convey the key components of the risk and mitigations to the executive team and Council.

3.20 Two Critical Health, Safety & Wellbeing Risk Profiles have recently been developed and approved by the Lead Team (copies attached – **Attachments 1 and 2**):

- Asbestos
- Vehicles and Mobile Plant

3.21 It is proposed that the Committee endorse these Critical Health, Safety & Wellbeing Risk Profiles.

Attachments:

- 1 [↓](#) HR-03-6-3-25-78 Health, Safety & Wellbeing Critical Risk Profile - Vehicles and Mobile Plant CG-17-6-00185
- 2 [↓](#) HR-03-6-3-25-79 Health, Safety and Wellbeing Critical Risk Profile - Asbestos CG-17-6-00186

HEALTH, SAFETY & WELLBEING CRITICAL RISK PROFILE

Risk #3: Vehicles & Mobile Plant

Risk Description	Serious injury or fatality to workers or the public from driving a vehicle or operating mobile plant.	Inherent risk level	High
What do we know about this risk in our business	A vehicle is considered a 'Workplace' under the Health and Safety at Work Act 2015 (when being used for work purposes). Council operates a fleet of approximately 77 road vehicles including passenger and light commercial vehicles, driven regularly by workers and contractors. Other mobile plant includes (but not limited to) tractors, trailers, excavators, loaders, compactors, ride-on mowers, ATV's etc.	Residual risk level	High
What we know about this risk in our operating environment	Research shows that fleet (work) driving represents an increased crash risk relative to non-fleet (non-work) driving. <i>Source: WorkSafe Victoria</i> HDC Vehicle incident reporting increased 11% in the 23/24 Financial year (from 409 to 455 reported incidents), with collision / loss of control identified as the predominant hazard category. Note: this includes contractor incident reporting.	Is this risk within tolerance	Yes
Our organisational objectives potentially impacted by this risk	Health, Safety & Wellbeing	Our confidence in controls	Moderate
Risk Owner	Chief Executive		
Risk Expert	Health, Safety & Wellbeing Manager		

Key Risk Event:

Causes	Potential Consequences / Impacts
<p>The following could lead to an event:</p> <ul style="list-style-type: none"> Loss of control of a vehicle / mobile plant. Being trapped between a vehicle and a structure. Being hit by a vehicle. Vehicles colliding with each other. Unsecured or unstable loads. Falling from a vehicle. Driver impairment e.g. fatigue, medical condition, substance abuse. 	<p>Potential impacts:</p> <ul style="list-style-type: none"> Physical harm causing injury or death (which could be to workers or members of public). Legal prosecution. Reputational damage. Financial loss. Disruption / loss of services. Property damage. Damaged relationship with regulator.

Brief Control Description	Further Information about Control	Control in place & Working?
HDC Vehicle Operations and Fleet	Council has an overarching Vehicle Operations and Fleet Management Policy which sets out expectations for managing vehicle operations in relation to Council assets. This Policy covers: Vehicle selection,	Partially

HEALTH, SAFETY & WELLBEING CRITICAL RISK PROFILE

Management Policy	<p>Authorised drivers, licence checks via the NZTA Transport Organisation Register Online (TORO), Driver behaviour and responsibilities, Vehicle care, Vehicle risk management, Incident reporting, Emergency procedures and equipment, GPS monitoring, Fatigue management & journey planning, Planned preventative maintenance, and Contractor management provisions</p> <p>This policy enables Council to meet its legal requirements in relation to:</p> <ul style="list-style-type: none"> • Health & Safety at Work Act 2015. • NZTA Vehicle registration, Warrant of Fitness and Driver licencing requirements. 	Partially
Other Policies and Procedures	<ul style="list-style-type: none"> • Specialist fleet management procedures and maintenance programmes for HDC operations at: Hastings Cemeteries, Omarunui Landfill, Splash Planet, Tomoana Showgrounds, Henderson Road Transfer Station, Water Services Operations. • HDC Working Alone Policy • NZTA/HDC Temporary Traffic Management requirements and provisions. 	Partially
Training	<p>Council provides the following training for Council staff:</p> <ul style="list-style-type: none"> • Induction training • Role specific training programme and safety procedures for operational areas e.g. tractor use, excavator use, mowing, towing, 4WD, temporary traffic management etc. <p>Contractors engaged by Council are expected to follow legal and good practice guidelines for training and competency in relation to vehicle and plant operations, which is documented within the Approved Safety Plan for the Contractor Operations.</p>	Partially
Occupational Health Programme	<p>Council has an occupational health programme comprised of pre-employment health assessments and regular health monitoring for affected workers in order to meet NZTA Driver Licensing requirements. E.g. drivers' medicals for class 2 licence holders.</p>	Partially

Engagement & communication	<ul style="list-style-type: none"> • Regular engagement with staff through team meetings and training sessions. • Policies and procedures communicated to staff electronically and in-person. 		
Additional resources need	<p><u>Recommendations:</u></p> <ul style="list-style-type: none"> • Enhance utilisation of GPS reporting to identify any trends of concern, address and manage driver behaviour where indicated. • Review induction and training programme (operational areas) to ensure competency requirements are met. • Consider provision of an online training module for "driving in difficult conditions". • Review servicing and maintenance processes in operational areas (not managed centrally by Fleet team). 	Monitoring this risk	<ul style="list-style-type: none"> • Regular review of Risk Manager reporting. • Review and discussion of control measures within teams and HSW committees. • Safety interactions. • GPS reporting.



HEALTH, SAFETY & WELLBEING CRITICAL RISK PROFILE

Risk #2: Asbestos

Risk Description	Serious health effects or fatality from exposure to asbestos.	Inherent risk level	High
What do we know about this risk in our business	<p>Council has a large number of assets, many of which have asbestos present. Poor management of asbestos within these assets, has the potential to expose workers and/or public to asbestos fibres causing serious health effects or death.</p> <p>Illegal dumping or incorrect disposal of asbestos waste within the district has the potential to expose workers and/or public to asbestos fibres causing serious health effects or death.</p> <p>Council is the regulator for non-work-related asbestos issues in within the Hastings district.</p>	Residual risk level	High
What we know about this risk in our operating environment	<p>Aging assets increase the risk of asbestos becoming friable or damaged, thereby increasing the likelihood of exposing workers and/or public to asbestos fibres.</p> <p>There is a long delay between exposure to asbestos and the onset of health conditions.</p>	Is this risk within tolerance	Yes
Our organisational objectives potentially impacted by this risk	Health, Safety & Wellbeing	Our confidence in controls	Moderate
Risk Owner	Chief Executive		
Risk Expert	Health, Safety & Wellbeing Manager		

Key Risk Event:

Causes	Potential Consequences / Impacts
<p>The following could lead to an event:</p> <ul style="list-style-type: none"> Construction, maintenance, and demolition activities within Council assets. Waste and recycling activities e.g. kerbside rubbish / recycling, disposal at transfer stations or Landfill, illegal dumping. Regulatory Interactions – identification of non-work activities at a property resulting in asbestos contamination / exposure. 	<p>Potential impacts:</p> <ul style="list-style-type: none"> Serious illness or death Legal prosecution Reputational damage Financial loss Disruption / Loss of services Property damage Damaged relationship with regulator(s)

Brief Control Description	Further Information about Control	Control in place & Working?
Overarching Asbestos Management Plan	Council has an overarching HDC Asbestos Management Plan that documents work procedures and planning for managing asbestos risks in relation to Council assets and Council activities. This is a legal requirement under the	Partially



HEALTH, SAFETY & WELLBEING CRITICAL RISK PROFILE

	Health and Safety at Work (Asbestos) Regulations 2016.	
Hawkes Bay Asbestos Liaison Protocol	The Asbestos Liaison protocol details how Hawkes Bay's District and Regional Councils Health NZ and WorkSafe will collaborate and manage Asbestos activities and regulatory requirements within the district.	Yes
Maintenance, Construction & Demolition of Council Assets	Asbestos surveys conducted by competent external professionals are regularly undertaken for Council assets (buildings and structures), the resulting information from the survey is entered into the asbestos register. Prior to commencement of significant maintenance, or construction, or demolition work of a Council building or structure a further Asbestos assessment will be undertaken. When Asbestos is identified as needing to be removed, a licensed Asbestos removalist contractor will be engaged to undertake this work in accordance with the Health and Safety at Work (Asbestos) Regulations 2016 and associated WorkSafe guidance documents.	Yes
Occupational Health Programme	Council has an occupational Health programme comprised of regular Exposure Monitoring and Health Monitoring for affected workers. Any worker who has been exposed to friable asbestos is also referred to their General Practitioner for ongoing monitoring. <i>Note: Previously they were referred for additional to the national asbestos exposure register maintained by WorkSafe NZ, but this has now been disestablished.</i>	Partially

Engagement and communication		<ul style="list-style-type: none"> Regular engagement with Council employees through team meetings and training sessions Policies and procedures regularly reviewed with input from employees. Regular engagement with Contractors undertaking asbestos related works. Regular engagement held between the HB Asbestos Liaison Protocol signatories.
Additional resource need	Recommend implementing labelling of identified asbestos be undertaken as part of the 5-yearly independent asbestos survey (previous review undertaken in 2018).	Monitoring this risk <ul style="list-style-type: none"> Regular review of reporting within Risk Manager. Regular review of Exposure monitoring reports. Review and discussion of risk control measures within affected team and within HSW committees. Annual Facility Inspections.

Tuesday, 25 March 2025

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: **Aaron Wilson, Financial Controller**

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

1.0 Executive Summary – *Te Kaupapa Me Te Whakarāpopototanga*

- 1.1 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 18th November 2024, Council borrowed a further \$30m in the December period, which was in line with the LTP Year One and the cash forecast.
- 1.3 Council's total external debt on 28th February 2024 is \$442.7m, 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 has facilities of \$45m with the cost of these facilities 0.3%.
- 1.5 As was reported at the last treasury update officers are intending to target further cover as it becomes financially efficient to do so. With the Reserve bank now in a cutting cycle and Council cover within policy, officers in conjunction with Council Treasury advisors Bancorp, watching the market pricing of swaps to ensure the purchasing of further cover is financially efficient to do so.
- 1.6 With this in mind, officers have not engaged in any further swaps at this time and are looking to take opportunities as they present themselves.
- 1.7 Council is currently compliant with its existing Treasury Management Policy for the 2024-34 debt profile.
- 1.8 On March 18 2025, Standard and Poors ("S&P") have informed that due to a lowering of the Institutional Framework Assessment of Local Government sector in February, they have downgraded 18 local NZ councils including Hastings and 3 Council Controlled Organisations (CCOs).

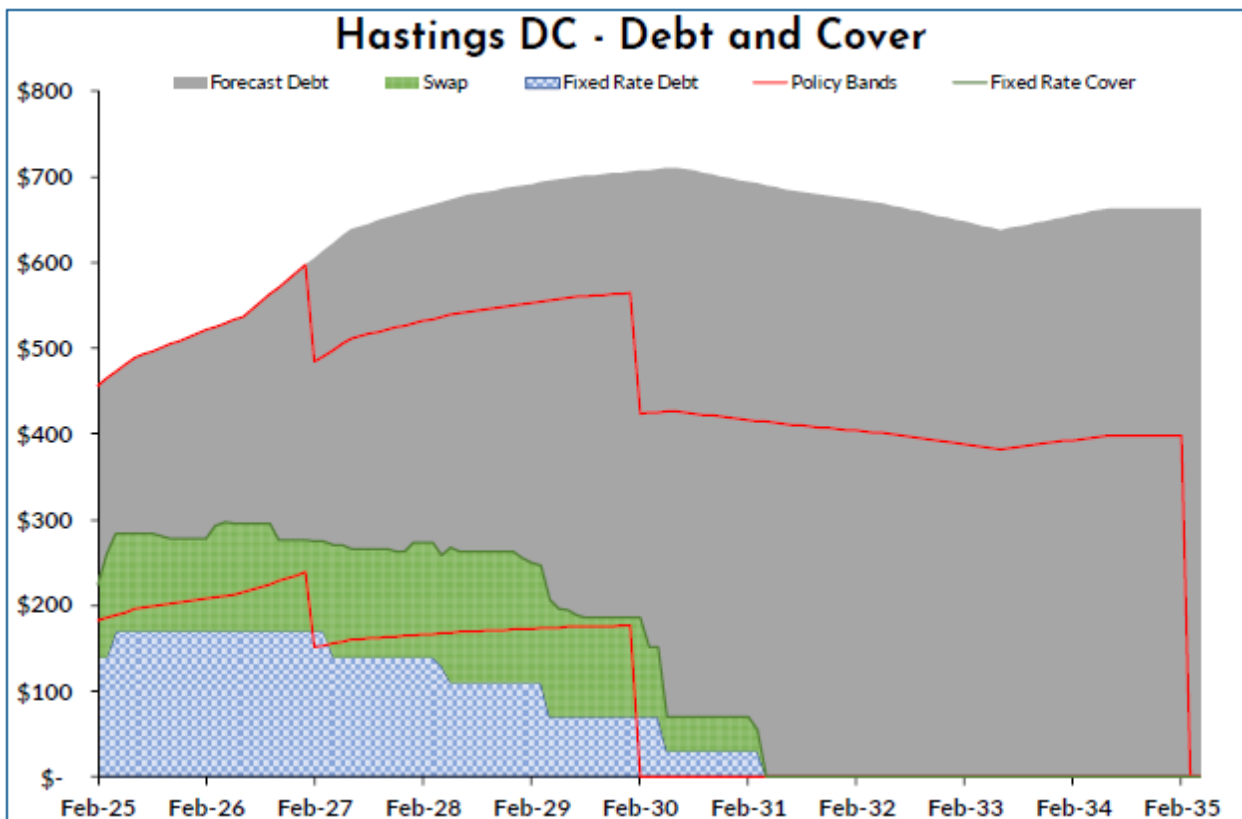
- 1.9 Officers will be reviewing the Treasury Policy shortly to incorporate provisions on the use of swaps for Carbon Credits (along with any other necessary updates identified as part of this review). This is a mid-LTP policy review and Officers will report back to this Committee at the next meeting in May with any recommended policy changes.
- 1.10 The Reserve Bank of New Zealand's (RBNZ) Official Cash Rate (OCR) has now dropped to 3.75% which is a further drop from its review on 27th November 2024. The following is a summary of the RBNZ's points in arriving at the decision to cut rates further:
- Acknowledged the weak state of the economy, with rising unemployment, subdued household spending and investment,
 - Annual consumer price inflation is near the mid-point of the 1.0% to 3.0% target
 - Economic growth is expected to recover during 2025 in NZ
 - The Committee has scope to lower the OCR further through 2025.
 - Uncertain global outlook adds to some level of caution.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 25 March 2025.

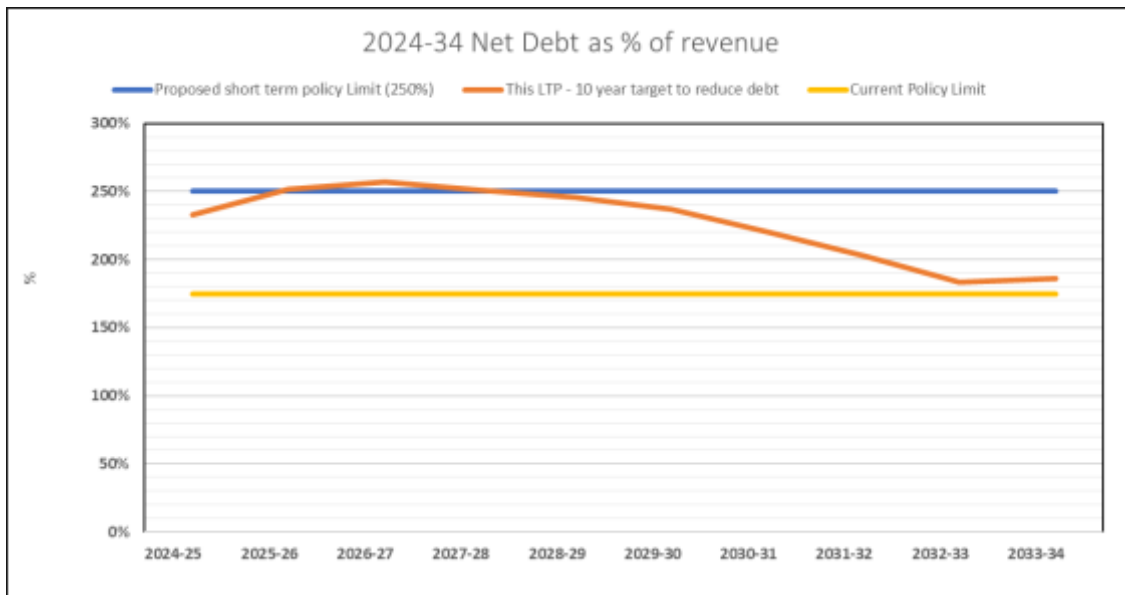
3.0 Background – Te Horopaki

- 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.
- 3.4 The following graph shows Council's level of cover and is within the treasury policy bands for cover.



- 3.5 Council borrowed \$30m in December 2024 on floating. Currently this is BKBM of 3.89 plus Margin of 78 basis points. This was done in discussion with Bancorp, Council’s treasury advisors, with floating being taken over fixed due to the cutting cycle that is now underway.
- 3.6 As noted in Paragraph 1.8 of the Executive Summary at the start of this report, S&P have informed that due to a lowering of the Institutional Framework Assessment of Local Government sector in February, S&P have downgraded 18 local councils including Hastings and 3 CCOs. This does not affect Council’s ability to borrow, with the impact being that it increases future borrowing costs by 0.05 basis points.
- 3.7 In terms of debt cover, officers have not engaged further as Council is compliant with Council Treasury policy.
- 3.8 As was noted in the previous treasury update, Council remains fiscally constrained due to its forecasted debt profile in the coming years. June 2026 is forecasted to exceed the debt to revenue ratio limit as per the Treasury policy of 250%. As of 28 February, Council remains on track with the Net debt as a % of revenue.
- 3.9 The average cost of funds currently stands at 4.51%

	Forecast Debt	Forecast Debt to revenue ratio
June 2025	\$489m	232.80%
June 2026	\$573m	251.84%
June 2027	\$640m	256.94%



Attachments:

There are no attachments for this report.

Tuesday, 25 March 2025

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Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Garth Milton, Financial Accountant
From: Aaron Wilson, Financial Controller

Te Take:
Subject: 2025 Audit Plan

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

- 1.1 The purpose of this report is to present the 2025 Audit plan from Council's auditors Ernst & Young (EY).
- 1.2 This report concludes by recommending that the report be received.
- 1.3 Attached as **Attachment 1** is the 2025 Audit plan from Council's auditors EY.

2025 Audit Plan

- 1.4 EY have provided their finalised Audit Plan for the 2025 audit. The audit plan outlines the scope of the audit including specific areas of audit focus, audit logistics, and potential areas of risk for the Council.
- 1.5 EY have identified the following areas of Audit Focus (high/medium/low):
 - Ongoing Recovery from Cyclone Gabrielle.
 - Infrastructure assets.
 - Integrity of rates strike, rates invoicing and collection.
 - Grants and subsidies.
 - Non-financial performance information reporting.
 - Controls over expenditure, procurement and tendering; and
 - Debt.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled 2025 Audit Plan dated 25 March 2025.

Attachments:

[1](#) HDC Audit Plan EY 2025

FIN-07-01-25-503

Volume 1

Tuesday, 25 March 2025

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Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā:
From: **Regan Smith, Chief Risk Officer**

Te Take:
Subject: **Committee Terms of Reference Review 2025**

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

1.1 The Risk & Assurance Committee's annual work programme includes an annual review of the Committee Terms of Reference (ToR). This report presents the current ToR for review by the Committee.

2.0 Assessment

2.1 The current Fields of Activity contained within the ToR are split into two sections, one general section and a section relating to Cyclone Gabrielle.

2.1.1 The general activities are still considered to be relevant and cover a suitable range of topics for the Committee to consider.

2.1.2 The Cyclone Gabrielle related activities relate primarily to supporting management of funding and insurance which are still ongoing activities and within the Fields of Activity for the Committee. As a result, these are still considered appropriate.

3.0 Recommendations - *Ngā Tūtohunga*

- A) That the Risk and Assurance Committee receive the report titled Committee Terms of Reference Review 2025 dated 25 March 2025.
- B) That the Committee considers the current Risk and Assurance Committee Terms of Reference remains appropriate for the circumstances and no amendment is required.

Attachments:

1  Risk and Assurance Committee Terms of Reference PMD-9-3-25-107

Risk and Assurance Committee – Terms of Reference

Fields of Activity

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Tuesday, 25 March 2025

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: **Regan Smith, Chief Risk Officer**

Te Take:
Subject: **Annual Strategic Risk Horizon Scan 2025**

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

1.1 The purpose of this report is to present the Risk and Assurance Committee with a summary of emerging threats and opportunities (horizon scan) to assess whether an existing strategic risk should be re-assessed, or a new risk included on the strategic risk register.

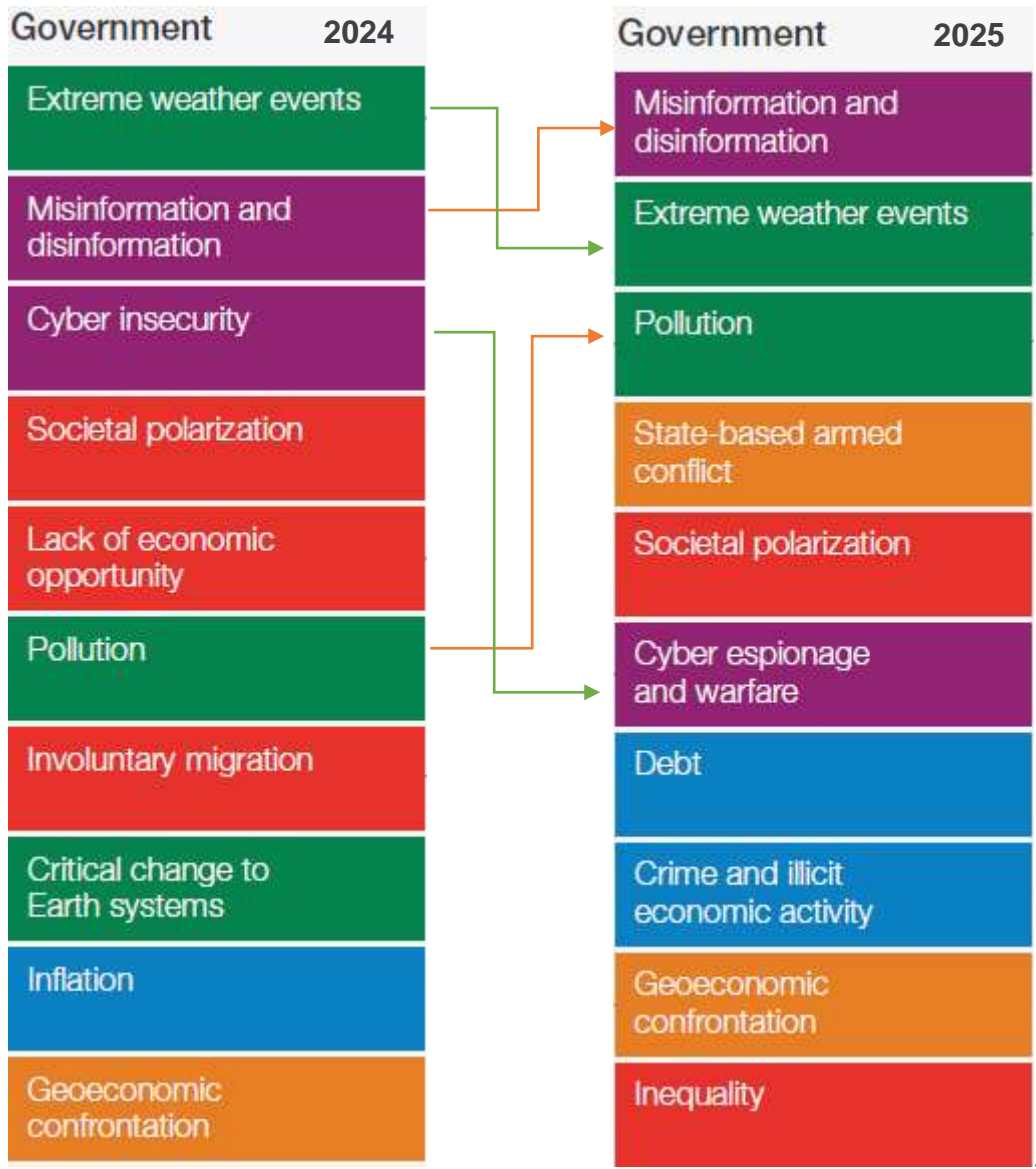
2.0 Source

- 2.1 Horizon scanning is an attempt to systematically imagine, rather than predict, the future so that it can be better managed when it arrives. A horizon scan summarising signals that indicate a change in Council's risk profile may be occurring is presented in **Attachment 1**.
- 2.2 The information for this horizon scan has been sourced from the World Economic Forum Global Risk Report 2025 (**Attachment 2**), and by reviewing annual risk forecasts issued by various other professional services firms (e.g. PricewaterhouseCoopers and Ernst & Young). The information presented in the attached horizon scan is a summary of the common themes identified in these global risk outlooks that may have an impact on Hasting District Council objectives.

3.0 World Economic Forum (WEF) Annual Risk Report 2025

- 3.1 Key assessments of the risk environment included in the annual World Economic Forum (WEF) report for 2025 that are of interest to Hastings District Council are included below for reference.
- 3.2 The annual global survey includes a breakdown of feedback by sector, which includes the top risks identified by those in the Government sector. In 2025 the top 3 risks include Misinformation &

disinformation, Extreme weather events and Pollution. A comparison of the 2024 results with the 2025 result is shown below:



Item 8

3.3

3.4 From a New Zealand perspective the survey identified the following top 5 concerns identified by respondents:

New Zealand	
1st	Economic downturn (e.g. recession, stagnation)
2nd	Inflation
3rd	Labour and/or talent shortage
4th	Extreme weather events (floods, heatwaves etc.)
5th	Poverty and inequality (wealth, income)

3.5

4.0 Assessment

4.1 The three strong signals that may have an impact on Council objectives identified in the horizon scan are:

- **Misinformation and Societal polarisation:** Growing intensity of community views is leading to wider divides between groups within the community. Combined with the effects of truth decay/misinformation can place Council staff safety and wellbeing or reputation at risk.
- **Sector boundaries becoming blurred:** Reduced availability of funding for social services from Government and Non-Government Agencies may result in pressure for Council to fill service delivery gaps blurring traditional sector boundaries and putting even greater strain on Council financial sustainability.
- **Generative artificial intelligence (Gen AI):** Increasing growth in capability of Gen AI has many direct impacts on Council activities ranging from cyber security management to operation efficiency. To leverage the opportunities this technology presents requires a managed approach to avoid the associated pitfalls AI holds. Council has already implemented an overarching policy for Use of Artificial Intelligence to guide use of freely available tools like ChatGPT and Microsoft Copilot. However, no guidance or decisions have been reached about proactive and embedded use of these tools to improve operational service delivery. In part this is because the cost of research and development to implement robust AI enabled systems is not clear. This raises a question about how much Council should invest in adopting this technology.
- **Extreme Weather:** Impacts of extreme weather are being felt locally and globally. As illustrated in Cyclone Gabrielle areas currently considered suitable for housing may come to present an unacceptable risk to life. Assuming the current trend continues decisions around land use planning and community exposure to natural hazards will become increasingly important, as will emergency management capability to effectively respond to these events.

4.2 These signals are considered to have the following effect on the Council strategic risk profile (refer **Appendix 3** for the current Strategic Risk Register):

- 4.2.1 The risks of **Financial Sustainability, People Health, Safety & Wellbeing** and **Growth Planning** are all under pressure and therefore the trend for these risks is shown as increasing. However, this pressure is not considered sufficient to change the assessed likelihood or impact, so the existing risk assessment of High is still considered appropriate.
- 4.2.2 The risk associated with a **Natural or Man-Made Disaster** and **Significant Operations Service Failure** is shown as High and stable, even though there are signals that these risks may be under pressure. This is due to the mitigation work that has been undertaken in the last 12 months including the Category 3 Voluntary Buy-out programme which mitigated natural hazard exposure, and staff wellbeing and security programmes to mitigate People Health, Safety & Wellbeing impacts.
- 4.2.3 **Truth Decay** has been on the Council strategic risk register since 2021 reflecting the potential for Council to lose control over the public narrative relating to Council activities. However, in the last 12 months Societal Polarisation has become a more present issue facing Council service delivery. This trend has been amplified by the effects of truth decay by driving deeper division. Therefore, it is recommended that Council amend the Strategic Risk Register by replacing Truth Decay with **Societal Polarisation** which should include reference to truth decay as driver of societal polarisation.
- 4.2.4 The rapid development of Gen AI technology presents both opportunity and threat, so a deliberate approach to use of Gen AI technology is desirable to avoid unintended negative consequences. Therefore, it is recommended that Council amend the Strategic Risk Register to include **Gen AI** as an opportunity for increased operational efficiency. In response to this opportunity, it is also

recommended that further research into the range of Gen AI opportunities is undertaken to inform deliberate decision-making regarding use of Gen AI within Council services.

5.0 Recommendations - *Ngā Tūhunga*

- A) That the Risk and Assurance Committee receive the report titled Annual Strategic Risk Horizon Scan 2025 dated 25 March 2025.
- B) That the Committee recommend to Council that the following changes should be made to the Council Strategic Risk Register:
 - i. The risk of Truth Decay is replaced with a risk reflecting increasing Societal Polarisation, which is driven by truth decay and miss information.
 - ii. A new opportunity risk is added to the register recognising the operational efficiency that might be possible using Generative Artificial Intelligence tools, and that this opportunity is supported by additional research into the potential uses of this technology.

Attachments:

1	Strategic Risk Horizon Scan February 2025	PMD-9-3-25-108	Volume 1
2	World Economic Forum Global Risks Report 2025 Executive Summary	PMD-9-3-25-109	Volume 1
3	HDC Strategic Risk Register February 2025	PMD-9-3-25-110	Volume 1

Tuesday, 25 March 2025

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: Regan Smith, Chief Risk Officer
From: Lex Verhoeven, Strategy Manager

Te Take:
Subject: Annual Plan 2025/2026 Progress Update

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

1.1 The purpose of this report is to provide the Risk and Assurance Committee with a progress update on preparation of the 2025/2026 Annual Plan including key risks being managed in the planning process.

2.0 Key Planning Theme

- 2.1 The key planning theme that has driven development of Annual Plan 2025/2026 is adherence to the adopted Long Term Plan (LTP) programme of work. This has meant a focus on delivering the existing plan with no new projects.
- 2.2 Keeping to the LTP work programme means that the adopted financial strategy, including rates rises and tracking of modified fiscal ratios (i.e. excluding one-off revenues), is able to deliver the intended financial position necessary to maintain Standard & Poor's ratings. This is recognised as key to Council's long term financial sustainability.

3.0 Budgeting Process

- 3.1 To ensure Council is able to deliver the planned financial strategy a robust budgeting process has been followed in addition to the focus of sticking to the adopted plan. The following list outlines the key activities that are being undertaken in the budget review process for the Annual Plan:
- A Budget Review Board has been established to scrutinise all LTP Year 2 activity budgets.
 - A new Chief Financial Officer led process has been included in the budget review which has brought new lens and level of scrutiny.

- Any new projects required a budget bid which have been scrutinised against need and risk.
- The capital Plan has been reviewed separately via a new multi criterial review template based on assessing project risk, delivery, budget adequacy, priority. It should be noted that this capital plan review process will be ongoing through to May 2025.
- Sessions on the capital plan have been held with Group Manager Infrastructure and Asset Managers to reinforce the importance of budget forecasts to the Annual Plan.
- Adjustments to the Annual Plan budgets have been made for inflation and escalations based on existing contract obligations.
- Work to deliver savings targets is ongoing.

3.2 Due to the focus on delivering the adopted LTP financial strategy there are no material changes that require public consultation. As a result, the communications strategy adopted for the current Annual Plan process is to inform the community of the changes occurring, which will be achieved through a range of communications channels including community newsletters.

4.0 Risk Management

4.1 The following risks have been considered during the Annual Plan process:

4.1.1 **Integrity of forecasts:** The accuracy of financial forecasting, particularly relating to the capital delivery plan, is key to the overall financial position. However, it is recognised that forecasting with a high level of accuracy is difficult. To mitigate potential variation in project expenditure the annual plan budget process has included a thorough review driven by the Chief Financial Officer of the planned capital projects and the phasing of those projects to improve the overall quality of forecasting.

4.1.2 **Growth Management:** Continuing out of cycle macroeconomic conditions is driving uncertainty for local economic growth, which in turn is making it challenging to manage the timing of Council's growth-related expenditure. To provide greater oversight and coordination of growth projects a centralised six weekly Executive Growth Board has been established. The key drivers the Executive Growth Board is looking to manage are the timing and level of Development Contributions received in relation to the timing and level of capital expenditure to deliver land for desired growth outcomes.

4.1.3 **Local Water Done Well Reform:** The rollout of the Government Local Water Done Well reform is continuing with the business case for funding due by the end of the 4th quarter of this financial year. The business case work for Hawke's Bay is being led by the Regional Recovery Agency. While the business case is under development and then consideration by Government, it is expected that there will minimal additional expenditure for Council apart from delivering the currently budgeted water service upgrades. Therefore, the chance of an impact on the 2025/2026 Annual Plan is considered low. However, it is expected that planning for 2026/2027 budgets will need to give greater consideration to the effects of these changes once the outcome of the business case work has been confirmed.

4.1.4 **Unexpected Expenditure:** The potential for material unexpected expenditure is a persistent risk to the annual budget process. Two known issues are the Hawke's Bay Civil Defence Emergency Management (HBCDEM) Transformation Strategy and Hawkes Bay Tourism funding requirements.

- Adoption of the HBCDEM Transformation Strategy by the governing HBCDEM Joint Committee is an example of a new regional policy that will drive additional expenditure for Council in the next Financial Year. However, until the Service Level Agreements required under the Transformation Strategy have been established, the scale of this expenditure cannot be forecast. Furthermore, in the short term the Transformation programme proposes to fund staff training and exercising costs, which are likely to be

the major immediate cost, from the regional HBCDEM Rate collected by Hawke's Bay Regional Council. Due to the unknown nature of unexpected expenditure, the risk will be mitigated by rephrasing and optimising existing budgets to work within the forecast total expenditure set by the financial strategy.

- Hawkes Bay Tourism funding requirement is a more recent example of unbudgeted expenditure that will need to be accommodated. Again, there will be a need to reprioritise existing budgets to work within the current financial strategy.

5.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Annual Plan 2025/2026 Progress Update dated 25 March 2025.

Attachments:

There are no attachments for this report.

Tuesday, 25 March 2025

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: Regan Smith, Chief Risk Officer
From: Elmien Steyn, Emergency Readiness & Business Continuity Advisor

Te Take:
Subject: Annual Civil Defence Emergency Management Update

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

- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with an annual update on Hastings District Council (HDC) Civil Defence Emergency Management (CDEM) activities over the past 12 months.
- 1.2 In brief the CDEM activities delivered in the last 12 months include:
- Category 3 voluntary buy-out programme.
 - Havelock North streams and dams management programme.
 - Community engagement to build community resilience through the Community Emergency Hubs programme.
 - Procurement of supplies and equipment for two Civil Defence Centres and two emergency response trailers.
 - Increased trained emergency management staff to 70 people.
 - Implemented a cloud hosted crisis management system called FACT24
 - Identified alternative Emergency Operations Centres.

2.0 CDEM Risk Assessment

- 2.1 Council has defined the following risks relating CDEM:

2.1.1 The Strategic risk register owned by Council includes the risk of **Natural or man-made disaster exposure**, which is defined as major disasters or emergencies due to a natural hazard or human-made events affecting community safety or property. The controls for this risk include

- Response and Business Continuity Planning
- Asset Management Planning
- Infrastructure capacity and Lifelines Planning
- Land use planning and Resource Consenting.
- Building Act and associated Regulations, including Earthquake Prone Building Regulation.

2.1.2 The Enterprise risk register owned by the executive Lead Team subsequently includes the risk of an **Ineffective Civil Defence Response**, which is defined as insufficient trained staff or limited resources that could lead to ineffective coordination of a Civil Defence emergency response, resulting in health and safety, economic/financial and legal impacts for both the organisation and community. This risk relates to the effectiveness of the Response and Business Continuity Planning control for the Natural or Man-made Disaster Exposure risk. The controls in place for Ineffective Civil Defence Response risk include:

- Contingency funds
- Community resilience building
- Incident Management Team systems and procedures, including communications plans.
- Staff education training and scenario-based exercises.
- Alternative worksites for emergency operations centre.

3.0 CDEM Delivery

3.1 The following sections provide an update on the Hastings District Council CDEM activities over the last 12 months across the 4Rs (Reduction, Readiness, Response, Recovery) of emergency management.

3.2 HDC Risk Reduction Work

3.3 Reduction work relates to activities that focus on reducing the community or Council asset exposure to, or impact from, hazards. The main tools Council has to reduce hazard exposure include land use planning (e.g. Spatial Plan and District Plan), Resource Consenting and Building Consenting (e.g. earthquake design standards).

3.4 Specific programmes of work that have been undertaken to reduce the community hazard exposure in response to Cyclone Gabrielle are:

- Category 3 Voluntary Buy-out programme. This activity has provided affected property owners with financial support to enable them to relocate away from areas considered to present an intolerable threat to life.
- Havelock North streams and detention dams management programme to improve management of water courses downstream of the dams and to improve understanding of the operation of the detention dams.

3.5 HDC CDEM Readiness Activities

3.6 Readiness describes activities undertaken to put in place the people, buildings, equipment and systems that might be needed to support the community during an emergency before an event occurs.

3.7 In the last 12 months the Council readiness activities have established the following capability. For additional reference, the progress update presentation given to the HBCDEM Joint Committee is attached for information (**Attachment 1**):

- 44 Community Emergency Hub (CEH) locations, 9 of which have completed all steps to establish a local hub. CEHs are locations for a community to gather and organise their own support until external help can arrive. This involved 48 community meetings attended by the staff of the Risk Management and Community Connector team.
- In addition to the resilience planning work, CEHs in the Hastings District have received a total of \$3.83M from Ministry of Primary Industries, Department of Internal Affairs and Red Cross which has contributed to: rural hall upgrades for; weathertightness, electrical systems and water supplies; as well as containers of emergency supplies, VHF radios for communication, and hub kits and signage.
- Collaboration with Te Taiwhenua o Heretaunga on a common resilience plan founded on Marae operations and principles of Manaaki.
- Civil Defence Centres (CDC) have been established at Hastings Sports Centre and Flaxmere Community Centre. This includes purchasing 1,000 sets of bedding and personal hygiene equipment to resource these centres as a result of financial support provided by Red Cross.
- Two mobile emergency welfare trailers have been purchased with Red Cross funding and equipped with 30 sets of bedding and personal hygiene equipment, basic catering supplies and generators. These trailers have been provisioned so that welfare support can be deployed to any location where it might be needed to reduce the need to establish multiple sites with welfare equipment.
- A total of 70 staff are trained to work in an Emergency Operation Centre (EOC) which are split into 5 Incident Management Teams (IMT). These Teams meet regularly to review systems and procedures, and since Cyclone Gabrielle, these meetings have also been attended by other agencies including NZ Police and Fire and Emergency New Zealand (FENZ).
- To run the IMT operation Council has subscribed to an online crisis management system called FACT24. This system provides mass alerting capability to rapidly activate emergency teams, as well as tools for the IMT to manage information and tasks. This system replaces a MS Teams based collaboration site for the Council IMT and has enabled a more structured and professional management of response activities.
- 3 temporary EOC locations have been identified in existing Council offices from which Council incident teams can operate. These temporary locations are not resilient sites but are necessary due to the current lease arrangement for the Hawke's Bay Civil Defence Emergency Management (HBCDEM) Group Office to use the purpose-built emergency management office that was constructed by HDC. While operating under a centralised model for delivery of CDEM capability this lease was a mutually beneficial arrangement. However, the HBCDEM Transformation Strategy (refer to Future Work Programme for details) changes the responsibilities on local Council and as a result joint use of the existing emergency management office is no longer workable. As a result, Council has given notice to Coordinating Executive Group (CEG) and Hawke's Bay Regional Council of the intention to take back full use of the emergency management building by 1 July 2026. To enable this to occur Council is committed to contributing to a transition programme for the HBCDEM Group Office to relocate to a suitable site.

3.8 This capability has been put in place by the Risk Team of 4 staff, with support from the 5 Community Connectors to rollout the CEH.

3.9 HDC CDEM Response Activities

- 3.10 Response activities refer to the actions taken in the immediate aftermath of an event affecting the Community to protect life and property.
- 3.11 Council runs a weekly on-call roster to provide 24-hour, 7 day a week response capability. The roster includes a duty Local Controller and 6 other IMT roles that are likely to be needed in the early stages of an IMT activation in response to an event. On-call Staff receive a small retainer payment in recognition that they need to be available to respond to an event at any time during the rostered on-call week.
- 3.12 In the last 12 months HDC IMT have been involved in the following response activities:
- **May 2024 Adverse Weather:** Between 21 and 24 May of 2024 adverse weather was forecast to affect the Hastings District. As a result, an IMT was established to monitor the weather and plan for a response if required. In this case, the weather was not as severe as forecast and no further action was required.
 - **June 2024 Adverse Weather:** Heavy rain and high swells affected the Haumoana community between the 25th to 27th June of 2024. In response Council activated an IMT and a local state of emergency was declared. This enabled early planning and proactive leadership for emergency services which included Police and Fire and Emergency New Zealand to deliver effective support to the cape coast community. This included the first deployment of an emergency support trailer to Haumoana school to establish a local CDC.
 - **June 2024 CrowdStrike Incident:** Due to a global disruption caused by an automatic update to CrowdStrike cyber security systems a Council IMT was established to monitor the impacts. Fortunately, the technical issues were resolved before widespread impacts on the community occurred, and as a result a full activation was not required.
 - **December 2024 Power Outage:** A lightning strike on the power supply network in Taupo resulted in a widespread power cut for a large portion of the east coast. Again, a Council IMT was established to monitor the impacts of this event and fortunately the power was restored before widespread impacts on the community occurred. As a result, a full activation was not required.
- 3.13 As can be seen from the activities above the Council IMT is engaged in a wide range of activities which occur relatively regularly.

3.14 HDC CDEM Recovery Activities

- 3.15 Prior to Cyclone Gabrielle Council retained reasonable balance sheet capacity to cover the financial obligations that arise when responding to, and recovering from, emergency events. This capacity has been significantly reduced as a result of the recovery from Cyclone Gabrielle.
- 3.16 In addition to the balance sheet capacity Council holds insurance for all major assets including water supply, wastewater, storm water, bridges, buildings and plant. It should be noted that roads are not insured, but a policy is held for bridges due to the number of bridges in the Hastings District.
- 3.17 Recover from the impacts of Cyclone Gabrielle within the Hastings District has involved the following three major streams of work:
- **Transportation Rebuild:** The impact on the HDC roading network has been extensive including rebuild of 19 bridges and culverts, repairs required to a further 161 bridges and 224 major slips. With government support over \$24M has been spent on nine key construction works.
 - **Building Recovery:** This involves tracking placard structures to ensure they are safely repaired or demolished. At the end of January 2025 in the order of 582 structures have been repaired or demolished, leaving a further 356 placarded buildings.

- **Social/Cultural Recovery:** To support the communities of the district recover from the emotional toll caused by Cyclone Gabrielle 55 grants and 686 individual relief payments have been made from the Mayoral relief fund, provision of support for innovated partnerships with Maori for contribution to wahi tonga review and Civic Honours have been awarded to 16 individuals and groups in the community who have made a positive difference to the lives of others.

4.0 CDEM Future Work Programme

- 4.1 The future work programme for HDC CDEM will be determined by the Service Level Agreements to be established as part of the HBCDEM Transformation Strategy.
- 4.2 The HBCDEM Transformation Strategy (**Attachment 2**) was commissioned by the HBCDEM Joint Committee to address the recommendations of the Bush International Consulting independent review of HBCDEM Cyclone Gabrielle response. Mr Matt Boggs has subsequently been engaged by the HBCDEM Joint Committee to lead the transformation programme for the region.
- 4.3 The HBCDEM Transformation Strategy Vision is: *“Together, as a community, we aim to create a safe, informed and resilient Hawke’s Bay that is prepared for, responds to, and recovers from emergencies and disasters well. Our community is at the heart of our civil defence system. We will build stronger connections, trust and empower local voices, and enhance collaboration across the region”*.
- 4.4 The major change that the Strategy introduces is a shift away from the centralised CDEM model that has been in place for the last 14 years. Instead, the Strategy represents a return to a locally lead model where Local Authorities are responsible for delivering the response to emergency events in their District supported by the HBCDEM Group office. In this model the role of the HBCDEM Group Office is to set standards, provide training and assurance that Local Authorities in the region can fulfil their responsibilities.
- 4.5 After consultation with Local Authorities across the region the Transformation Strategy was presented and adopted by the HBCDEM Joint Committee on 27 January 2025. Adoption of the Strategy by the Joint Committee binds HDC to deliver the Strategy’s Goals.



- 4.6 Officers agree that the strategic direction of locally delivered and regionally coordinated emergency response is a sound strategy. This is more consistent with other CDEM Groups around the country and leverages the existing community knowledge and relationships that Territorial Authorities have through normal business activities.
- 4.7 The shift in strategic direction means that an increase in local funding for emergency management will be required to deliver the outcomes targeted in the Transformation Strategy. However, until the service level agreements specified in the Transformation Strategy have been agreed, there is a lack of clarity over the specific service levels and therefore investment Council will need to make. As a result, the Chief Executive will submit to the appropriate Annual Plan and Long Term Plan processes for any additional resources required to meet the 2026 & 2027 Goals of the Strategy.
- 4.8 In the meantime, the Chief Executive seeks to establish the new model as quickly as possible. However, the speed of the transition over the next three years is creating risks for Council. While HBCDEM is in a state of transition between the two operating models, there will remain an element of uncertainty over the roles and responsibilities and there will be a resourcing gap at HDC while we build the capability and capacity required under the Strategy. These capability and capacity expectations will come at a cost that current budgets are not sufficient to fully meet so will require budgetary decisions by Council in the future.
- 4.9 In addition, Officers have observed that the Transformation Strategy makes the HBCDEM Group office responsible for setting standards and for ensuring those standards are appropriately implemented, but it does not include a mechanism for approval of the required standards. In response to this the Strategy and Recovery Committee has recommended to the HBCDEM Joint Committee that the CEG is required to approve the Service Level Agreements and any operating standard before it becomes an obligation for Local Authorities to meet.

5.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Annual Civil Defence Emergency Management Update dated 25 March 2025.

Attachments:

1 ↗	HDC Progress Update Presentation to CDEM Joint Committee 27 January 2025	PMD-9-3-25-111	Volume 1
2 ↗	Hawke's Bay Civil Defence Emergency Management Transformation Strategy 2025	EMG-01-4-2-25-39	Volume 1

Tuesday, 25 March 2025

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: **Regan Smith, Chief Risk Officer**

Te Take:
Subject: **Executive Overview and Status of Actions**

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

- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with an update on the following:
- Current outstanding actions from this Committee (**Attachment 1**).
 - LAPP Insurance Programme.
 - Status of corporate policies.
 - Status of external audit actions.

2.0 LAPP Insurance Programme

- 2.1 Currently Hastings District Council insures their three waters infrastructure with Local Authority Protection Programme (LAPP). When the 3 Waters Reform (now Local Water Done Well) was proposed the LAPP Board elected to stop accepting new members knowing that under the Labour Government reform the requirement for LAPP for insurance was unlikely to be needed.
- 2.2 LAPP current consists of 22 members that are spread from the lower South Island up to the Coromandel Peninsula. This means that individual members under the original proposal would be grouped with other non-member councils and were likely to be a big enough group to arrange insurance on their own.
- 2.3 The uncertainty about group or individual structures under the latest Local Water Done Well programme has not changed the LAPP Board's approach to not accepting any new members and this will mean as LAPP councils firm up their new water delivery structures, they will then cease to

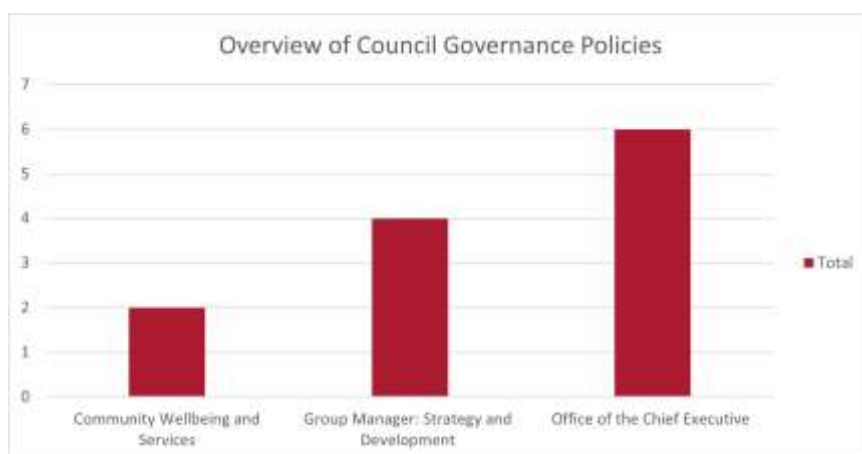
be a member of the LAPP group and the new structure will need to find an alternative means to insuring their assets. This will need to be a key consideration of the transition programme for any local water entity.

3.0 Local Water Done Well

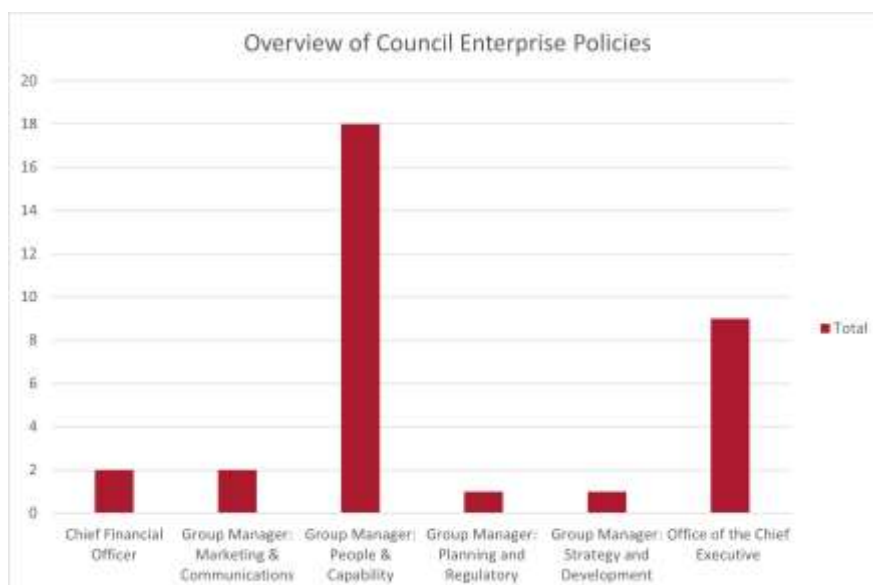
3.1 In addition to the financial implications of the Local Water Done Well programme referenced in the Annual Plan update, the Council will face additional risks associated with the business case option agreed to by the region. The specific risks that will need to be managed will depend on the regional delivery model adopted, but broadly speaking will include a wide range of issues from impacts on Council’s ongoing business delivery to the integrity of ongoing service delivery and the community engagement involved. A paper covering the preferred delivery model and associated risks will be tabled at the next Committee meeting.

4.0 Corporate Policies

4.1 Council has 14 Governance Policies owned at the Council level that are required under legislation. These cover Council activities ranging from treasury management through to elected member training. The internal owners responsible for maintaining these policies are shown in the graph below:



4.2 In addition to these governance policies Council has a total of 49 corporate policies that cover aspects operational management of Council business. Of those 49 policies 33 are enterprise policies wide which direct the way officers should undertake work across all of Council. The distribution of these policies between Council Groups is summarised in the graph below:



4.3 Below is a snapshot at the end of February 2025 of due for a review:

Total Number of Policies	49
Policies due for review within the next 3 months	1
Number of policies overdue for review	25
Overdue policies (%)	51%

4.4 The overdue policies include a range of activities from media communications, disposal of land and assets, records management, Incident investigation policy and some specific Health, Safety & Wellbeing policies.

4.5 After a change of staff the process of issuing reminders to policy owners is being re-established. The responsibility for updating policies then sits with the relevant manager identified as the policy owner.

5.0 Audit Actions

5.1 The data below covers the last five financial years of external audit actions, including audits by EY and Audit NZ. The anomaly of actions closed in 2022 can be contributed to this being the first year Council was audited by Ernst & Young (EY), so the focussed was on the change in auditors and more actions were then closed in the 2022/2023 year.

	Auditor	Items opened	Items closed
2020 (19/20)	Audit NZ	3	3
2021 (20/21)	Audit NZ	5	8
2022 (21/22)	EY	6	0
2023 (22/23)	EY	3	6
2024 (23/24)	EY	5	5

5.2 Over the past five years 16 actions resulted from external audits, 6 of which have been actioned and an additional 4 are completed pending sign-off.

6.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Executive Overview and Status of Actions dated 25 March 2025.

Attachments:

[1](#) Status of Actions

CG-17-6-00180

CG-17-6-00180

Hastings District Council
 Risk and Assurance Committee

Status of Actions – from 18 November 2024 meeting

Item No	Meeting Date	Action	Reporting Officer	Progress	Complete
6	18/11/24	Project Genesis – Supplier Technology1: <ul style="list-style-type: none"> The Chair to have an off-line discussion with Maree Goldie regarding the Genesis project and progress. 	Maree Goldie	Spoke to Graham – he gave me a contact number for a Far North Council. Made contact	Nov 2024
7	18/11/24	Assurance Activity Update: <ul style="list-style-type: none"> Council’s Risk Appetite framework should be used to find a suitable balance between too many rules to manage risk to be as low as reasonably practical and the ability to deliver desired outcomes based on the objective being sought. Project risk management should aim to achieve the best return/outcome from partners/contractors/developers. Make people aware of the data analytics process council is undertaking as a potential fraud deterrent. 	Regan Smith	Work is ongoing to incorporate risk framework settings into the new Project management solution. Data analytics result have been provided for management review. A staff update on the process will be provided once the audit has been completed.	

10	18/11/24	<p>Risk Deep Dive – Climate Action:</p> <ul style="list-style-type: none"> • Council should know the cost of upcoming work resulting from climate action/effects. • What were other councils doing and how were they enabling the use of water tanks, solar energy etc. • How were other councils making provision for the above point in their respective district plans. • Be aware of the use of terms “mitigate” and “adoption” in the reports and attachments so not give false assurance that matters have been dealt with. 	Graham Palmer	<p>Council should know the cost of upcoming work resulting from climate action/effects.</p> <ul style="list-style-type: none"> • The climate action work programme has been allocated a total of \$666,000 over three years in Long Term Plan. This resourcing will enable development of the core aspects of the work programme. The exact level of financial commitment will be determined by a range of factors, including the number, scale and complexity of actions that are deemed necessary. Projects that deliver co-benefits should be prioritised in the short-term while Council is working to improve its financial situation. <p>What were other councils doing and how were they enabling the use of water tanks, solar energy etc.</p> <p>How were other councils making provision for the above point in their respective district plans.</p> <ul style="list-style-type: none"> • Most councils (including HDC) allow for the installation of rainwater harvesting systems in urban settings. The building code allows tanks up to 35,000 litres to be installed without the need for a consent, depending on installation method. Most councils place controls on the location of these tanks within the property. • Domestic scale solar energy (including rooftop commercial) is a permitted activity under the District Plan. In most cases, home solar energy installations do not require a consent, but grid-tied systems will need approval from the relevant electrical supply authority. Installations not attached to building may be classed as a Discretionary activity for which a consent can be applied for. • Communication is ongoing with other councils to gain a picture of the different strategies that are currently being developed to provide a framework for adaptation and resilience. 	March 2025
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				<ul style="list-style-type: none"> We are also monitoring central government national adaptation policy development, and are awaiting further guidance. A recently released audit from the Auditor General; “How well four councils are responding to a changing climate” will provide important insights into the effectiveness of slightly differing approaches. This document examines the responses of Canterbury Regional Council, (Environment Canterbury), Christchurch City Council, Nelson City Council, and Whanganui District Council. 	
11		<p>Rates Update:</p> <ul style="list-style-type: none"> Officers were asked to talk with council and Chief Executive so that policy was not developed “on the fly” – regarding e.g. some people felt unfair being rated on QV from before the cyclone and need to discuss before give a rebate so consistent and fair. More appropriate to address via Performance and Monitoring Committee (Develop this into a report for council). Check legalities of sending texts to public regarding reminder of payment due date – under Unsolicited Images Act (this Act also relates to text messages). Noted that other councils using this approach but need to double check appropriate and legal. 	Megan Taylor/Graham Watson	<p>Legal requirements for sending etxts to members of the public regarding for rate payment reminders has been checked. The information used in the messages will be of the type as described in s6(b)(iv) of the Unsolicited Electronic Messages Act 2007. Meetings with Legal Counsel and Marketing and Communications have confirmed the processes required for the etxts to ensure the nature of the messages are in line with the Act and good practice.</p> <p>The HDC Finance team will have a conversation with the customer prior to sending the first etxt confirming their mobile number and check they are happy for us to contact them using this service. This would be the customers’ first opportunity to opt out of the service, followed by consistent unsubscribe opportunities with each message. Where we are unable to contact the customer via phone or email we will send one initial etxt asking for permission before continuing with the service.</p>	March 2025

HASTINGS DISTRICT COUNCIL

RISK AND ASSURANCE COMMITTEE MEETING

TUESDAY, 25 MARCH 2025

Item 14

RECOMMENDATION TO EXCLUDE THE PUBLIC

SECTION 48, LOCAL GOVERNMENT OFFICIAL INFORMATION AND MEETINGS ACT 1987

THAT the public now be excluded from the following part of the meeting, namely:

15 Current Issues Summary

16 Project Genesis

The general subject of the matter to be considered while the public is excluded, the reason for passing this Resolution in relation to the matter and the specific grounds under Section 48 (1) of the Local Government Official Information and Meetings Act 1987 for the passing of this Resolution is as follows:

<i>GENERAL SUBJECT OF EACH MATTER TO BE CONSIDERED</i>	<i>REASON FOR PASSING THIS RESOLUTION IN RELATION TO EACH MATTER, AND PARTICULAR INTERESTS PROTECTED</i>	<i>GROUND(S) UNDER SECTION 48(1) FOR THE PASSING OF EACH RESOLUTION</i>
15 Current Issues Summary	Section 7 (2) (f) (ii) The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and persons from improper pressure or harassment. To enable the Committee to have oversight of legally sensitive issues..	Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.
16 Project Genesis	Section 7 (2) (h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities. Currently reviewing the budget and decisions may affect contract.	Section 48(1)(a)(i) Where the Local Authority is named or specified in the First Schedule to this Act under Section 6 or 7 (except Section 7(2)(f)(i)) of this Act.