

Tuesday, 6 May 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, 6 May 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.

Tuesday, 6 May 2025

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Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Koromatua

Chair: Graeme McGlinn – 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: David Langford

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 Minitī

- 3.0** Minutes of the Risk and Assurance Committee Meeting held Tuesday 25 March 2025.
(Previously circulated)
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| 4.0 | Proposed Committee Terms of Reference and Work Programme | 7 |
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| 5.0 | Local Water Done Well | 13 |
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| 7.0 | Executive Overview and Status of Actions | 21 |
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8.0	Civil Defence Emergency Management Transformation Risk Management	27
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9.0	Treasury Activity and Funding Update	31
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10.0	Minor Items – <i>Ngā Take Iti</i>	
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11.0	Urgent Items – <i>Ngā Take Whakahihiri</i>	
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12.0	Recommendation to Exclude the Public from Items 13, 14 and 15	37
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13.0	Cyber Security Update	
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14.0	Current Issues Summary April	
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15.0	Project Genesis	
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Tuesday, 6 May 2025

Item 4

*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: Proposed Committee Terms of Reference and Work Programme

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

- 1.1 At the Risk and Assurance Committee meeting on 25 March 2025 some feedback was provided on the existing Committee Terms of Reference (ToR) which was then left to lie on the table. The members resolved *“That the report be left to lie on the table and be brought back to the Risk and Assurance Committee for further consideration once the Council has approved the appointment of the new independent committee member and the Committee’s work programme will be reviewed accordingly”*.
- 1.2 This report presents a proposed revision to the ToR with an associated work programme for the Committee to consider recommending to Council for adoption.

2.0 Proposed Amendments

- 2.1 The following two changes to the ToR are proposed (**Attachment 1**).
- 2.2 The first consideration requested by the Committee was to assess whether the Fields of Activity needed to be expanded to reflect the expertise of the new independent member Mr David Langford. After reviewing the ToR it is proposed that the Fields of Activity are not changed, but two regular reporting requirements relating to infrastructure risk management are included in the associated work programme for the Committee. These regular reports are considered to fall under Item 7 “Monitoring significant projects, programmes of work” from the ToR.
- 2.3 The second change requested is inclusion of an annual work programme cross referenced with the Fields of Activity to confirm the Committee is executing its duties appropriately through the reports received. After discussion with the Chair and relevant Officers a proposed work programme cross


referenced to the Fields of Activity has been developed for the Committee to consider (**Attachment 1**).

3.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Proposed Committee Terms of Reference and Work Programme dated 6 May 2025.
- B) That the Committee's Terms of Reference be uplifted from the table in order that it can be addressed by the Committee.
- C) That the Committee recommend to Council that the Committee's Terms of Reference (*Record reference number CG-17-6-00201*) be amended by:
 - i. Including a numbering system for each area of activity.
 - ii. Including an annual work programme cross referenced to the fields of activity numbered list.

Item 4

Attachments:

- | | | |
|---|--|---------------|
| 1  | Proposed Committee Terms of Reference and
Annual Work Programme | CG-17-6-00201 |
|---|--|---------------|



INTERNAL REPORT

File Ref: PMD-9-3-22-62

Subject: Risk & Assurance Committee Standing Agenda (V2.0)

The following outlines the regular standing reporting items for HDC Risk & Assurance Committee.

COMMITTEE TERMS OF REFERENCE:

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;

1. Effective management of potential risks, opportunities and adverse effects.
2. Reasonable assurance as to the integrity and reliability of the reporting on financial performance of Council, including quality of audit services.
3. Monitoring of Council's requirements under the Treasury Policy.
4. Monitoring of Council's Strategic Risk Framework.
5. Monitoring of Council's legal compliance.
6. Monitoring of Council's health and safety compliance.
7. Monitoring significant projects, programmes of work and procurement focussing on the appropriate management of risk.
8. 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:

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

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TE KAUNIHERA Ā-ROHE O HERETAUNGA
HASTINGS DISTRICT COUNCIL
207 Lyndon Road East, Hastings 4122 | Private Bag 9002, Hastings 4156
06 871 5000 | customerservice@hdc.govt.nz | hastingssdc.govt.nz



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.

Council Objectives

For reference the focus of the Committee is to ensure effective management of the Council strategic risks, with an open agenda to consider any new areas of risk relevant to Council's objectives.

Council objectives from the current 2024-2034 Long Term Plan being;

- Economic powerhouse – centre for employment and growth
- Homes for our people – housing types matching diversity of our people.
- Getting around – connecting people, places, products, markets
- Rural living – supported through adaption to changing environment
- Out natural treasures – Managing productive land use while protecting water quality
- City Centre Revitalisation – attractive urban environment to attract people and business
- Pathways for people – to be prepared for the future.
- Enhancing where we live – safety, health, vibrancy and attractiveness of all neighbourhoods.

Regan Smith
Chief Risk Officer
regans@hdc.govt.nz

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Standing Agenda

Agenda Item		Feb	May	July	Oct	Nov	Comments
Policy Reviews	Committee Terms of Reference	1					
	LTP Policy Review*		5				One policy per annum
	Health, Safety & Wellbeing Policy				6		
	Enterprise Risk Framework and Policy			4			
	Summary of Management Policies	5	5	5		5	Standing item
	Summary of Audit Actions	2	2	2		2	Standing item
Assurance	Treasury Activity Report (including debt)	3, 10	3, 10	3, 10		3, 10	Standing item
	Health, Safety & Wellbeing update	6	6	6		6	Standing item
	Contractor Health, Safety & Wellbeing Performance Report	6	6	6		6	Standing item
	Legal exposure update	1	1	1		1	Standing item
	Financial statements				2, 8		
	Annual financial audit report					2, 8	
	Internal review outcomes			1			
	Asset Management Service Review (AMP review)		7			7	One infrastructure service pa
Risk	Long Term Plan or Annual Plan Review (including recovery expenditure planning)	8, 12					
	Emerging risks horizon scan	1					
	Strategic Risk Register review		4				
	Strategy & Recovery activity update	1, 12		1, 12			
	Performance & Monitoring activity update		7, 10			7, 10	
	Insurance Review				1,9,11		
	Infrastructure capital delivery risk update	7	7	7		7	Standing item
	Risk deep dive					7	



*LTP Policies include:

- Significance & Engagement Policy
- Treasury Management Policy
- Revenue & Financing Policy
- Rating Policy
- Rate Remission/Postponement Policy
- Statement of Accounting Policies

Tuesday, 6 May 2025

*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Risk and Assurance Committee Meeting****Item 5***Te Rārangi Take*

Report to Risk and Assurance Committee

Nā: Graham Watson, Chief Financial Officer
From: Bruce Allan, Deputy Chief Executive

Te Take:
Subject: Local Water Done Well

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 initial overview of the key risks that Council will need to address subject to the option chosen for future delivery of Water Services.
- 1.2 There are three viable options that Council are evaluating for the future delivery of Water services. Each option has a different risk profile. The options are
 - In House Business Unit
 - Single Council Owned Water Organisation
 - Multi Owned Water Organisation.
- 1.3 Officers have undertaken a comprehensive assessment of these options, evaluating factors such as financial sustainability, governance and accountability structures, service delivery capabilities, resilience, capability and capacity, economies of scale and efficiency and Mana Whenua involvement. Each of the options provide differing Risk profiles.
- 1.4 With the in-house business unit all Water related activities including revenues, debt and costs will remain within council but must be clearly identified and ringfenced. With the Single CCO a separate Water entity will be set up with Council being the only shareholder and 100% owner. All water related staff, assets and related debt would be expected to be transferred to this new entity. With the regional model a separate entity would be set up, but Council would be one of 4 Shareholders (individual holdings still to be negotiated). Again, as per the Single CCO all water related staff, assets and related debt would be expected to be transferred to this new entity. Both the single and regional CCO imply a significant reduction in Council debt as well as revenue.

1.5 Each of the models provides Council with benefits but exposes Council to different levels of risks and threats that will need to be addressed /mitigated once the future model is identified. The following analysis identifies what these future key risks to Council may be

A) In House Business Unit:

i. Benefits

- a. Simplest transformation to new structures
- b. Council control and influence in line with current ways of working
- c. Community engagement in line with current model.

ii. Risks

- a. Debt levels for Water are expected to rise from current levels of 50% of Council debt to >70% of Council debt. This will financially constrain Council which will impact on all other services delivered
- b. Regulatory Compliance burden may impact on delivery of other Council services
- c. Less financially resilient to emergencies (e.g. weather events)
- d. Challenge to retain and attract key Water related staff
- e. Ratepayer Resistance to required water charge increases when both rates and water charges from the one entity
- f. Risk of further S & P rating downgrade leading to higher interest costs.

B) Single Council Owned Water Entity

i. Benefits

- a. With the Debt transferring to a new entity, Council will have more debt headroom to manage future emergency events/deliver future/enhanced services
- b. Council can have more focus on the remaining Services and activities provided by Council now and in the future
- c. Less risk to Council – direct liability for Water Services sits with CCO Board.

ii. Risks

- a. Overhead costs previously charged to Water services (\$3.17M) need to be mitigated (removed or deployed in the delivery of services elsewhere in Council)
- b. Initially may not be able to novate all the water related debt
- c. Debt availability creates risk of additional council spending
- d. Council will need to guarantee the funding of the CCO
- e. Council will have less direct control of the Water activities relating to Hastings District
- f. Reputational risk where poor performance of the Water Entity would be seen as poor performance on the part of Council
- g. Most expensive model for delivery of water services to the community.

C) Regional Council's Owned Water Entity

i. Benefits

- a. As per Single Council Owned Water Entity
 - b. Most cost-effective model for delivery of water services to the community.
 - ii. Risks
 - a. as per Single Council Owned Water Entity
 - b. HDC will have even less influence than a single CCO, as it will be one of four councils involved in the Regional Water entity. At this stage it is not clear of the structure of any Shareholding and will be a key matter to resolve early in the transition.
- 1.6 Council is required to consult on which option is to be chosen for the delivery of Water Services for Hastings. Further in the Consultation documentation, Council needs to identify a preferred option from those evaluated. At the Council meeting on 29 April 2025, Council voted to endorse the regional CCO as the preferred model for the delivery of Water Services. This endorsement is incorporated into all Local Water Done Well Consultation documents.
- 1.7 The consultation process with the community will be from 12 May through to 15 June. Council will then decide on the which model will be proposed for the delivery of Water Services in the future for Hastings District. This will be the basis of the Water Services Delivery Plan that is presented to DIA by 3 September 2025. Once that decision on which model to use is made, a comprehensive Risk analysis mitigation and management plan will be set up.

2.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Local Water Done Well dated 6 May 2025.
- B) That the Committee:
 - a. note that the selection of the future model for Water Services will be done at a later date.
 - b. request that an updated risk analysis including possible mitigation is provided once the future model for Water Services is known.

Attachments:

There are no attachments for this report.

Tuesday, 6 May 2025

Item 6

*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, during the 2024/2025 financial year.

2.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Health, Safety & Wellbeing Risk Management Update dated 6 May 2025.

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 The Government has announced the first tranche of intended reforms to health and safety legislation (via post-Cabinet press conference on Monday, 31st March, a second press release on Tuesday, 1st April, and a third on Wednesday, 2nd April).

3.4 The changes announced so far are:

- A carve-out for small, low-risk businesses from general Health and Safety at Work Act requirements. These businesses will only have to manage critical risks and provide basic facilities to ensure worker welfare.
- An amendment to the primary purpose of the Health and Safety at Work Act to focus on critical risks (rather than risks more generally).
- Changing the boundaries between the Health and Safety at Work Act and regulatory systems that already manage the same risk (and possibly making health and safety regulations subordinate to other regulations).
- Reducing notification requirements to regulators to only significant workplace events (deaths, serious injury, illness and incidents).
- Providing a hotline for the public to report over-zealous road cone use.
- Removing landowners' responsibility if someone is injured on their land while doing recreational activities if another organisation is running the activities.
- Day-to-day management of health and safety risks is to be left to managers so that directors and boards can focus on governance and the strategic oversight of the business.

3.5 The Government has advised that they anticipate legal changes will be drafted and passed into law at the end of 2025, coming into effect in early 2026.

3.6 Policy Development / Review

3.7 The table below provides an update on the status of Council's Health, Safety and Wellbeing policies that are currently being reviewed or developed.

HSW Policy	Status
Impairment Policy	Under final review – update to be provided to Lead Team in May 2025
Health, Safety & Wellbeing Policy	Completed Endorsed by Performance and Monitoring Committee, March 2025.
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.

3.8 External Audits and Assessments

3.9 Exposure monitoring has been undertaken by an external party with the following teams: Ōmarunui Landfill, Water Operations, Tōmoana Showgrounds, Splash Planet, Cemetery & Crematorium. Reports are expected to be received in May 2025.

3.10 Annual Health Monitoring of employees who are exposed to health risks in their roles at Council has been completed by Council's contracted Occupational Health Nurse. Reports are expected to be received in May 2025.

3.11 Annual Inspections of Council facilities and offices by an external party are scheduled to be undertaken in May/June 2025.

3.12 Internal Audits and Assessments

3.13 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 – May 2025.
- Contract Audits of Council's HSW high-risk long-term contracts – May/June 2025.

Attachments:

There are no attachments for this report.

Tuesday, 6 May 2025

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: 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**).
- Summary of Learnings from Welling Water Limited internal reviews of capital programme management.
- Status of corporate policies.
- Status of external audit actions.

2.0 Wellington Water Limited Learnings.

2.1 Wellington Water Limited has recently received considerable media attention for internal control practices relating to capital works expenditure. The publicly released reports provide an opportunity for Council to assess whether there are any learnings opportunities for delivery of the Council capital programme.

2.2 The HDC Risk Team has undertaken an internal review of the following reports that Wellington Water Limited had commissioned and the findings were discussed with the Group Manger: Infrastructure and Delivery Manager within the Asset Management Group.

2.3 Wellington Water Limited reports assessed as part of the HDC review:

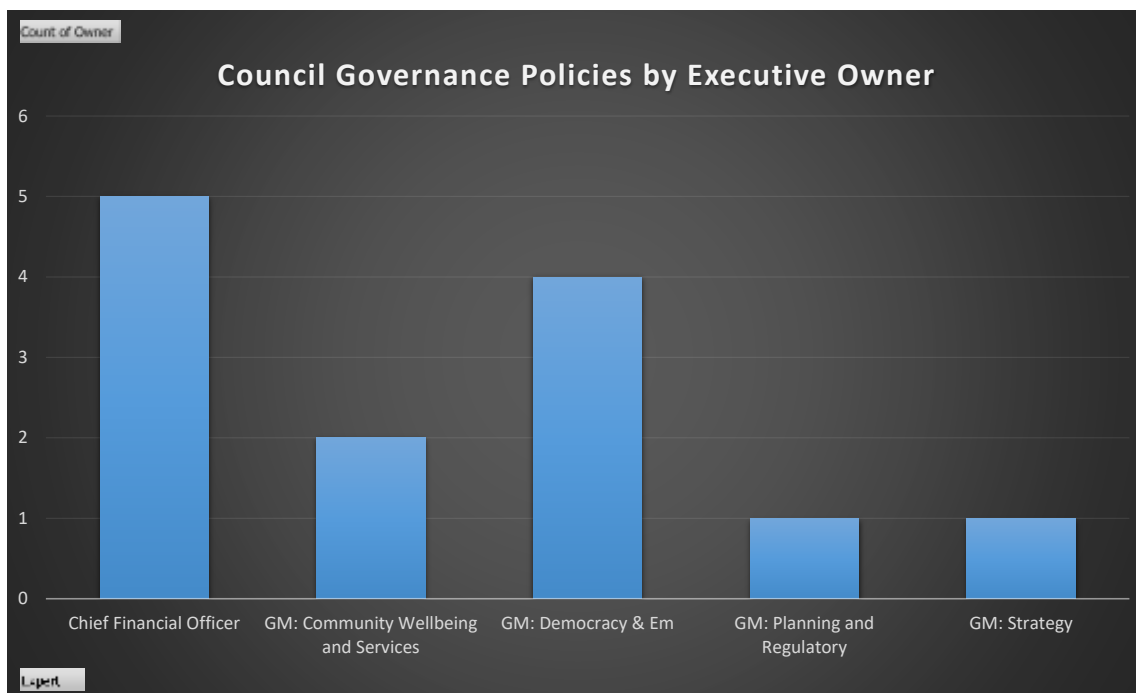
- Wellington Water Project Kelleher and Project Portland review by Deloitte.

- Wellington Water Capital Programme Estimate and Budgeting System review by Roy Baker & Kevin Jenkins.
- Analysis of Wellington Water Panel Costs and Valuation Unit Rates by AECOM.

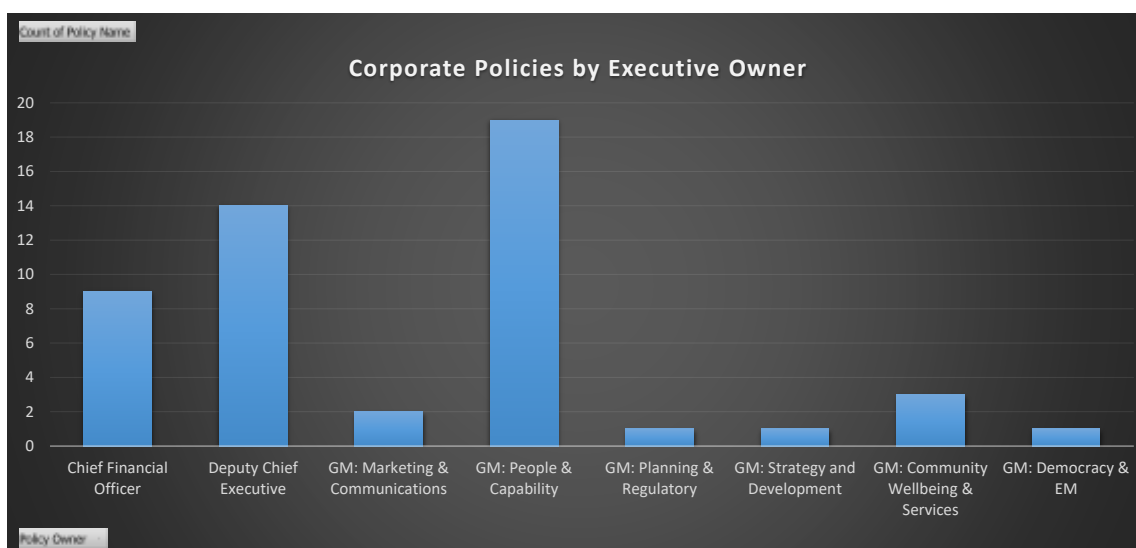
- 2.4 This review identified that Hastings District Council (HDC) has undergone a similar rapid growth in capital programme post Cyclone Gabrielle as Wellington Water experienced. This rapid growth has driven the need for HDC to augment the existing consultant panel by creating a recovery construction panel to meet the increased demand of the work programme, which is a similar situation to Wellington Water Ltd. However, as Council's structure and culture are fundamentally different to Wellington Water Ltd, it is the officers' view that many of the specific issues experienced by Wellington Water Ltd are not likely to manifest within Council. Specially, HDC consultant and construction panels are separate arrangements, and all construction works are allocated by HDC staff, and the culture within Council is considered conducive to open reporting and discussion.
- 2.5 Recognising the difference between the organisations, the following aspects from the publicly available reports are considered relevant for HDC to consider:
- 2.5.1 Clarity in roles and responsibilities for staff in project management and budget management positions is important.
 - 2.5.2 Change management and staff induction practices should be in place to ensure new staff are educated on the importance and intent of existing work practices to avoid losing institutional knowledge due to staff turnover.
 - 2.5.3 Adequate management oversight of the performance of panel providers is needed, including outcomes and cost benchmarking should be undertaken.
 - 2.5.4 Robust assurance practices should be in place to confirm the control environment is delivering the expected outcomes and issues are adequately investigated.
 - 2.5.5 Risk appetite preference of the organisation in relation to specific projects should be defined to guide project decision making.
 - 2.5.6 Data should be held in trusted systems to ensure there is an easily accessible source of truth for financial and programme timeline information.
- 2.6 It should be noted that prior to the Wellington Water Ltd review outcomes becoming public, HDC had identified the strain caused by the rapid expansion of the capital work programme driven by the Cyclone recovery. As a result, work is already underway on a re-alignment within the Asset Management Group to provide better client-side capacity and clarify roles and responsibilities within the capital delivery programme. The Group is also in the process of implementing a project management system to support centralised management and oversight of construction projects. These changes will address the high-level factors identified by the Wellington Water Ltd reviews.
- 2.7 Overall, the factors identified as contributing to the Wellington Water Ltd capital programme management variances are not uncommon or unexpected. However, they are factors that can arise at any time and constant vigilance is needed to ensure they are managed effectively. The management team are aware of these issues and are actively engaged in a process to determine the appropriate and sustainable approaches that will be appropriate for the Council's current work programme.

3.0 Council Policy Status

- 3.1 Council has 13 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:



- 3.2 To support effective management of Council 50 corporate exists to direct the way officers should undertake work. The distribution of these policies between Council groups is summarised in the graph below:



- 3.3 Below is a snapshot of policies due for a review as at 15 April 2025:

	Current	Previous
Total Number of Policies	50	49
Policies due for review within the next 3 months	2	1
Number of policies overdue for review	33	25
Overdue policies (%)	66%	51%

- 3.4 The number of policies that are overdue for review has increased post Cyclone Gabrielle due to the general disruption to normal business activities. Work is underway to issue reminders to policy owners to complete overdue reviews.
- 3.5 A review of policies that are overdue for review has not identified any documents that may have been affected by changes in legislation. Therefore, while the policies may need to be reviewed based on the pre-defined schedule, there is no reason to believe that the policy direction is inappropriate.

4.0 External Audit Actions

- 4.1 There has been no change in the status of external audit actions since the last meeting.

The data below lists the actions from external audit over the last five financial years.

Note: 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

- 4.2 Four of the open actions have been completed and are pending sign-off.

5.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Executive Overview and Status of Actions dated 6 May 2025.

Attachments:

- 1↓ Status of Actions from Risk and Assurance Committee held on 18 November 2024 and 25 March 2025 CG-17-6-00205

Hastings District Council Risk and Assurance Committee

Status of Actions – from 18/11/24 meeting

Item No	Meeting Date	Action	Reporting Officer	Progress	Complete
7	18/11/24	<u>Assurance Activity Update:</u> <ul style="list-style-type: none"> Make people aware of the data analytics process council is undertaking as a potential fraud deterrent. 	Regan Smith	In Progress	

Status of Actions – from 25/3/25 meeting

Item No	Meeting Date	Action	Reporting Officer	Progress	Complete
4	25/3/25	<u>Health, Safety & Wellbeing Risk Management Update</u> <ul style="list-style-type: none"> The Committee endorsed the health and safety practice that staff use respirators at all times at the landfill due to the potential asbestos risk. That the date reference in the Table under Paragraph 3.9 against “Impairment Policy” should refer to it being reviewed in March/April 2025 (not 2024). 	Jennie Kuzman Jennie Kuzman.	 In Progress	Ongoing
7	25/3/25	<u>Committee Terms of Reference Review 2025</u> <ul style="list-style-type: none"> That the format of the TOR be updated to number the fields of activity against the annual work programme and give consideration to the new Independent member appointment to R & A Committee. Officers suggested that there be a standard item at the start of each year to ensure that the TOR were still appropriate – the meeting asked whether it was an appropriate time to look at the TOR given the upcoming election. 	Regan Smith/Graeme McGlinn Regan Smith/Graeme McGlinn	In Progress	On Agenda Closed

Ref: CG-17-6-00119

8	25/3/25	<u>Annual Strategic Risk Horizon Scan 2025</u> <ul style="list-style-type: none"> Generative AI effects and possible uses – officers to further investigate and come back to Committee; report to consider where GenAI tools could be best applied and the investment required implementation. This includes reviewing LGNZ and ALGIM, and any other national policy/direction. 	Regan Smith/Warren Perry	In Progress	
9	25/3/25	<u>Annual Plan 2025/2026 Progress Update</u> <ul style="list-style-type: none"> Officers to consider the risk from the HBCDEM Transformation Strategy – important to keep across new legislation and what this might look like and the direction it is taking. 	Regan Smith	In Progress	On Agenda
11	25/3/25	<u>Executive Overview and Status of Actions</u> <ul style="list-style-type: none"> Report back to the Committee on risks to Council as a result of Local Water Done Well including the risks in community consultation. The Chair to be invited to take part in all the Local Water Done Well workshops in April. 	Bruce Allan/Graham Watson Louise Stettner	In Progress In Progress	On Agenda

Ref: CG-17-6-00119

Tuesday, 6 May 2025

Item 8

*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: **Civil Defence Emergency Management Transformation Risk**
Subject: **Management**

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 understanding of the key risks and mitigations associated with Hawke's Bay Civil Defence Emergency Management (HB CDEM) Transformation Strategy.

2.0 CDEM Transformation Context

- 2.1 As previously reported to the Committee the HB CDEM Transformation Strategy was adopted by the HB CDEM Joint Committee on 27 January 2025 with the Vision of:
- "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".*
- 2.2 The Strategy is based on moving to a locally delivered and regional coordinated model for CDEM. This means that Local Authorities will become responsible coordinating all response activities to emergency events within their Districts on 1 July 2025. In this model the role of the HBCDEM Group Office is to set standards, provide training and provide assurance to the HB CDEM Joint Committee that Local Authorities in the region can fulfil their responsibilities under adopted Service Level Agreements (SLA).
- 2.3 Consequently, Hastings District Council (HDC) will be required to meet the minimum requirements that will be set in the SLAs to be adopted by the Joint Committee. The specific SLA requirements are yet to be confirmed, but it is known that Council will be required to undertake activities across the 4Rs of emergency management:

- **Reduction:** Including lifelines participation and local hazard research, including funding.
- **Readiness:** Including provision of suitable emergency response staffing, facilities, equipment, processes and IT systems. Undertaking community resilience planning, including establishing community hubs and provision of welfare support.
- **Response:** Operate a 24-hour, 7 day a week, on-call roster of emergency management trained staff able to run an Emergency Operations Centre (EOC). Coordinate the response activities of all emergency services during an event.
- **Recovery:** Identify staff to support recovery activities including planning for recovery activities.

- 2.4 It is important to note that while Council has a role in coordinating emergency response activities, Council is not an emergency services agency, so is not responsible for receiving or tasking emergency calls for service through the 111 system.
- 2.5 In this context the following risk assessment is based on the **Objective that HDC intends to at least meet the SLA requirements in the timeframes specified.**
- 2.6 In achieving this objective, the Council intends to apply a **Conservative risk appetite**. This means that there should be negligible chance of Council failing to meet agreed service level requirements but recognising that even when SLA requirements have been achieved, there is a chance that an emergency management response will not cope with a specific set of circumstances.

3.0 CDEM Transformation Risk Assessment

- 3.1 Through the recent discussions on the HB CDEM Transformation Strategy and implementation programme officers have identified the following strategic risks to the stated objective:
- 3.2 **Readiness to assume CDEM delivery responsibilities:**
- 3.2.1 Due to the level of staff and facility readiness on 1 July 2025 Council may not be able to assume responsibility for coordinating an emergency response resulting in ineffective emergency service delivery to the community during an emergency event.
- 3.2.2 The current likelihood of not having sufficient trained staff and suitable facilities is considered to be POSSIBLE given investment already made by Council, while the impact of this risk is considered to be MAJOR due to the safety implications for the community.
This results in a **current risk rating of MEDIUM**
- 3.2.3 To mitigate this risk Council is actively working on the following:
- Actively organising training for staff on the Council emergency management roster to attend the new HB CDEM Group training programme.
 - HDC Risk team holding regular meetings with HB CDEM Group, Iwi and emergency services staff to ensure clear understanding of roles and responsibilities.
 - Continued focus on completing the Community Emergency Hub programme to build community resilience and connection with Council.
 - Continue development of the Council response facilities and processes, including ongoing improvements in the configuration of the Council crisis management system FACT24, and planning for alternative office space that can be used as an EOC until the Emergency Management Building (EMO) at 300 Lyndon Road East is permanent available to HDC.
- 3.3 **Service Level Agreement minimum requirements**
- 3.3.1 Due to the compressed timeframe for development and adoption of the SLA the requirements may not be attainable and/or sustainable resulting in disproportionate financial commitments or undue pressure on staff.

3.3.2 The current likelihood of not achieving the SLA requirements is considered to be **LIKELY** given the lack of detail currently available on the requirements, and the impact is considered to be **MAJOR** based on initial information indicating the number of Council staff actively engaged in emergency management would need to double in 3 years and additional investment in EOC facilities. This results in a **current risk rating** of **HIGH**

3.3.3 To mitigate this risk Council is actively working on the following:

- Proactive engagement with Mr Matt Boggs to provide early feedback on proposed SLA requirements.
- Established an internal CDEM Executive Board consisting of the Chief Executive and relevant Group Managers to provide oversight over development of the Council CDEM systems in response to the SLA requirements.
- HDC Risk team holding regular meetings with HB CDEM Group to ensure clear understanding of roles and responsibilities.
- Working with HB CDEM Group Office on the transition for HDC to resume fulltime use of the Emergency Management Building as a primary EOC site.

3.4 Community Expectations of CDEM

3.4.1 Due to the part-time voluntary nature of staff involved in emergency management an emergency response may not be run to the standard that Community perceive should be provided resulting in overreliance on emergency management by the Community and disproportionate pressure on staff in a response.

3.4.2 The current likelihood that community members have an expectation of CDEM that is misaligned with actual capability is **PROBABLE**, and the impact is considered to be **Moderate** based on the impact on staff and community trust and confidence in Council. This results in a **current risk rating** of **HIGH**

3.4.3 This is a system wide issue for CDEM which has not been identified or addressed in the national or regional cycle on reviews and is only evident when an event occurs. As a result, mitigating this risk is difficult and Council will need accept this as an ongoing risk. In this context, the following activities are being progressed:

- The CDEM Executive Board will consider what actions can be taken to support staff volunteering for CDEM roles.
- Community education will be provided during community engagement as part of the community resilience building and hub programme.

4.0 Risk Monitoring

4.1 Officers will continue to work closely with the Transformation Programme and the HB CDEM Group office to ensure a good understanding of the Council obligations as a result of the change. Significant issues will be escalated to the internal CDEM Executive Board and the Risk and Assurance Committee as required.

5.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Civil Defence Emergency Management Transformation Risk Management dated 6 May 2025.

Attachments:

There are no attachments for this report.

Tuesday, 6 May 2025

Item 9

*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 25 March 2025, Council maturing debt of \$49m which was rolled over and in addition borrowed a further \$30m in the April period, which was in line with the LTP Year One and the cash forecast.
- 1.3 Council's total external debt on 22 April 2025 is \$472.7m, with debt forecasted to rise to \$489m by 30 June 2025. At this late point in the year, it is likely that Council will be under that forecast by \$17m due to lower than budgeted capex spends in BAU.
- 1.4 Council has facilities of \$45m with the cost of these facilities 0.3%.
- 1.5 Officers had a face-to-face meeting with S&P Global the ratings agency at the end of March and gave an overview of Council's activities and confirmed that Council are essentially "sticking to the plan" as per the second year of the LTP.
- 1.6 S&P Global as part of the standard process request additional information. Once the information is reviewed, they will issue a report outlining Council's Credit rating. This will be reported at the first risk and assurance meeting after receiving the report.
- 1.7 As was reported at the last treasury update officers are working with treasury advisors Bancorp ensuring Council is within policy relating to debt cover. Officers on the 29th of April took out \$35m of swap cover.
- 1.8 Council is currently compliant up to the end of April with its existing Treasury Management Policy for the 2024-34 debt profile.

1.9 The Reserve Bank of New Zealand's (RBNZ) Official Cash Rate (OCR) has now dropped to 3.5% which is a further drop from its review on 19 February 2025. The following is a summary of the RBNZ's points in arriving at the decision to cut rates further:

- Higher-than-expected export prices and a lower exchange rate have boosted primary sector incomes and economic growth. Despite this household spending and residential investment remain weak.
- Recent tariff increases and uncertainty over global trade policy have weakened the global economic outlook.
- The monetary policy response to tariffs will focus on the medium-term implications for inflation
- The Committee noted that the preceding cuts to the OCR have yet to have their full effect on the economy.
- The Committee has scope to lower the OCR further through 2025.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 6 May 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 Maturing Debt rolled over: Council had \$49m of debt that matured in April 2025. New tranches of debt were taken out to cover the debt that matured. These were:
- \$19m Commercial Paper maturing in 3 months. The rate is floating BKBM 3.49 + 15 basis points.
 - \$30m Maturing 15 April 2031. The rate is fixed at 5.31%
- 3.5 Council borrowed and additional \$30m in April 2025 on floating. This was done in discussion with Bancorp, Council's treasury advisors. This was split into the following tranches:
- \$15m Maturing 15 April 2027. The rate is floating BKBM + 69 basis points
 - \$15m Maturing 15 May 2028. The rate is floating BKBM + 86 basis points.
- 3.6 The 90day BKBM rate at the time of writing was 3.48%
- 3.7 As was noted in the executive summary officers took out a forward start contract of \$35m of swap cover at 4.2525%. This contract will start on 1 April 2030 and mature on the 31 March 2031.

Officers will take out a further \$80m swap contracts in May to ensure Council remains within Treasury policy.

- 3.8 Council remains fiscally constrained due to its forecasted debt profile in the coming years. The outcome from the Local Waters Done Well consultation and subsequent decision on what delivery model to implement will have a major influence on profile and debt strategy. Officers will continue to keep the Committee updated on decision and implications.

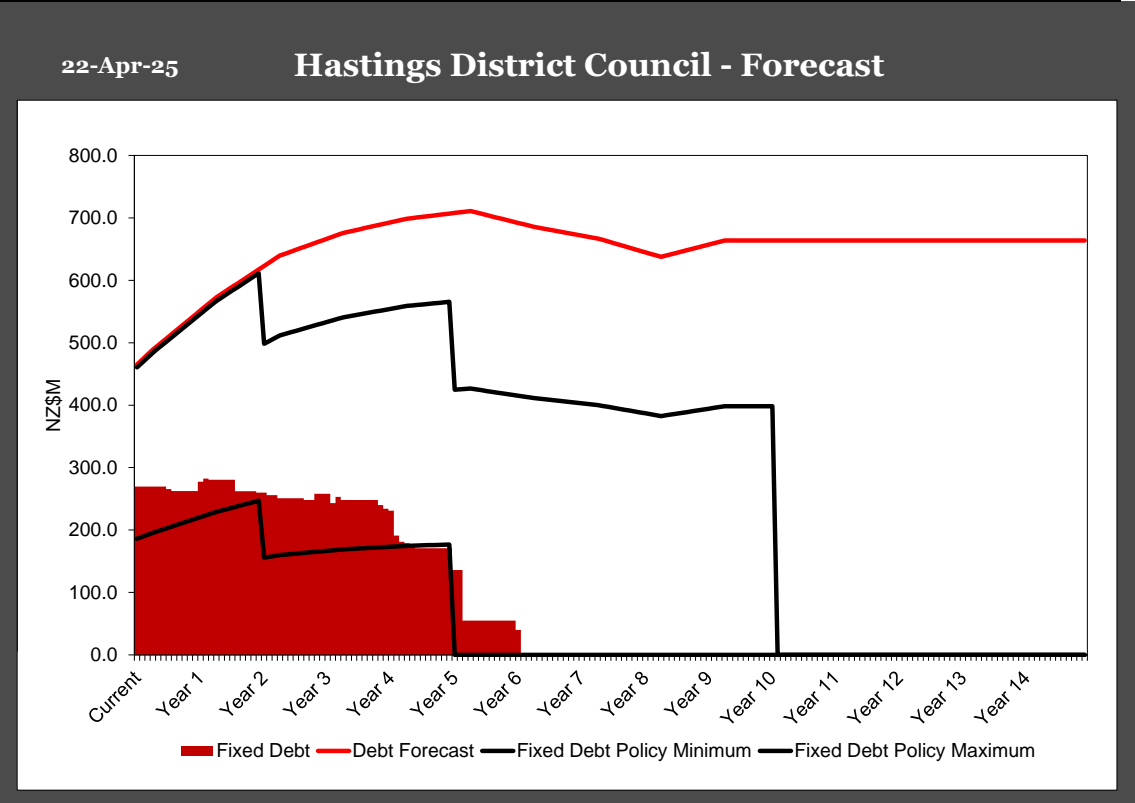
Attachments:

1 [↓](#) Treasury Dashboard April 2025

FIN-15-01-25-33

Interest Rate Risk Position

22 April 2025

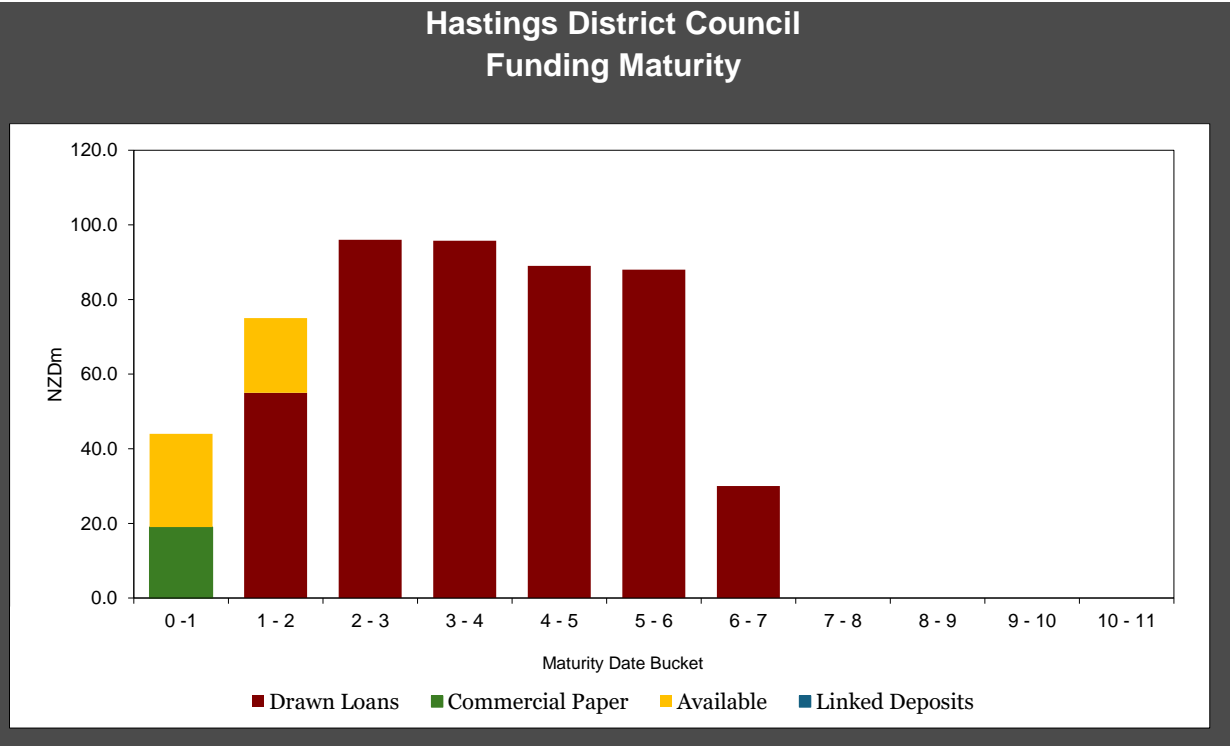


Debt Interest Rate Policy Parameters					
(calculated on rolling monthly basis)					
Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
Current	454	40%	99%	63%	Yes
Year 1	552	40%	99%	50%	Yes
Year 2	623	25%	80%	42%	Yes
Year 3	667	25%	80%	39%	Yes
Year 4	670	25%	80%	34%	Yes
Year 5	708	0%	60%	19%	Yes
Year 6	692	0%	60%	6%	Yes
Year 7	672	0%	60%	0%	Yes
Year 8	645	0%	60%	0%	Yes
Year 9	657	0%	60%	0%	Yes
Year 10	664	0%	60%	0%	Yes
Year 11	664	0%	0%	0%	Yes
Year 12	664	0%	0%	0%	Yes
Year 13	664	0%	0%	0%	Yes
Year 14	664	0%	0%	0%	Yes
Year 15	664	0%	0%	0%	Yes
Weighted Avg Cost of Fixed Rate Instruments				4.22%	
Value of Live Fixed Rate Instruments				\$ 284,500,000	
Weighted Avg Length of Fixed Rate Instruments				3.39 Years	

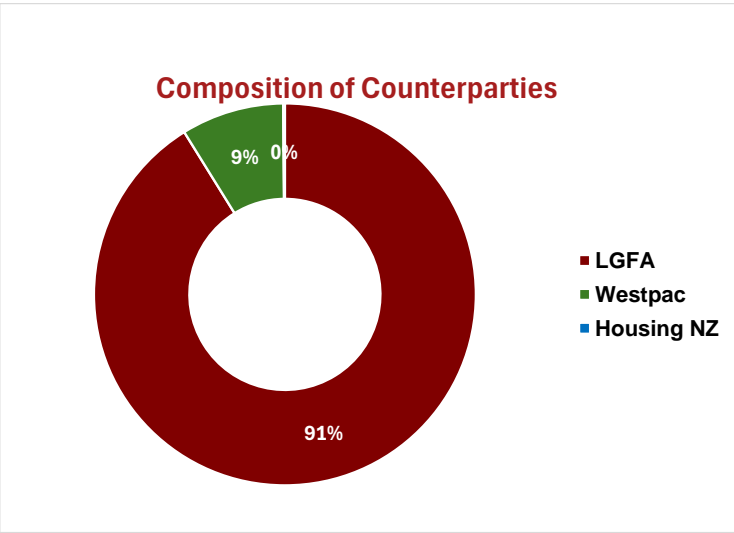
Cost of Holding Fixed Interest Position				22-Apr-25			30-Jun-24			Movement for Year		
	Notional Swap Value	Avg Int Rate	Valuation		Notional Swap Value	Avg Int Rate	Valuation		Notional Swap Value	Avg Int Rate	Valuation	
Live Interest Rate Swaps	114,500,000	4.24%	(1,541,825)		83,500,000	3.75%	2,243,219		31,000,000	0.49%	(3,785,044)	
Forward Starting Interest Rate Swaps	106,000,000	4.04%	(758,606)		89,000,000	4.11%	427,918		17,000,000	(0.07%)	(1,186,524)	
Fixed Rate Cover Live & Forward	170,000,000	4.50%			140,000,000	4.32%						
Total Interest Rate Swaps	390,500,000	4.30%	(2,300,431)		312,500,000	4.11%	2,671,137		48,000,000		(4,971,568)	
Average Cost of Funds				22-Apr-25			30-Jun-24			Movement for Year		
	Notional Value	Avg Int Rate			Notional Value	Avg Int Rate			Notional Value	Avg Int Rate		
Fixed Rate Loans with LGFA	170,000,000	4.50%			140,000,000	4.18%			30,000,000	0.32%		
Floating Rate Loans with LGFA	302,000,000	4.11%			253,000,000	6.23%			49,000,000	(2.12%)		
Live Interest Rate Swaps	114,500,000	4.24%			83,500,000	3.75%			31,000,000	0.49%		
Westpac Lines of Credit	45,000,000	0.27%			45,000,000	0.27%			0	0.00%		
Fixed Rate Loans with HNZ	740,000	0.00%			740,000	0.00%			0	0.00%		
Total External Loans / Average Cost of Borrowing	472,740,000	4.45%			393,740,000	5.10%			79,000,000	(0.65%)		

Funding and Liquidity Risk Position

22 April 2025



Funding KPI's				
	Minimum %	Maximum %	Actual	Compliant (Y/N)
Liquidity	110%	170%	113%	Yes
Fixed Interest Debt	40%	99%	63%	Yes
Funding Maturity Profile				
0-1 Year	0%	33%	12%	Yes
1-2 Year	0%	33%	14%	Yes
2-3 Year	0%	33%	18%	Yes
3-4 Year	0%	33%	18%	Yes
5-6 Year	0%	33%	17%	Yes
6-7 Year	0%	33%	16%	Yes
7-8 Year	0%	33%	6%	Yes
8-9 Year	0%	33%	0%	Yes
9-10 Year	0%	33%	0%	Yes
10-11 Year	0%	33%	0%	Yes
Net Debt as % Equity		20%	14%	Yes
Net Debt as % Income		250%	112%	Yes
Net Interest as % Income		15%	5%	Yes
Net Interest as % of Rates		20%	15%	Yes



Funding and Liquidity Characteristics	
Total External Council Drawn Debt	472,740,000
Forward Start Contract	-
Funds Drawn from LGFA	472,000,000
Undrawn Bank Facilities	45,000,000
Bank Deposits & Term Deposits	18,300,000
LIQUIDITY RATIO	1.13
Definition: (Cash Reserves + Lines of Credit + Drawn Debt) / Drawn Debt	
Weighted Average Length of Funding	2.99 Years

HASTINGS DISTRICT COUNCIL

RISK AND ASSURANCE COMMITTEE MEETING

TUESDAY, 6 MAY 2025

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:

- 13 Cyber Security Update**
- 14 Current Issues Summary April**
- 15 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>
13 Cyber Security Update	Section 6 (b) The making available of the information would be likely to endanger the safety of a person. Protect the security of Councils Cyber security posture.	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.
14 Current Issues Summary April	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.
15 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. To enable the Council to undertake its activities with the necessary technological protection in place.	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.

