

Tuesday, 29 July 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, 29 July 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](mailto: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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Tuesday, 29 July 2025

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga*

**Hastings District Council**

**Risk and Assurance Committee Meeting**

*Kaupapataka*

# Agenda

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*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

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*Tokamatua:*

**Quorum:** 4 members

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*Kaihokoe mo te Apiha*

**Officers Responsible:**

Chief Risk Officer – Regan Smith

AND

Chief Financial Officer – Graham Watson

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*Te Rōpū Manapori me te  
Kāwanatanga*

**Democracy &  
Governance Services:**

Christine Hilton (Extn 5633)

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## *Te Rārangi Take*

# Order of Business

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### *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.
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### **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.

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### *Confirmation of Minutes – Te Whakamana i Ngā Minitī*

- 3.0** Minutes of the Risk and Assurance Committee Meeting held Tuesday 6 May 2025.  
(Previously circulated)
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|------------|--|----------|
| <b>4.0</b> | <b>Health, Safety &amp; Wellbeing Risk Management Update</b> | <b>7</b> |
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| <b>5.0</b> | <b>Infrastructure Capital Delivery Risk Management Update</b> | <b>11</b> |
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| <b>6.0</b> | <b>Local Water Done Well</b> | <b>21</b> |
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| <b>7.0</b> | <b>Bridge Insurance Renewal 2025/26</b> | <b>25</b> |
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<b>8.0</b>	<b>Treasury Activity and Funding Update</b>	<b>29</b>
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<b>9.0</b>	<b>CFO Update</b>	<b>33</b>
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<b>10.0</b>	<b>Data Analytics Report Results</b>	<b>35</b>
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<b>11.0</b>	<b>Report on Improving Telecommunications in Hawke's Bay</b>	<b>37</b>
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<b>12.0</b>	<b>Enterprise Risk Management Policy &amp; Framework Annual Review</b>	<b>41</b>
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<b>13.0</b>	<b>Executive Overview and Status of Actions</b>	<b>43</b>
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<b>14.0</b>	<b>Minor Items – <i>Ngā Take Iti</i></b>	
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<b>15.0</b>	<b>Urgent Items – <i>Ngā Take Whakahihi</i></b>	
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<b>16.0</b>	<b>Recommendation to Exclude the Public from Item 17</b>	<b>51</b>
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<b>17.0</b>	<b>Current Issues Summary July 2025</b>	
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Tuesday, 29 July 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: Jennie Kuzman, Health, Safety and Wellbeing Manager**

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

## **1.0 Background and 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 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 29 July 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 undertaken during the 2024/2025 financial year.
- 3.2 **Health and Safety Regulatory Reform**
- 3.3 Further to the update provided to the committee at the May 2025 meeting, The Minister for Workplace Relations and Safety has announced a change of focus for WorkSafe, requiring the agency

to take a more balanced approach by engaging with businesses, and providing clear and relevant guidance for managing risks (as well as undertaking its regulatory functions).

- 3.4 The press release with further details can be found online: <https://www.beehive.govt.nz/release/worksafe-makes-significant-shift-rebalance-its-activities-launches-road-cone-hotline>. As noted in the Infrastructure Capital Delivery Risk Management Update report in this agenda, Council is setting up a working group to position itself to transition to the new, New Zealand Guide to Temporary Traffic Management (NZGTTM).

### 3.5 Policy Development / Review

- 3.6 The table below provides an update on the status of Council's Health, Safety and Wellbeing policies that were reviewed or developed in 2024/25 and those to be completed in 2025/26.

HSW Policy	Review/Development Status
Health, Safety & Wellbeing Policy	Completed
Overarching Asbestos Management Plan	Completed
Rehabilitation & Fit-for-Work Policy	Completed
Skin Examination Subsidy Policy	Completed
Eye Examination Subsidy Policy	Completed
Impairment Policy	Completed
Shared Sick Leave Scheme	Completed
Hearing Protection Programme	In-Progress (Draft out for consultation with employees).
Respiratory Protection Programme	Under Review
Mauri tū Mauri Ora (Wellbeing) Policy & Framework (incorporating the Work-related Stress Policy)	Under Review
Menopause Policy	Scheduled to be developed
Change Management Principles (for Organisational and Operational changes)	Scheduled to be developed
Fatigue Management Policy	Scheduled to be developed
Hazardous Substances Policy	Scheduled to be developed

### 3.7 Psychosocial Risk Assessment Findings

- 3.8 In late 2024 Council engaged Umbrella Wellbeing to undertake a Psychosocial (Wellbeing) Risk Assessment. This involved an online survey and then focus group interviews with staff to gain more context to allow a fuller understanding of wellbeing at Council. There was good engagement from staff, with 68% of the staff completing the online survey.
- 3.9 The report was received in February 2025, and as noted previously to the Committee at the March 2025 meeting there weren't any critical issues identified within the assessment report.
- 3.10 Umbrella advised that "HDC demonstrates a solid commitment to employee wellbeing, with strong organisational support and a generally positive culture that fosters resilience and job satisfaction". However, there were areas for improvement and the Lead Team took time to review the findings and work through the next steps and the Lead Team has decided to focus on the areas that came out as highest priority.



3.11 The following is a summary of findings from the assessment.

## WELLBEING CLASSIFICATIONS



3.12 As per the graphic above, the positive aspects that were identified:

- 84% of employees are 'Thriving' or 'Managing Well'
- HDC Employees report good levels of overall wellbeing and individual resilience.
- HDC Employees are satisfied with their work-life balance.
- HDC is seen as being very supportive of its people's wellbeing and resilience.
- HDC has a positive organisational climate.
- HDC's employees are less likely to report most of the work challenges (such as consultation about change and poor peer and manager support), compared to those in other organisations Umbrella has surveyed.
- HDC employees are reporting a 'psychological safe' environment in their teams.
- Relatively few HDC employees are intending to leave their job in the next six months.

3.13 However, 16% of employees are 'finding it tough', which is not ideal, and it would be good to see an improvement in this. The assessment identified some key psychosocial risks across some teams, particularly in the areas of change consultation, workload, and emotional strain. Some teams are also reporting fewer positive experiences of the workplace, compared to others, which will have contributed to feeling this way.

3.14 Going forward the organisational focus in relation to psychosocial risk management will be in relation to the priority recommendations. As such, over the next six months or so, the focus will be on:

- Addressing workload / work design issues within the various areas where high psychological distress was most significantly reported. We have progressed some actions in this area in recent months.
- Reviewing HDC's critical psychosocial risks and controls, to create a comprehensive psychosocial risk management plan to tackle these risks and improve things going forward.

3.15 Slightly longer term (more like a 12 month plus timeframe) we expect to have further work well progressed in the areas of:

- Developing further strategies to address workload and work design issues across Council.
- Developing a comprehensive review and update to the Mauri tū Mauri Ora Framework, which will incorporate the existing Work-related Stress Policy, so that we will have one overall Wellbeing Policy & Framework encompassing objectives, policy, processes, training requirements and an action plan.
- Developing a principles-based Change Management document and guidance that can be referenced when operational and organisational changes occur.

3.16 Additionally, the Umbrella wellbeing pulse survey will be run periodically over the next several years, which will enable us to gauge progress in this area and we will update the Committee periodically on progress towards completing this work.

### 3.17 **Completed Audits and Assessments**

3.18 Exposure monitoring for 2024/25 has recently been completed. An external party has undertaken this with the following teams: Ōmarunui Landfill, Water Operations, Tōmoana Showgrounds, Splash Planet, Cemetery & Crematorium. A summary of findings will be provided to the next committee meeting.

3.19 Annual Health Monitoring for 2024/25 has recently been completed. Council's contracted Occupational Health Nurse has met with and assessed the health of employees who are exposed to health risks in their roles at Council. A summary of findings will be provided to the next committee meeting

3.20 A Safeplus Self-Assessment (internal audit) was recently undertaken by the HSW team in June and the report will be completed soon. A summary of findings will be provided to the Committee at an upcoming meeting.

### 3.21 **Scheduled Audits and Assessments**

3.22 External annual inspections of Council facilities and offices are scheduled to be undertaken by an external party in August/September 2025.

3.23 Internal audits of Council's HSW high-risk long-term contracts are scheduled to be undertaken by the HSW Team in August/September 2025.

## **Attachments:**

There are no attachments for this report.

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Tuesday, 29 July 2025

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*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

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<b>Nā:</b>	<b>Regan Smith, Chief Risk Officer</b>
<b>From:</b>	<b>Darren de Klerk, Deputy Group Manager &amp; Director Infrastructure Delivery</b>
	<b>Craig Thew, Group Manager: Infrastructure</b>

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<b>Te Take:</b>	<b>Infrastructure Capital Delivery Risk Management Update</b>
<b>Subject:</b>	

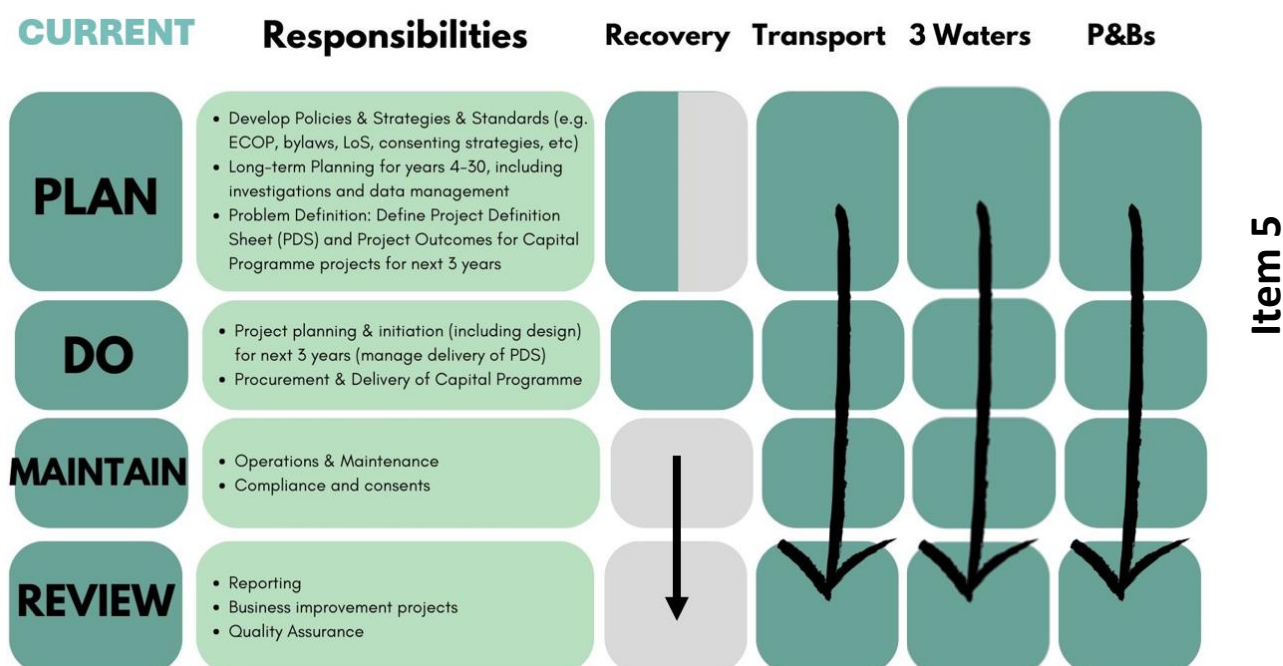
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## **Purpose and summary - *Te Kaupapa Me Te Whakarāpopototanga***

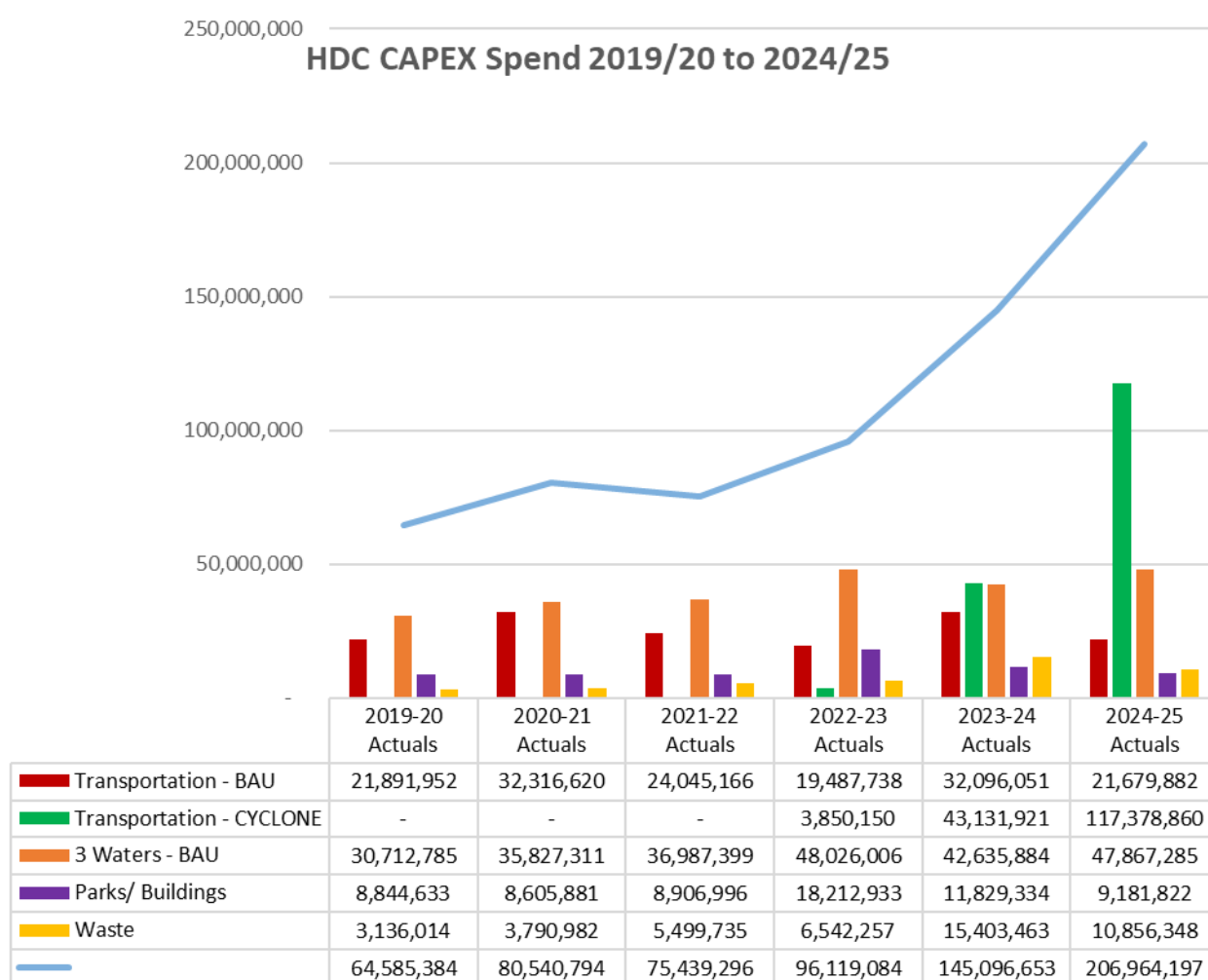
- 1.1 The purpose of this report is to provide the Risk and Assurance Committee with an understanding of the current landscape of the infrastructure capital programme, and the risk control environment within the infrastructure capital delivery programme to gain feedback to inform future reporting.
- 1.2 The purpose of this report is to act as a discussion paper while aiming to describe and highlight the scale of the current programme, and the activities underway to mature the project and risk management across the programme.

## **2.0 Operating Context**

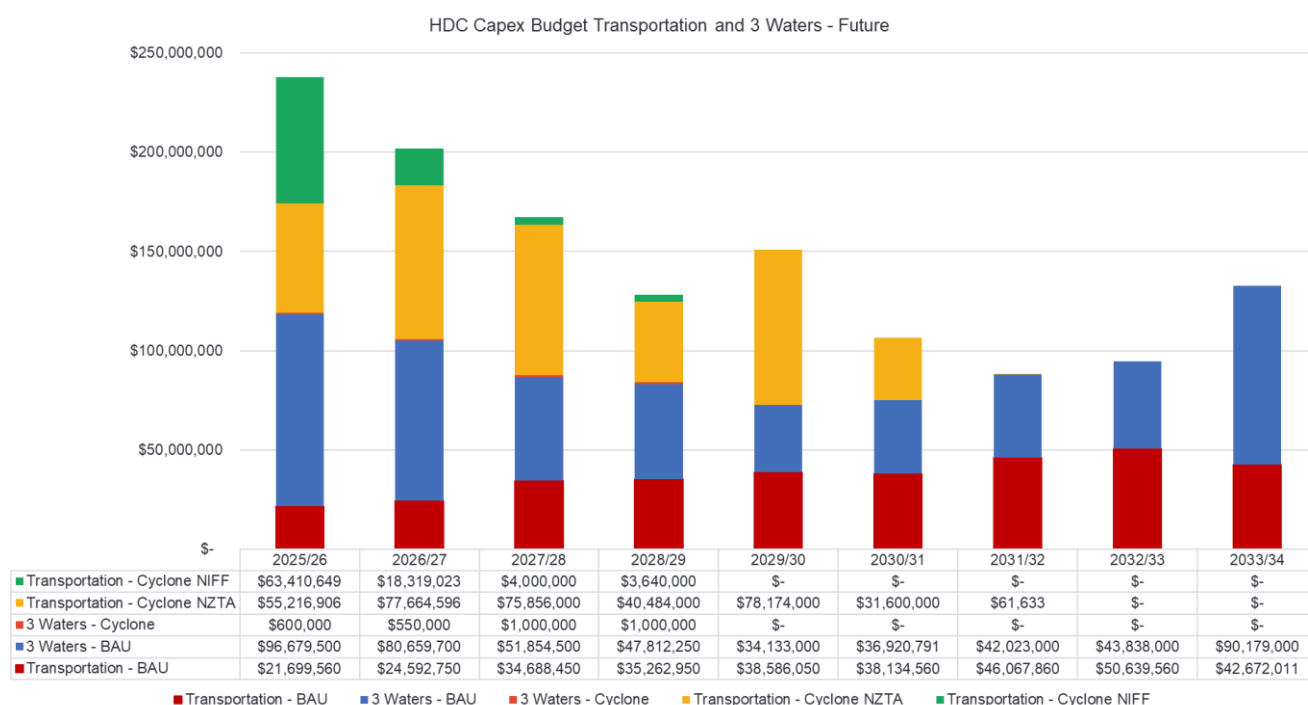
- 2.1 The Infrastructure and Asset Management Programme comprises of Transport, 3 Waters, Waste, Parks and Buildings, and is currently delivered within each of these departments. Where these departments take a project through a lifecycle of Plan, Do, Maintain and Review – as evidenced in the diagram below.



- 2.2 The infrastructure (Transport and 3 Waters), and Asset Management (Parks, Buildings and Waste) capital spend over the last five years has increased significantly, a 226% increase from 2019/20 to 2023/24 and a 311% increase when compared to the spend for FY2024/25.



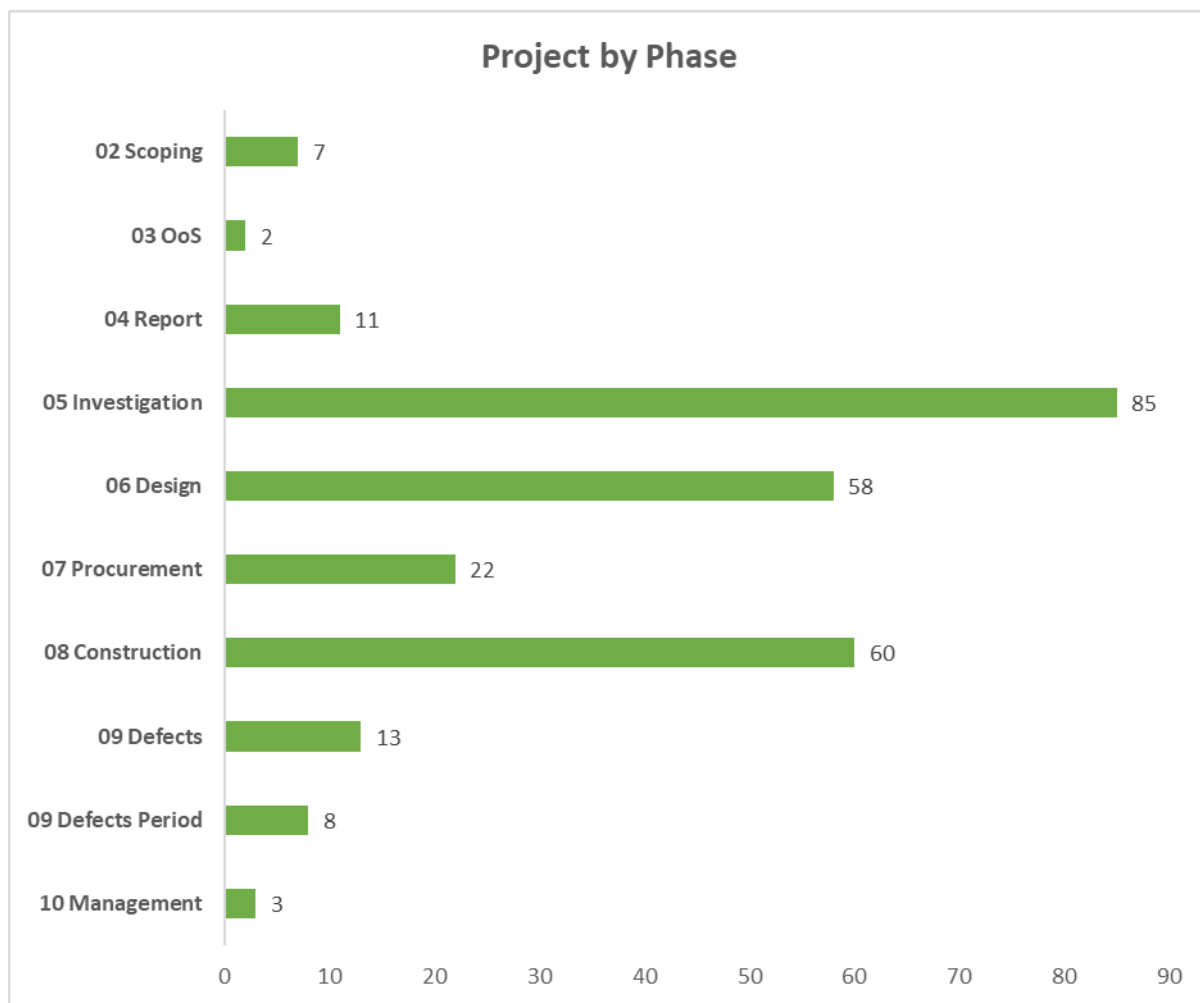
- 2.3 The environment for delivering capital works, is led through a generally small team in each department who lead, coordinate and are supported by a consultant panel, with most works project managed, designed and having construction supervision by the consultant panel. Occasionally, based on complexity or project requirements support is procured from outside this panel or in some cases like in Parks and Buildings these are generally managed inhouse.
- 2.4 This approach to delivery is currently under review and aims to position HDC to respond to its increasing capital programme and having the right level of oversight, control and leadership across this programme. The Long-Term Plan programme evidenced below for Transportation and 3 Waters only, outlines an on average \$170m programme for the next 5 years.



### 3.0 Strategic Risk Areas

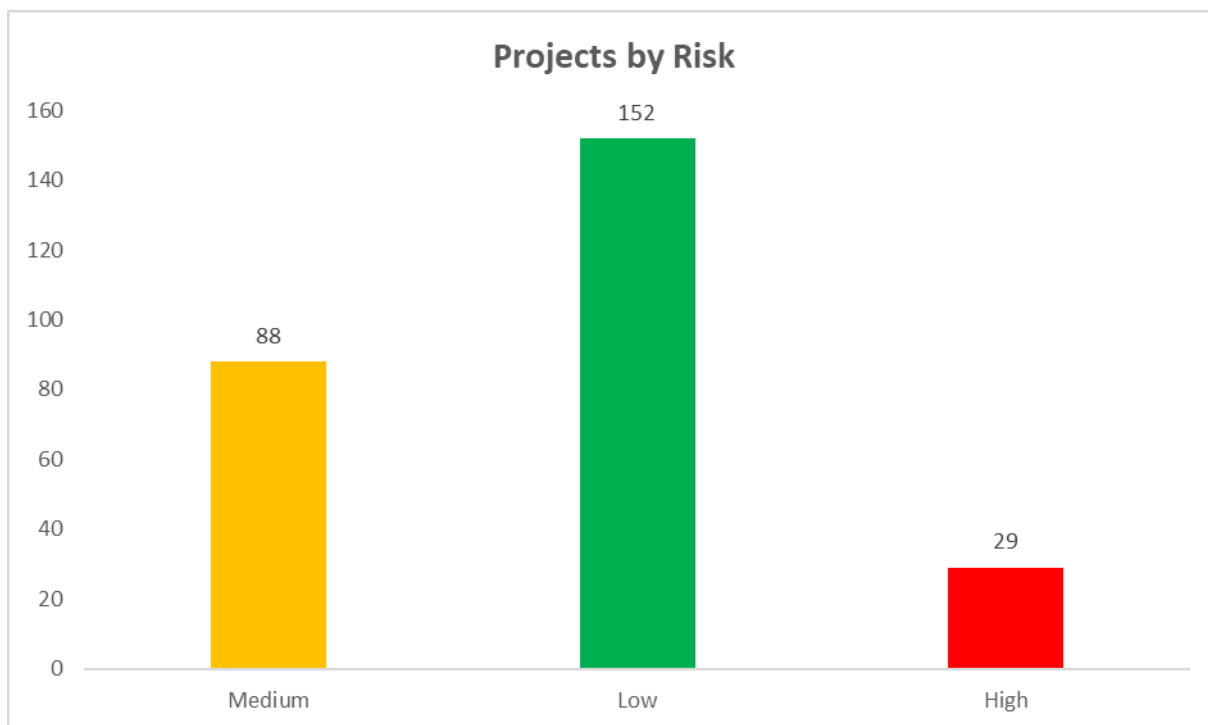
#### 3.1 Programme Health

- 3.1.1 The current active programme includes 269 active projects (87 are 3 Waters, 176 are Transport and 6 are others), with projects in the following phases of their lifecycle.

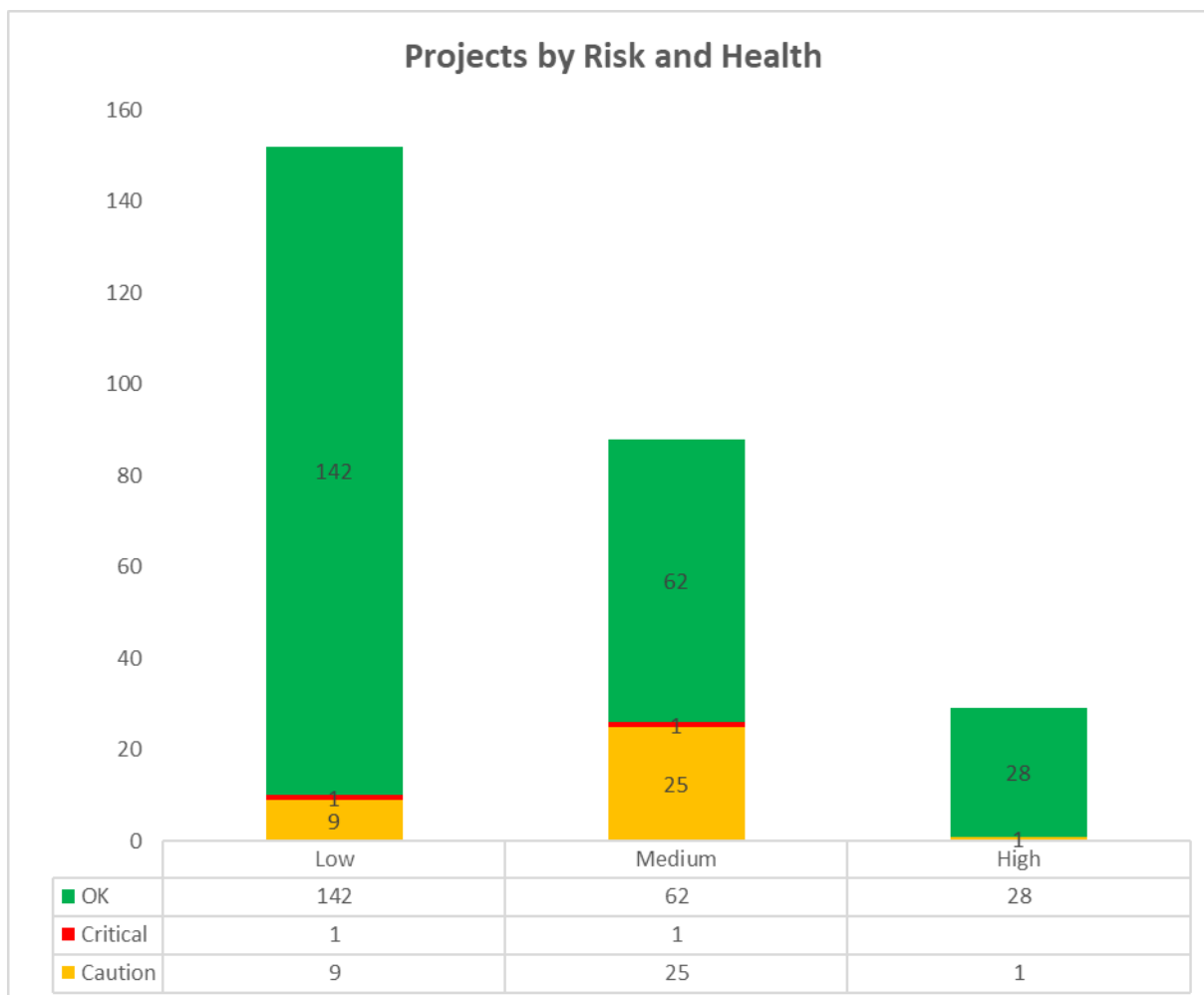


3.1.2 These projects are given an inherent risk screen when initiated, and they have the following inherent risk profile. The high-level description for what each inherent risk screen means is outlined below;

Risk	Description	Management	Review
High	Involves activities with a high probability of negative consequences and significant potential impact	Risk Register with use of risk tools (Montecarlo analysis)	Fortnightly Reviews
Medium	Moderate probabilities and moderate impact	Risk Register, with regular team involvement in highlighting risks	Monthly Reviews
Low	low probability of negative consequences and minimal potential impact.	Risk Register established to document possible risks	Quarterly Reviews



Monthly the practice of the project managers is to review the health of the project (e.g. is it on track, or does it require heightened management, controls or intervention). The below graph shows the latest health assessment by inherent risk. To interpret this, it has been assessed one medium, and one low risk project has a critical health assessment.



### 3.2 Value

- 3.2.1 Value for money within a project, is not just about achieving the lowest cost when a project is constructed or when an activity is undertaken. It is about considering the life of the asset, utilising asset management principles and innovation to look beyond 'here and now' solutions. Decisions made at the planning, design and construction stages may save money initially but may result in future maintenance liabilities and costs in later years.
- 3.2.2 This is an active an emerging area for council to focus effort to appropriately balance community and asset engineering expectations to ensure a project has sound reasoning and justification for why it needs to be done, typically evidenced in an asset management plan and then that the project is managed to ensure outcomes are fit for purpose.

### 3.3 Deliverability and Resourcing

- 3.3.1 It should be noted, historically there has been an underspend across the capital programme, and a deliverability assumption has been included in Annual and Long-Term Plans for budgeting purposes – this is a work in progress to more accurately plan and forecast the delivery of the annual and long-term programme.
- 3.3.2 To improve deliverability and a better focus a number of risk areas, a strong focus on resourcing projects appropriately is underway, this includes matching the capability of project managers with the inherent risk and subsequent complexity of a project.

### 3.4 Contractor Performance Management

- 3.4.1 With a large physical works programme, the success of the programme is reliant on external contractors. Council actively manages physical works contractors, and follows an approach known as Performance Assessment by Coordinated Evaluation (PACE) to assess and monitor performance. This is an important tool for incentivising performance and informing future work allocation.
- 3.4.2 Procurement is a key enabler to achieving project outcomes, the success of procuring the right contractor to deliver the outcomes sought is extremely important to Hastings District Council delivering value for its community. If not done well, this results in perverse outcomes either through cost, quality, reputational or other outcomes, and generally requires greater attention and resourcing to resolve.

### 3.5 Temporary Traffic Management

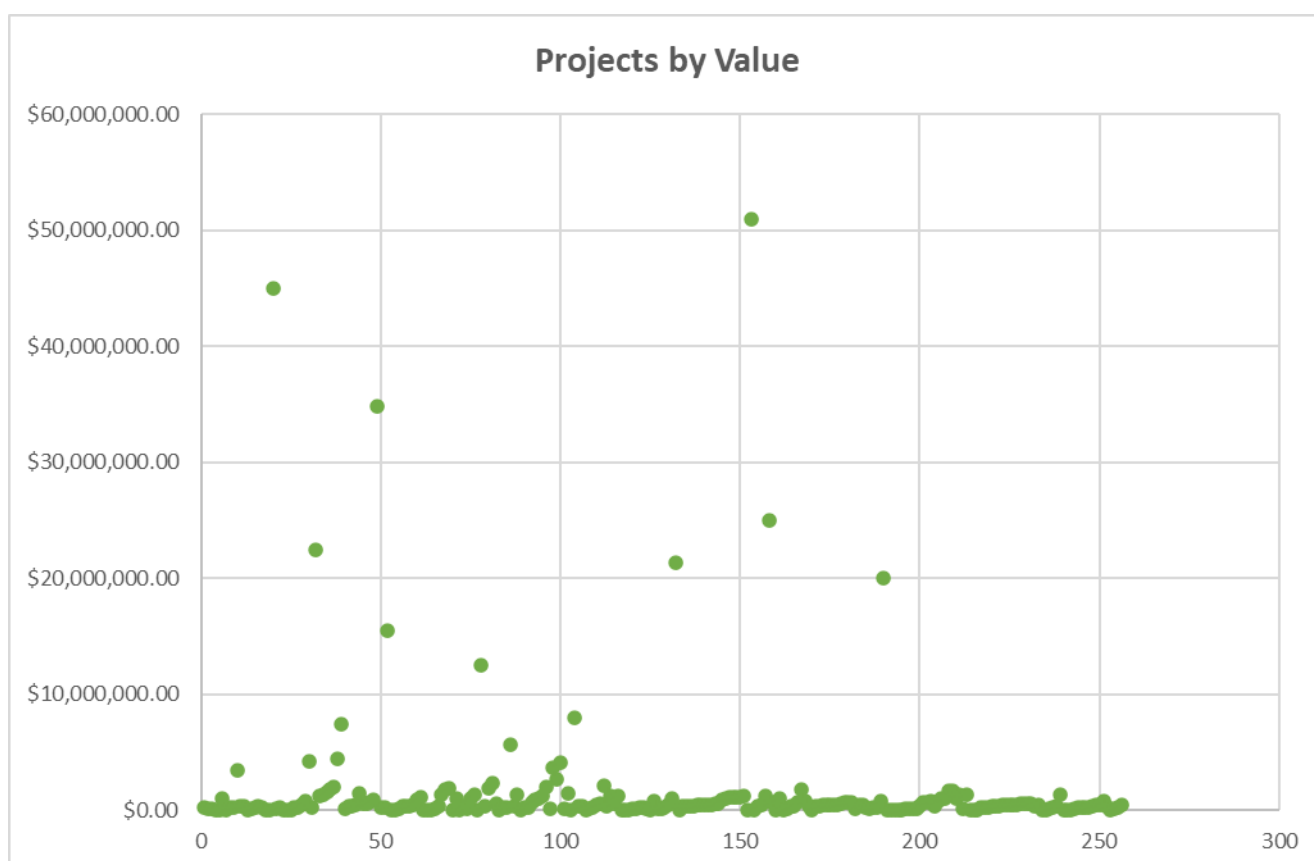
- 3.5.1 Traffic Management has always been a risk, but in the last 12 months has emerged as a greater risk for asset owners, this is down to the cost involved in traffic management and the disruption perceived to be caused by traffic management, including the focus on road cones, while not forgetting about our responsibility to manage the safety of road users and workers.
- 3.5.2 New Zealand (NZ) is changing how it manages Temporary Traffic Management (TTM). Until now, a central guide called the Code of Practice for Temporary Traffic Management (CoPTTM) has been used. This guide acts like a rulebook, telling organisations how to manage safety for road activities. However, while it assumes safety is the outcome, the reality is more complex. The rules do not always make sense for every situation, and the CoPTTM's complexity means there can be a mismatch between the prescribed rules and the best possible safe TTM setup for various conditions.



- 3.5.3 The problem with the current approach to TTM is that it focuses on following the CoPTTM guide rather than on managing risks. This can at times lead to the introduction of more hazards instead of focusing on mitigating existing ones.
- 3.5.4 As CoPTTM is phased out, organisations involved in TTM will need to rethink their approach from the ground up. This is not just about adopting a new standard but about managing TTM risks better. Council is setting up a working group to position itself to transition to the new, New Zealand Guide to Temporary Traffic Management (NZGTMM).
- 3.5.5 This will have a flow on impact as contractors, council and other stakeholders become a custom to this new way of planning and managing traffic management.
- 3.5.6 Regarding the road cone hotline, The press release with further details can be found online: <https://www.beehive.govt.nz/release/worksafe-makes-significant-shift-rebalance-its-activities-launches-road-cone-hotline>. As noted in the Health, Safety & Wellbeing Risk Management Update report in this agenda, Council is setting up a working group to position itself to transition to the new, New Zealand Guide to Temporary Traffic Management (NZGTMM) which will look to help Council better balance its traffic management and in turn road cone requirements.

### 3.6 Project Complexity and Volume

- 3.6.1 With an increasing volume and value in the capital programme, this introduces more complex projects which require greater management and oversight to achieve positive outcomes. Alternatively, a higher number of low risk but high transactional projects also require oversight and can stretch resourcing without the systems setup to manage appropriately.
- 3.6.2 The projects within the Infrastructure Group range from the smallest project at \$11,500 ex GST through to the largest project in the programme being \$51,000,000 ex GST, noting not all have secured funding as yet.



### 3.7 Financial Management

- 3.7.1 Financial management has a number of components, this can include the management of the project finances, the timing of when expenditure is needed and the impacts on Council cashflow or with the large external funding, the recovery of revenue from funders in a timely manner that minimises council exposure to holding costs.

### 3.8 Quality and Environmental Management

- 3.8.1 With an increase in projects, and complexity, particularly around waterways, this creates the requirement for greater quality and environmental controls to achieve positive outcomes, minimise impact, reduce rework and other impacts.
- 3.8.2 For council, this is being done through upfront planning, environmental assessments, ecological and cultural training with contractors, proactive environmental engagement with regulators, understanding and management of consent conditions, and construction supervision by engineers to ensure work is being constructed to designs.

### 3.9 Communications and Engagement

- 3.9.1 Expectations driven by recovering our damaged infrastructure, the role of council to manage its assets better, and the affordability pressures, means that communicating and engaging with our stakeholders is as important as ever. In the context of a capital programme, this requires upfront planning to identify the stakeholders the project may impact directly or indirectly and developing an appropriate plan to do so. To further tell our story means we require our project managers, and contractors to be identifying opportunities to showcase parts of the project, and pre-empting where interest or risk may arise.

### 3.10 Risk Management Practices

- 3.10.1 The current risk management practices for capital projects involve the establishment of a risk register early in the initiation of a project, the more complex a project the greater the effort and focus on risk should be, the projects identified earlier in this paper as of High inherent risk at initiation would be expected to have far greater focus with the risk register reviewed regularly (e.g fortnightly and at set gateways), and risks with higher residual risk, to be managed to a greater extent – this is still a work in progress to establish and mature this practice.

### 3.11 Governance and Reporting

- 3.11.1 Governance and appropriate reporting across high value and complex projects and programmes are integral to achieving positive outcomes. Within the HDC Risk Management Framework, it is outlined that:

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

- 3.11.2 There is an opportunity to mature this practice further at a project level, to establish appropriate governance structures based on the inherent risk of a project or programme and establish governance and control groups to offer oversight and guidance. Based on;

- **Risk** – The degree to which the project exposes Council and its stakeholders to danger, harm or loss based on a project orientated risk framework of reputation, community, financial, safety, compliance and operations.
- **Complexity** – The extent and degree to which the project’s intricacy impacts Council and its operations, capacity and capability change, market capability, delivery models, funding, and dependencies; and
- **Investment** – The total anticipated expenditure to deliver the project (i.e., from Initiate to Close Out).

3.11.3 Project governance is an oversight function, aligned with Council’s organisational governance model, which typically encompasses the project lifecycle, to ensure the project remains aligned to broader Council objectives, policies, strategies and procedures.

3.11.4 Currently a programme board exists across the Transport Recovery programme, to guide and offer oversight across this high value and high impact programme of work.

3.11.5 Reporting to Council, relevant governance or control groups has opportunity for improving, streamlining and focussing on items of greatest value and risk to achieve community outcomes.

#### **4.0 Recommendations - Ngā Tūtohunga**

- A) That the Risk and Assurance Committee receive the report titled Infrastructure Capital Delivery Risk Management Update dated 29 July 2025.
- B) That the Committee offer any feedback and insights into future reporting and information required to better understand and govern risk and assurance related to the capital programme.

#### **Attachments:**

There are no attachments for this report.



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Tuesday, 29 July 2025

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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

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*Nā:*  
**From: Jess Noiseux, Strategic Financial Advisor**

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*Te Take:*  
**Subject: Local Water Done Well**

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

- 1.1 The purpose of this report is to provide an update to the Risk and Assurance Committee on the current status of the Local Water Done Well (LWDW) reform. It includes the outcome of the recent public consultation process, progress on the Heads of Agreement, development of the Water Services Delivery Plan and an overview of key financial implications and risks associated with the potential transfer to Council's preferred option being a new regional Water Services Council-Controller Organisation (WSCCO).

### **Current Status**

- 1.2 Council has progressed through several key milestones in the LWDW programme. At the time of writing this report:
- Council has been through an extensive analysis on the advantages and risks of each of the three delivery models and in April determined that the option to outline as the preferred in the consultation process would be the regional WSCCO.
  - Public consultation on the three delivery models commenced in May and Hearings were held on 8 July. Detail on the outcome of this consultation is further detailed in section 1.3 – 1.7 of this report.
  - Officers and the Mayor are actively engaged in the development of a joint Heads of Agreement between the participating Councils. This process is being facilitated by Steven Joyce and is focused on resolving key matters to mitigate risks and concerns associated with moving to a regional WSCCO.

- The draft Waters Services Delivery Plan (WSDP) is currently with the Department of Internal Affairs (DIA) for preliminary feedback. Officers continue to work collaboratively across councils during this process.
- A Council decision is scheduled for 31 July to confirm whether to proceed with the preferred regional WSCCO model or pursue one of the alternative models.

### Community Consultation Outcome

- 1.3 Council carried out an enhanced consultation approach, over and above that required per the Local Government (Water Services) Bill ('the Bill').
- 1.4 Councils enhanced approach included distribution of the summary consultation document to 31,800 letterboxes, extensive digital engagement and access to a staffed pop-up shop on Heretaunga Street for three weeks.
- 1.5 As a result of this extensive process, 1063 submissions were received of which 83% supported the preferred regional WSCCO model.
- 1.6 The key themes raised in the submission **by those in favour** (83%) of the preferred option highlighted:
  - Cost efficiency and economies of scale
  - Regional collaboration and shared infrastructure
  - Water metering and user pays
  - Independent, professional governance
  - Improved service delivery and infrastructure outcomes

Some submitters raised privatisation and remaining Council debt levels as areas of risk for the preferred option. There was also a mixed response on mana whenua engagement with some submissions strongly supporting and others raising concerns.

- 1.7 Those submitters who **were not in favour** (17%) of the preferred option mainly raised issues around:
  - Scepticism of financial benefits
  - Desire to retain local control and accountability
  - Opposition to price harmonisation
  - Affordability and equity concerns
  - Governance complexity

### Heads of Agreement Progress

- 1.8 Should all four Councils adopt the preferred option for a regional WSCCO, the Heads of Agreement (HoA) will provide the framework for how Councils will work together to achieve a regional WSCCO during the establishment phase.
- 1.9 Officers, in consultation with Councillors and the Mayor, have reviewed and provided feedback on the draft HoA. Key positions endorsed include:
  - Support for an Establishment Board to be established post -31 July to oversee the transition to a regional WSCCO.
  - Recommendation to appoint an Establishment Chief Executive to lead delivery and implementation planning.
  - A Transitional Governance Group (to evolve later into a Shareholder Forum) to appoint the Establishment Board and represent shareholders in the transition process.

- 1.10 At the time of writing this report, officers expect a second draft shortly with Councils working to have a signed HoA in place prior to the 31 July Council meeting.

### Water Service Deliver Plan

- 1.11 Council must submit its Water Service Delivery Plan to the DIA by **3 September 2025**. The WSDP must demonstrate, for whichever model Council adopts on 31 July:
- Details on the proposed delivery model
  - Financial sustainability by 30 June 2028 (including investment sufficiency, financial and operational measures)
  - The key transitional steps to achieve the model.
- 1.12 Officers are working collaboratively across Councils to ensure a cohesive regional WSDP is ready for finalising should Councils make decisions in late July for a regional WSCCO. In the event that Council does not move ahead with the preferred option, other applicable model WSDPs are drafted and can easily be modified for alternative options if needed.
- 1.13 The regional WSDP is currently under review by DIA to get initial feedback which allows time to update and finalise in advance of adoption by each of the Councils and submission by 3 September deadline.

### Risks and Considerations

- 1.14 Several areas of risk have been identified. Work in these areas is ongoing and will be shaped by Council's decision on 31 July.
- 1.15 Key risks include:
- Legislative risk: The final form of the Bill is not yet enacted. Officers are actively monitoring any developments and will assess implications as they arise.
  - Debt transfer: Officers are in the early stages of assessing how council debt would transfer, including implications for interest rate swaps, break fees and Council's credit rating.
  - Transfer Agreement: This outlines how assets, liabilities, staff, contracts and other operational matters will move to a new entity. Should the 31 July decision trigger the transition process, officers will start:
    - Identifying which assets and liabilities would transfer (including debt mentioned above);
    - Establishing how active projects and contracts would move over;
    - Planning what systems and processes would transfer over or where shared services would need to support the transition process.
  - Stranded overheads: Existing modelling will be reviewed to analyse the financial impact of overheads that may remain with Council. Officers can then identify which costs can be reduced, reallocated or retained.
  - Remaining Council activities: Three waters make up a significant portion of Councils activities. Work will be required to look at remaining operations and how Council roles and structures may need to adapt if and when the three waters activities are transferred.

### Next Steps

- 1.16 Officers intend to finalise the Heads of Agreement for inclusion in the 31 July Council paper.
- 1.17 On 31 July, Council will make their decision on whether to adopt the preferred option of a regional WSCCO or one of the other models proposed (Hastings CCO or Hastings stand-alone business unit).

- 1.18 Based on this decision, officers will finalise and Council will adopt, either a regional WSDP or one relevant to the other models in August. The WSDP will be submitted to DIA by 3<sup>rd</sup> September 2025.
- 1.19 Further updates will be provided to Risk and Assurance following the 31 July decision and WSDP finalisation.

## **2.0 Recommendations - *Ngā Tūtohunga***

That the Risk and Assurance Committee receive the report titled Local Water Done Well dated 29 July 2025.

### **Attachments:**

There are no attachments for this report.



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Tuesday, 29 July 2025

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Risk and Assurance Committee Meeting****Item 7***Te Rārangi Take*

# Report to Risk and Assurance Committee

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**Nā:**  
**From:** Jeff Tieman, Management Accountant

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**Te Take:**  
**Subject:** Bridge Insurance Renewal 2025/26

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## **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 the Bridge insurance renewal for 2025/26 and seek approval for assets that should be included.

## **2.0 Recommendations - Ngā Tūtohunga**

- A) That the Risk and Assurance Committee receive the report titled Bridge Insurance Renewal 2025/26 dated 29 July 2025.
- B) That the Committee approve the recommendation to include all bridge and culvert assets on the insurance schedule.

## **3.0 Background – Te Horopaki**

- 3.1 The council has insured bridges since November 2015. This policy sits within the Manawatu Whanganui Local Authority Shared Services (MWLASS) and is brokered by Aon NZ Ltd.
- 3.2 Since its inception, the Bridge policy has had an excess of \$250,000.
- 3.3 The policy has also excluded all culverts and bridges under the value of \$250,000.
- 3.4 The excess of \$250,000 is a one off for an event, not per damaged or lost asset.

#### 4.0 Discussion – Te Matapakitanga

- 4.1 Since cyclone Gabrielle, Council have rebuilt a number of culverts that are worth multi millions of dollars and under the old guidelines for our bridge insurance policy, they will remain uninsured.
- 4.2 The Council also lost or had damage to a number of bridges that were under the \$250,000 in value and therefore were not covered because of the decision to exclude bridges under \$250,000 from the policy. Had these bridges been included on the policy, Council would have financially benefited with an insurance claim on these bridges as the excess is only on an event and not per bridge. The uninsured bridges spend to date since cyclone Gabrielle is \$2,745,878. Had Council chosen to insure all bridges, council could have claimed the 40% available to Council under the infrastructure policy on this amount.
- 4.3 Officers are seeking approval from this Committee as to whether we now should include bridges under \$250,000 and/or culverts in the policy.
- 4.4 The latest valuation completed in July 2025 has 9 bridges under \$250,000 with a total value of \$1,273,630
- 4.5 Council has over 12,800 culverts with a valuation of \$95m. 11,897 of these are under the value of \$10,000. Culverts over \$250,000 in value total \$21.1m
- 4.6 2025/26 budget for bridge insurance is \$305,000. Market indications at this stage for November 2025 renewal are soft in infrastructure and on a like for like valuation we are expecting 5 to 10% savings.
- 4.7 As a guidance and based on premiums for our bridges for the 2024/25 year, below is a table showing what the cost would be to include or exclude these assets.

	Value 2025 (2024 = \$441m)	Premium based on 24/25	Premium with 5% savings	Premium with 15% savings
Bridges Valued over \$250k	\$496,599,580	\$342,848	\$325,705	\$291,421
All Bridges excl culverts	\$497,873,210	\$343,727	\$326,541	\$292,168
All Bridges & culverts over \$250k	\$517,690,744	\$357,409	\$339,539	\$303,798
All bridges & Culverts	\$592,936,067	\$409,358	\$388,890	\$347,954

- 4.8 Due to the nature of the renewal process with the London markets, Council are only informed one or two days before the renewal date of the premiums. This year is a soft market, so there is competition within the markets for council business and asking for pricing on the entire asset schedule is advantageous because the markets will be competing for the business. If we were to only renew the status quo and then ask for a quote after the renewal process, Council will only get quotes from the successful underwriters of the policy and will unlikely get the favourable pricing we are likely to get when asking the entire market at the time of renewal.
- 4.9 Council continues to operate at the upper level of the approved Borrowing thresholds (250% of Revenue excluding one offs). Should a further major event occur without adequate insurance cover, Council may not be in a financial position to repair necessary bridges and culverts.

#### 5.0 Options – Ngā Kōwhiringa

Option One - Recommended Option - Te Kōwhiringa Tuatahi – Te Kōwhiringa Tūtohunga

- 5.1 Include all bridges and culverts for the November 2025/26 renewal (row 4 of table in point 4.7).

Advantages

- In the situation of another event where multiple bridges and culverts are damaged or lost, having all asset covered will reduce the pressures on funding the repairs/replacements.

#### Disadvantages

- Based on the numbers above in point 4.7, this will cost approximately an extra \$56,533 using last year's premiums with no savings.

#### Option Two – Status Quo - Te Kōwhiringa Tuarua – Te Āhuetanga o nāiane

- 5.2 Stick with the status quo, which only covers bridges over the value of \$250,000 (row 1 of the table in point 4.7).

#### Advantages

- Saving approximately \$56,533 on premiums versus option one.

#### Disadvantages

- If a large event happens, there will likely be a number of culverts and bridges not covered by insurance and will add further pressures to the council borrowings.

- 5.3 Option Three – one of the hybrid option as outlined in rows 3 or 4 of the table in point 4.7

#### Advantages

- Both addition options provide some extra security with cover, therefore reducing financial pressures should these assets be affected.

#### Disadvantages

- The premiums will be higher than the status quo.

### Attachments:

There are no attachments for this report.



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Tuesday, 29 July 2025

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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

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*Nā:*  
**From: Aaron Wilson, Financial Controller**

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

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## **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 6 May 2025, Council has not needed to borrow any further debt.
- 1.3 Council's total external debt as at 30 June 2025 is \$472.7m, this is lower than forecasted debt per the LTP of \$489m. The lower debt is primarily due to lower than budgeted capex spends in BAU, due to managing Capex spend, along with timing of payments received for prior work completed.
- 1.4 Council has facilities of \$45m with the cost of these facilities 0.3%.
- 1.5 As at 30 June Council had cash on hand of \$30m, this was due to receiving in \$39.7m payments from government agencies for recovery work completed during the year.
- 1.6 Council have adopted the Annual Plan for 2025/26, with the BAU rating increase of 9% along with the Cyclone increase of 6% not changing from that in year 2 of the LTP.
- 1.7 The Standards & Poors Global (S&P) report from their review of Council's credit rating in March will be released to officers on 31 July 2025.
- 1.8 Officers have taken \$80m of swaps out in June with Council remaining compliant with Treasury policy.
- 1.9 On the 28 May 2025 the Reserve Bank of New Zealand's (RBNZ) voted to drop the Official Cash Rate to 3.25%.
- 1.10 Subsequent to this, the 9 July meeting has seen a pause in the cutting cycle with no further downward movement due to the elevated levels of uncertainty and taking a wait and see approach will the next meeting in August.

## 2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 29 July 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.
- 3.4 The 90day BKBm rate at 30 June was 3.29%
- 3.5 Officers took out forward start contracts of \$80m of swap cover at an average of 4.321%. This contract will start on 31 May 2030 and mature on the 31 May 2031.
- 3.6 The financial strategy remains, as adopted in LTP.
- 3.7 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 over time. Management of the water related debt will be a key part of any LWDW transition plan. Officers will continue to keep the Committee updated on decision and implications.

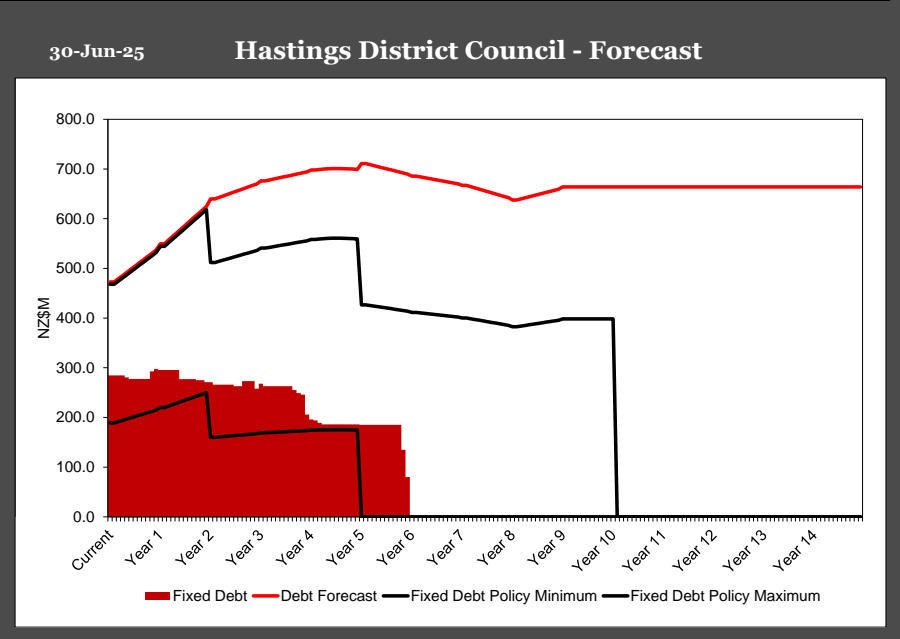
## Attachments:

1 [↓](#) 30 June 2025 Treasury Dashboard

FIN-15-01-25-34

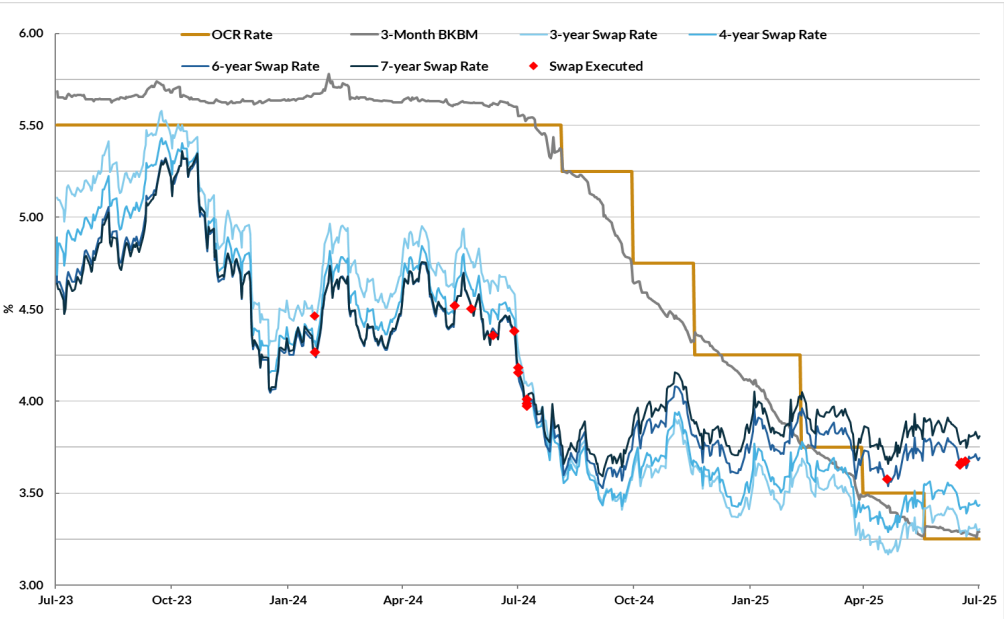
Interest Rate Risk Position

30 June 2025



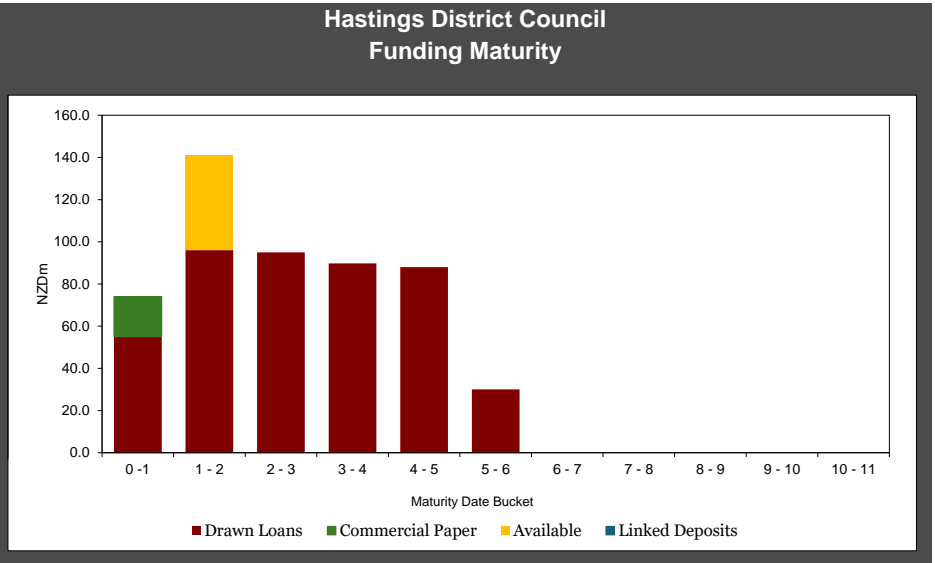
Debt Interest Rate Policy Parameters					
(calculated on rolling monthly basis)					
Debt Period Ending	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
Current	473	40%	99%	60%	Yes
Year 1	550	40%	99%	54%	Yes
Year 2	640	25%	80%	42%	Yes
Year 3	676	25%	80%	40%	Yes
Year 4	698	25%	80%	28%	Yes
Year 5	711	0%	60%	26%	Yes
Year 6	686	0%	60%	0%	Yes
Year 7	667	0%	60%	0%	Yes
Year 8	638	0%	60%	0%	Yes
Year 9	664	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			2.64 Years		

Cost of Holding Fixed Interest Position				30-Jun-25			30-Jun-24			Movement for Year		
Live Interest Rate Swaps				Notional Swap Value	Avg Int Rate	Valuation	Notional Swap Value	Avg Int Rate	Valuation	Notional Swap Value	Avg Int Rate	Valuation
Forward Starting Interest Rate Swaps				114,500,000	3.75%	(1,281,959)	83,500,000	3.75%	2,243,219	31,000,000	(0.00%)	(3,525,178)
Fixed Rate Cover Live & Forward				221,000,000	4.18%	(671,232)	89,000,000	4.11%	427,918	132,000,000	0.06%	(1,099,150)
Total Interest Rate Swaps				505,500,000	4.19%	(1,953,191)	312,500,000	4.11%	2,671,137	163,000,000		(4,624,328)
Average Cost of Funds				30-Jun-25			30-Jun-24			Movement for Year		
Fixed Rate Loans with LGFA				Notional Value	Avg Int Rate		Notional Value	Avg Int Rate		Notional Value	Avg Int Rate	
Floating Rate Loans with LGFA				170,000,000	4.50%		140,000,000	4.18%		30,000,000	0.32%	
Live Interest Rate Swaps				302,000,000	4.06%		253,000,000	6.23%		49,000,000	(2.17%)	
Westpac Lines of Credit				114,500,000	3.75%		83,500,000	3.75%		31,000,000	(0.00%)	
Fixed Rate Loans with HNZ				45,000,000	0.30%		45,000,000	0.27%		0	0.03%	
Total External Loans / Average Cost of Borrowing				740,000	0.00%		740,000	0.00%		0	0.00%	
				472,740,000	4.35%		393,740,000	5.10%		79,000,000	(0.75%)	



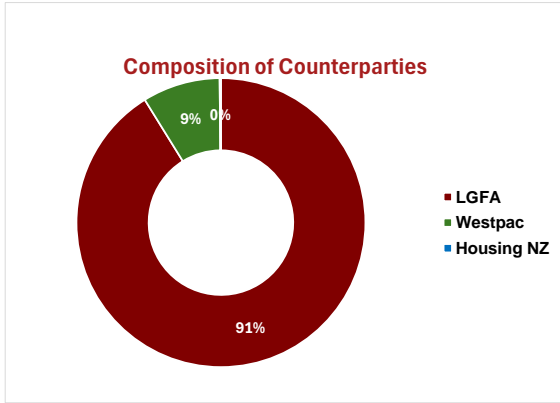
Funding and Liquidity Risk Position

30 June 2025



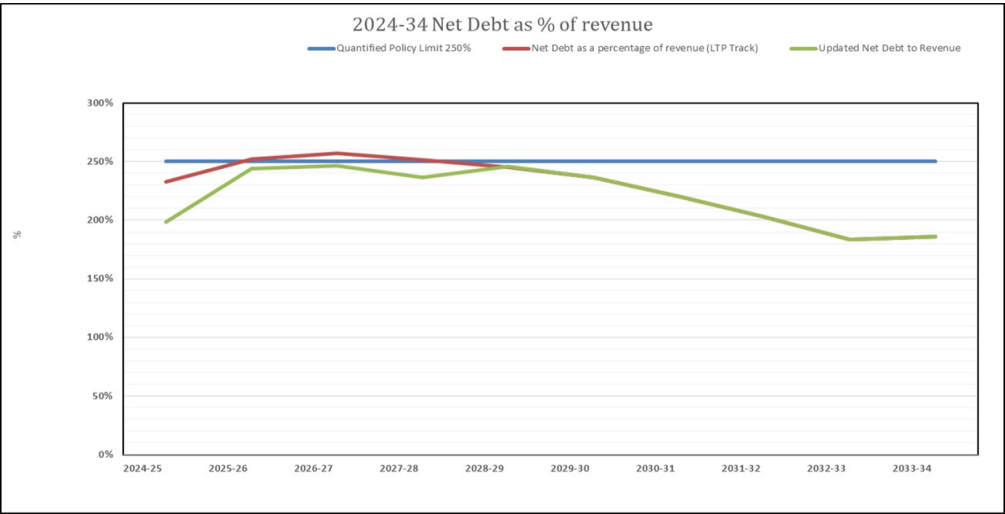
Funding KPI's

	Minimum %	Maximum %	Actual	Compliant (Y/N)
Liquidity	110%	170%	116%	Yes
Fixed Interest Debt	40%	99%	60%	Yes
Funding Maturity Profile				
0-1 Year	0%	33%	19%	Yes
1-2 Year	0%	33%	26%	Yes
2-3 Year	0%	33%	17%	Yes
3-4 Year	0%	33%	16%	Yes
5-6 Year	0%	33%	16%	Yes
6-7 Year	0%	33%	5%	Yes
7-8 Year	0%	33%	0%	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%	15%	Yes
Net Debt as % Income		250%	128%	Yes
Net Interest as % Income		15%	6%	Yes
Net Interest as % of Rates		20%	16%	Yes



Funding and Liquidity Characteristics

Total External Council Drawn Debt	472,740,000	Forward Start Contract	-
Funds Drawn from LGFA	472,000,000	LIQUIDITY RATIO	1.16
Undrawn Bank Facilities	45,000,000	Definition: ((Cash Reserves + Lines of Credit + Drawn Debt) / Drawn Debt)	
Bank Deposits & Term Deposits	30,000,000	Weighted Average Length of Funding	2.84 Years





Tuesday, 29 July 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: Graham Watson, Chief Financial Officer**

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*Te Take:*  
**Subject: CFO Update**

---

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

### **Overview**

- 1.1 The purpose of this report is to update the Risk and Assurance Committee on progress relating to the ongoing Yearend process. Overview of an incident where an incorrect payment was made.
- 1.2 Officers have started a review of both Treasury and Delegated Financial Authority (DFA) policies.

### **Incorrect Payment**

- 1.3 On the 9 May 2025 a payment was made to the wrong recipient. The Finance team were contacted immediately and notified of the incorrect payment, with the money repaid the same day.
- 1.4 An investigation was held into how this situation occurred, identifying the cause being a combination of a default setting in the Finance setting and human error
- 1.5 The investigation found that when raising the payment, the last digit of the Supplier Code was deleted in error causing the finance system to default the missing digit to "0" thus changing the supplier code and subsequent payment recipient.
- 1.6 The invoice was then submitted to their line manager for approval, who did not detect the anomaly and approved the transaction resulting in the incorrect payment being made.
- 1.7 The Tech 1 system is being upgraded in August and there will be more controls available to decrease the likelihood of similar situations occurring. Two such improvements are a flag warning that the creditor number on the header does not match that in the detail, along with the addition of audit trail capability with the AP ledger.

- 1.8 Current controls in place include accounts payable ledger balances are extracted monthly as a manual record of balances. Following on from this event, and at least until the upgrade occurs, officers will review Council payment proposals and specifically check for unusual payments. Monthly Supplier Statement reconciliations are also used to ensure the correct payments are being applied.
- 1.9 Council completed an Internal Audit review of the 2023-2024 financial year of payments using data analytics software. The audit was performed by Crowe Australasia (a third-party audit and accounting firm specialising in local government) querying any accounts payable supplier bank accounts against payroll bank account records for staff to provide assurance on transactions. The report was received in March. The report provided good confidence that no inappropriate transactions exist within the anomalies identified.
- 1.10 Finance is undertaking a range on internal communications activities to highlight the risk and outline the importance of invoice approvals and responsibilities on individuals when using their signature (electronic or otherwise) on Council documents.

#### **Yearend update**

- 1.11 Year end is well underway with officers currently working through the year end timetable and the Annual Report timetables. The year end close-off process is earlier this year due to Council elections meaning adoption will be on the last Council meeting of this Council on 9 October. In addition, the upgrade of Tech1 to the cloud on 25 August has meant officers are needing to complete any year end transactions before this deadline.
- 1.12 The Council Auditors EY arrive onsite in early September but have been conducting revenue and expenditure testing offsite throughout the July period.
- 1.13 As noted as part of the 23/24 Audit, Council would undertake a 3 Waters Valuation in 24/25 as part of Local Water Done Well. The 3 waters valuation was completed as at 31 March 2025. The valuation impact has been booked through Council's fixed asset system and is currently being reviewed by EY, Councils auditors.
- 1.14 As part of the agreed Valuation cycle officers have completed a Parks valuation which has been booked in the system. The parks valuation shows a significant uplift in value compared to the prior valuation driven mainly by an increase in trees.
- 1.15 A draft set of financials will be provided at the next Risk and Assurance Committee meeting on 9 September.

## **2.0 Recommendations - *Ngā Tūtohunga***

That the Risk and Assurance Committee receive the report titled CFO Update dated 29 July 2025.

#### **Attachments:**

There are no attachments for this report.

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Tuesday, 29 July 2025

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Item 10

*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

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

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*Te Take:*  
**Subject: Data Analytics Report Results**

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

- 1.1 The purpose of this report is to present, to the Risk and Assurance Committee, the outcome of the data analytics review undertaken by Findex Crowe from December 2024.
- 1.2 The objective of this review was to perform specific tests to detect suspicious transactions. The testing areas covered were payroll and accounts payable payments during the period 1 January 2023 to 30 June 2024 with the master data testing as at the date of extraction which was 6 December 2024.
- 1.3 It should be noted that one test for Vendors with multiple bank account changes and payments made to each account could not be completed due to availability of data to support the test.

## **2.0 Recommendations - *Ngā Tūtohunga***

- A) That the Risk and Assurance Committee receive the report titled Data Analytics Report Results dated 29 July 2025.
- B) That the Committee acknowledge the external analytical testing of Council transactions data has been completed as part of the control environment to detect in appropriate financial transactions.

## **Attachments:**

1  HDC Data Analytics Report December 2024 by  
Findex Crowe

PMD-9-2-25-110

Under  
Separate  
Cover

Item 10

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Tuesday, 29 July 2025

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Risk and Assurance Committee Meeting****Item 11***Te Rārangi Take*

# Report to Risk and Assurance Committee

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

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*Te Take:*  
**Subject: Report on Improving Telecommunications in Hawke's Bay**

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

- 1.1 The purpose of this paper is to table, for the Risk and Assurance Committee, the report on Improving Telecommunications Resilience in Hawke's Bay from July 2024 (the Report) for consideration by the Committee.

## **2.0 Background**

- 2.1 As part of the recovery from Cyclone Gabrielle the Hawke's Bay Regional Recovery Agency and Hawke's Bay Regional Economic Development Agency funded a paper to examines the vulnerabilities of Hawke's Bay's telecommunications networks to natural disasters and other hazards and provides recommendations for mitigating these risks.
- 2.2 The report identifies five key findings and recommendations, and concludes that ongoing regional collaboration with operators, lines companies and Councils is needed to effect changes that will improve the resilience of critical infrastructure particularly in the telecommunications sector.

## **3.0 Report Findings**

- 3.1 The Report makes the following key findings about the resilience of Telecommunications in the region:
- The dependence of telecommunications networks on the power grid.
  - Regional telecommunications have significant vulnerabilities due to a lack of redundancy, shared routes, and exposure to natural hazards.

- Emergency services and other critical communications networks often rely on the same fragile infrastructure.
- Cyclical dependencies emerge when the communications necessary to coordinate recovery efforts are also impacted.
- Theft and vandalism pose additional risks to telecommunications resilience.

## 4.0 Report Recommendations

4.1 To address these key findings the report makes the following recommendations:

- Extended battery backup capabilities should be installed at *key* cellular sites.
- Install solar arrays and/or grid-scale batteries at *major* transmission sites.
- Explore development of alternative fibre optic paths that are less susceptible to concurrent failures from shared hazards.
- Engage with the electricity sector, New Zealand Transport Agency, councils and the Hawke's Bay Regional Recovery Agency on critical infrastructure dependencies and how greater resilience can be built across the co-dependent lifeline infrastructure system in Hawke's Bay.
- implementing alternative terrestrial clock sources, ensuring continuous and accurate timekeeping critical for network functionality.
- Improve Physical Site Security at Remote Locations.

4.2 The Report includes a series of steps considered important to implement improvements to the telecommunications systems in the region. One of those steps includes the Hawke's Bay Lifelines Group hosting a discussion between the Telecommunications Forum (TCF) and other regional agencies to discuss more resilient solutions involving improved access and power to critical remote sites across Hawke's Bay. The forum is also intended to develop understanding of the resilience programme that telecommunications providers have been implementing since Cyclone Gabrielle.

## 5.0 Considerations for Council

- 5.1 The fourth recommendation is of particular interest to council as it relates to the dependence on access to telecommunications sites to undertake service and repair work. This has potential implications for the level of service telecommunication providers might expect of the Transport network servicing these sites.
- 5.2 Discussion with Hawke's Bay Emergency Management Office Lifelines facilitator has indicated that a specific level of service for road access to telecommunications site is not likely to become mandated. The current regulations require telecommunications providers to have suitable contingency plans in place to access key sites as part of business continuity planning.
- 5.3 Considering the importance of reliable communications, supporting the work required to address the report recommendations is desirable. Therefore, Council Officers will continue to actively contribute to this project to support a sustainable solution for the community and all parties.

## 6.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Report on Improving Telecommunications in Hawke's Bay dated 29 July 2025.
- B) That the Committee acknowledge that Council Officers will continue to proactively contribute to this project to support a sustainable solution for the community and all parties.

**Attachments:**

1 ➡	Improving Telecommunications Resilience in Hawke's Bay July 2024	EMG-01-4-4-25-8	Under Separate Cover
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**Item 11**





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Tuesday, 29 July 2025

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Risk and Assurance Committee Meeting****Item 12***Te Rārangi Take*

# Report to Risk and Assurance Committee

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

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*Te Take:*  
**Subject: Enterprise Risk Management Policy & Framework Annual Review**

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## **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 the annual review of the Hastings District Council (HDC) Enterprise Risk Management Policy and Framework V7 (the Risk Policy), including the Tier 1 Strategic Risk Register, for review and endorsement by the Committee.

## **2.0 Enterprise Risk Management Framework & Policy**

- 2.1 The annual review of the HDC Risk Policy (**Attachment 1**) has been completed, which included checking whether any changes had been made to the underlying ISO31000 Risk Management Standard.
- 2.2 As a result of the review only minor changes to the Risk Policy were needed to reflect changes in organisation operations and role descriptions. In addition to these updates, the Risk Policy has been migrated into the new HDC Policy template branding for consistency with other corporate policy documents.

## **3.0 Strategic Risk Register**

- 3.1 The Strategic Risk Register has been updated to reflect feedback from the last Committee meeting to address changes in the operating environment. The current register is attached as **Attachment 2**.
- 3.2 The following changes have been made to the Strategic Risk Register:
- Societal Polarisation has been added as a new threat which incorporates Truth Decay as a driver. The previous risk relating to Truth Decay has been archived.

- Generative AI Efficiency has been added as an opportunity to deliver improved or faster services, or as a means for coping with increasing service demands.

#### 4.0 Recommendations - *Ngā Tūtohunga*

- A) That the Risk and Assurance Committee receive the report titled Enterprise Risk Management Policy & Framework Annual Review dated 29 July 2025.
- B) That the Committee endorse the following documents and recommend that they be presented to Council:
  - i. Hastings District Council Enterprise Risk Management Policy and Framework V7.
  - ii. Hastings District Council Tier 1 Strategic Risk Register as at July 2025.

#### Attachments:

1 ➡	DRAFT HDC Enterprise Risk Management Policy and Framework V7	PMD-9-3-25-120	Under Separate Cover
2 ➡	Tier 1 Strategic Risk Register July 2025	PMD-9-3-25-119	Under Separate Cover

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Tuesday, 29 July 2025

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*Te Hui o Te Kaunihera ā-Rohe o Heretaunga***Hastings District Council: Risk and Assurance Committee Meeting****Item 13***Te Rārangi Take*

# Report to Risk and Assurance Committee

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

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

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## **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 status of actions from this Committee (**Attachment 1**).
- Artificial Intelligence Applications for Council.
- Civil Defence Emergency Management Transformation Update
- Status of external audit actions.
- Status of corporate policies.

## **2.0 Artificial Intelligence Applications for Council**

- 2.1 Council is currently developing its AI strategy, grounded in a commitment to the safe, ethical, and impactful use of artificial intelligence. The emerging vision is to harness AI in ways that enhance service delivery, empower staff, and support improved community outcomes. While the strategy is still in formation, its foundation aligns closely with leading governance principles outlined by the Institute of Directors, ensuring that future AI adoption is responsible, transparent, and aligned with Council's values and obligations.
- 2.2 The strategy-in-development focuses on five priority areas: increasing awareness and education, building capability and fostering a learning culture, strengthening governance and managing risk, identifying and testing use cases through pilot projects, and aligning with partners across the public

and private sectors. These priorities are intended to ensure Council adopts AI in a way that is both practical and future focused.

- 2.3 A dual approach is being proposed. From the bottom up, Council plans to identify an AI toolkit to make safe and approved tools available to staff as digital assistants, promoting responsible experimentation and productivity gains. This stream will be funded through existing budgets that will be redirected to the Information Management and Business Transformation (IMBT) team to support ongoing licensing and operational costs. From the top down, a strategic AI working group—comprising the CIO, GM of Marketing, Communications & engagement, and Group Manager of Strategy—will oversee the evaluation, prioritisation, and governance of AI use cases across the organisation.
- 2.4 The proposed timeline includes adoption of the AI strategy and launch of a staff education campaign in mid to late 2025, followed by the initiation of two pilot projects by the strategic working group by the end of 2025. This phased implementation ensures a structured, inclusive, and well-governed path toward embedding AI capability within Council.

### 3.0 Civil Defence Emergency Management Regional Transformation Update

- 3.1 Based on feedback from a Council workshop on the Civil Defence Emergency Management Draft Service Level Agreement (SLA) held on 17<sup>th</sup> of June Officers provided Hawkes Bay Regional Council with the following high-level commentary:
- There was agreement with the general direction set out in the SLA regarding a Locally Lead – Regionally Coordinated model, and that HDC needs to meet expectations for delivery of CDEM.
  - There was concern over the specific requirements of Schedule 1 to the SLA and it was felt that further work was needed to refine the actual balance of responsibilities listed.
  - Funding was a key issue, and there was a view that in the short-term Hastings District Council (HDC) needs to be provided the funded to meet the SLA obligations. In the medium term, there was concern that total rating requirement across TA and HBRC is reasonable and does not double rate for the same service.
- 3.2 The SLA was subsequently discussed at a Chief Executive forum on the 21<sup>st</sup> of June. At this meeting there was agreement that the SLA would be changed to focus on the principles each party should aim to achieve, in place of the specific targets for staffing and resources the draft contained. The revised SLA is to be considered at a Coordinating Executive Group (CEG) meeting on 21<sup>st</sup> July.
- 3.3 Until the SLA has been agreed there is a lack of clarity over the roles and responsibilities of each agency. To mitigate this risk Officers are working closely with the Hawke's Bay Emergency Management Office to ensure HDC has measures in place to deliver the emergency management activities that would be expected of Council during a response.

### 4.0 External Audit Actions

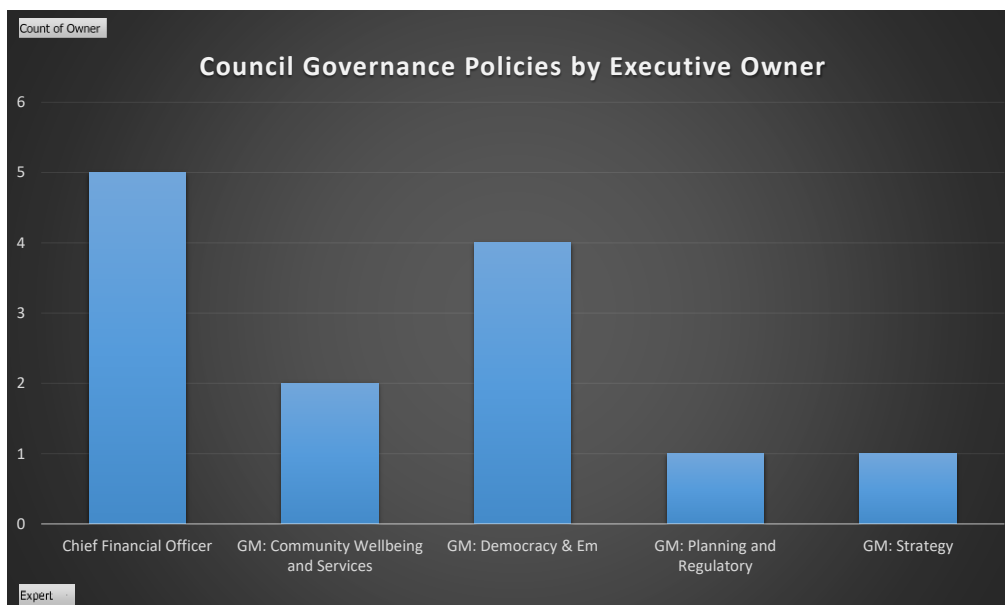
- 4.1 The data below lists the actions from external audit over the last five financial years.  
Note: The anomaly of actions closed in 2022 can be contributed to this being the first year Council was audited by Ernst & Young (EY), so the focussed was on the change in auditors and more actions were then closed in the 2022/2023 year.

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

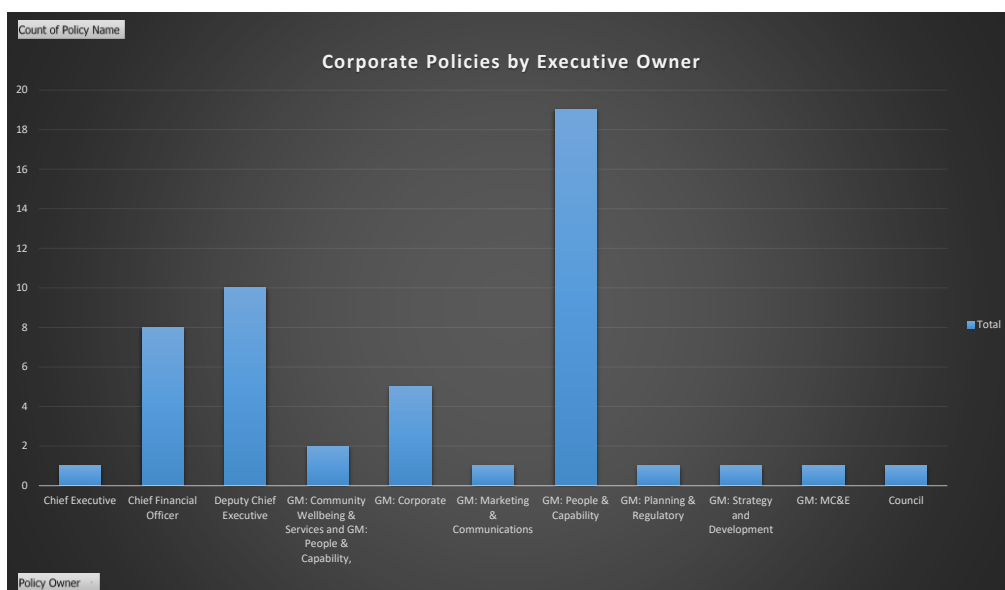
- 4.2 Four of the open actions have been completed and are pending sign-off.

## 5.0 Council Policy Status

- 5.1 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:



- 5.2 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:



- 5.3 Below is a snapshot of policies due for a review as at July 2025:

	Current	Previous
Total Number of Policies	50	50
Due for review in 3 months	3	2
Number of policies overdue for review	31	33
Overdue policies (%)	62%	66%

- 5.4 An improvement in the number of policies due for review has occurred since the last report. This reflects the work undertaken to remind policies owners of the need to review policies that have


passed their review date. Work is continuing to ensure policies are reviewed to ensure they remain fit for purpose.

## 6.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Executive Overview and Status of Actions dated 29 July 2025.

Item 13

### Attachments:

- 1  Status of Actions for Risk and Assurance Committee    CG-17-6-00225  
July 2025

## 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	<b><u>Assurance Activity Update:</u></b> <ul style="list-style-type: none"> <li>Make people aware of the data analytics process council is undertaking as a potential fraud deterrent.</li> </ul>	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	<b><u>Health, Safety &amp; Wellbeing Risk Management Update</u></b> <ul style="list-style-type: none"> <li>The Committee endorsed the health and safety practice that staff use respirators at all times at the landfill due to the potential asbestos risk.</li> <li>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).</li> </ul>	Jennie Kuzman  Jennie Kuzman.	Complete	Closed
7	25/3/25	<b><u>Committee Terms of Reference Review 2025</u></b> <ul style="list-style-type: none"> <li>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 &amp; A Committee.</li> <li>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.</li> </ul>	Regan Smith/Graeme McGlinn  Regan Smith/Graeme McGlinn	Complete	Closed  Closed

Ref: CG-17-6-00119

8	25/3/25	<b><u>Annual Strategic Risk Horizon Scan 2025</u></b> <ul style="list-style-type: none"> <li>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.</li> </ul>	Warren Perry	In Progress	
9	25/3/25	<b><u>Annual Plan 2025/2026 Progress Update</u></b> <ul style="list-style-type: none"> <li>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.</li> </ul>	Regan Smith	In Progress	Ongoing
11	25/3/25	<b><u>Executive Overview and Status of Actions</u></b> <ul style="list-style-type: none"> <li>Report back to the Committee on risks to Council as a result of Local Water Done Well including the risks in community consultation.</li> <li>The Chair to be invited to take part in all the Local Water Done Well workshops in April.</li> </ul>	Bruce Allan/Graham Watson  Louise Stettner	In Progress  In Progress	Ongoing

### Status of Actions – from 6/5/25 meeting

Item No	Meeting Date	Action	Reporting Officer	Progress	Complete
4	6/5/25	<b><u>Proposed Committee Terms of Reference and Works Programme</u></b> <ul style="list-style-type: none"> <li>The Council needed to remain connected to the community and maintain trust and confidence. R&amp;A Committee watch for possible damage to the Council's reputation and mandate to operate. The latter point to be added into the Strategic Risk Register.</li> </ul>	Regan Smith		

Ref: CG-17-6-00119



6	6/5/25	<b><u>Health, Safety &amp; Wellbeing Risk Management Update</u></b> <ul style="list-style-type: none"> <li>Lead Team continue to check to ensure that necessary work is actually being carried out as intended in the Council's Health, Safety &amp; Wellbeing policies. Further "off-line" discussion with the Chair.</li> </ul>	G McGlinn/Bronwyn Bayliss/Jennie Kuzman/D Langford.		
7	6/5/25	<b><u>Executive Overview and Status of Actions</u></b> <ul style="list-style-type: none"> <li>International Fraud Awareness week in November – officers to keep a focus on/make the organisation (including Mayor and Councillors) aware of any areas where internal fraud might be prone to occur/has been identified.</li> <li>Workshops in new triennium – Procurement introduction for the incoming council plus a risk deep dive workshop for R&amp;A committee.</li> </ul>	Regan Smith  Ange Hirst	In Progress	
8	6/5/25	<b><u>Civil Defence Emergency Transformation Risk Management</u></b> <ul style="list-style-type: none"> <li>That training be organised in regard to CDEM and the council's role, as soon as possible, in the new triennium for the incoming council.</li> </ul>	Regan Smith		
9	6/5/25	<b><u>Treasury Activity and Funding Update</u></b> <ul style="list-style-type: none"> <li>Officers to confirm what level of debt (figure-wise) was factored into the 60% figure (water assets debt).</li> </ul>	Aaron Wilson		

Ref: CG-17-6-00119



# HASTINGS DISTRICT COUNCIL

## RISK AND ASSURANCE COMMITTEE MEETING

TUESDAY, 29 JULY 2025

Item 16

### 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:

#### 17 Current Issues Summary July 2025

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>
17 Current Issues Summary July 2025	<b>Section 7 (2) (f) (ii)</b> 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.	<b>Section 48(1)(a)(i)</b> 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.