

Wednesday, 25 February 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council

Risk and Assurance Committee Meeting

Kaupapataka

Agenda

Te Rā Hui:
Meeting date: **Wednesday, 25 February 2026**

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:

- 1) Ownership and monitoring of Council's Strategic Risk Framework
- 2) Reasonable assurance as to the integrity and reliability of the financial reporting of Council.
- 3) Monitoring of Council's requirements under the Treasury Policy.
- 4) Monitoring of Council's insurance – if significant change to Council's policy of insuring all its assets.
- 5) Monitoring of Council's material legal exposure.
- 6) Monitoring of Council's health, safety and wellbeing risk management practices (including compliance with Health & Safety Legislation).
- 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 Plan and Annual Report.

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, and always in support of the work of Council and the Standing Committees.

Membership - 10 (including 7 Councillors)

- 7 Councillors - with one being the Chair of Performance and Monitoring, or its equivalent and one being the Chair of Strategy and Policy, or its equivalent.
- 2 external Independent members appointed by Council, with one to be the Chair.
- Deputy Chair appointed by Council from among the membership of 10.
- 1 Heretaunga Takoto Noa Māori Standing Committee Member nominated by the Chair of Heretaunga Takoto Noa Māori Standing Committee and appointed by Council.

Quorum – 6 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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Risk and Assurance Committee Meeting

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Agenda

Koromatua

Chair: Graeme McGlenn – External Independent Appointee

Nga Kai Kaunihera

Councillors: Simon Nixon, Michael Fowler (Chair of Performance & Monitoring Committee), Councillor Heather Te Au-Skipworth (Chair of Strategy & Recovery Committee), Yvonne Lorkin, Callum Ross, Derek Nowell-Usticke (Deputy Chair) and Elisha Milmine

Mematanga:

Membership:

Mayor Wendy Schollum

External Independent Appointee: Vacancy

Heretaunga Takoto Noa Māori Standing Committee appointee: Vacancy

Tokamatua:

Quorum: 6 members

Kaihokoe mo te Apiha

Officers Responsible:

Chief Risk Officer – Regan Smith

AND

Chief Financial Officer – Graham Watson

Te Rōpū Manapori me te Kāwanatanga

Democracy &

Governance Services:

Christine Hilton (Extn 5633)

Te Rārangi Take

Order of Business

Apologies – Ngā Whakapāhatanga

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

2.0 *Conflict of Interest – He Ngākau Kōnatunatu*

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

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

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

Confirmation of Minutes – Te Whakamana i Ngā Miniti

- 3.0** As this is the first meeting of the triennium, there are no previous minutes to be confirmed.
-

- 4.0** **Committee Terms of Reference and Standard Work Programme 2026** **7**
-

- 5.0** **Infrastructure Programme Update** **13**
-

- 6.0** **Treasury Activity and Funding Update** **27**
-

- 7.0** **Local Water Done Well** **33**
-

8.0	Health, Safety & Wellbeing Risk Management Update	37
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9.0	Annual Strategic Risk Horizon Scan 2026	41
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10.0	Executive Overview and Status of Actions	45
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11.0	Annual Plan Update	51
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12.0	<i>Minor Items – Ngā Take Iti</i>	
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13.0	<i>Urgent Items – Ngā Take Whakahihiri</i>	
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Wednesday, 25 February 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Item 4

Te Rārangi Take

Report to Risk and Assurance Committee

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

Te Take: **Committee Terms of Reference and Standard Work Programme**
Subject: **2026**

1.0 Purpose and summary - Te Kaupapa Me Te Whakarāpopototanga

- 1.1 The purpose of this report is to present the approved Terms of Reference for the Risk and Assurance Committee and the associated standard work programme for review by the Committee.
- 1.2 The Terms of Reference for the Committee was adopted by Council on 2nd of December 2025 in the Committee and Rural Community Board Register of Delegations 2025 – 2028. A copy of this is included in **Attachment 1** for reference.
- 1.3 Associated with the Terms of Reference is the current standing work programme for the Committee. The purpose of the work programme is to show how the committee is discharging its delegated responsibilities over the course of the year. This is provided for review by the Committee.

2.0 Recommendations - Ngā Tūhonga

- A) That the Risk and Assurance Committee receive the report titled Committee Terms of Reference and Standard Work Programme 2026 dated 25 February 2026.
- B) That the Committee confirm the Committee Standing work programme.

Attachments:

- 1 [↓](#) Risk and Assurance Committee Terms of Reference and Work Programme 2026 PMD-9-3-26-127



INTERNAL REPORT

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

Subject: Risk & Assurance Committee Standing Agenda (V2.3)

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

COMMITTEE TERMS OF REFERENCE:

Taken from [Committee and Rural Community Board Register Of Delegations 2025-2028](#) adopted by Council on 2 December 2025

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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

Committee Standing Work Programme

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 external 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	Standing item
	Financial statements				2, 8		
	Annual financial audit report					2, 8	
	Internal review outcomes					1	
	Asset management service risk review		7			7	One infrastructure service pa
Risk	Long Term Plan or Annual Plan update	8, 12					
	Emerging risks horizon scan	1					
	Strategic risk register review		4				
	Strategic risk deep dive			1			
	Strategy & Policy Committee update		1, 12		1, 12		
	Performance & Monitoring Committee update			7, 10		7, 10	
	Insurance Review				1,9,11		
	Infrastructure programme management update	7	7	7		7	Standing item
	Local Water Done Well project update	7	7	7		7	Standing item



NOTES:

- 1) Additional items can be added to the standing work programme at anytime issue arise that may need consideration by the Committee.
- 2) *LTP Policies include:
 - Significance & Engagement Policy
 - Treasury Management Policy
 - Revenue & Financing Policy
 - Rating Policy
 - Rate Remission/Postponement Policy
 - Statement of Accounting Policies

Wednesday, 25 February 2026

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: Darren de Klerk, Deputy Group Manager & Director Infrastructure
From: Delivery

Te Take:
Subject: Infrastructure Programme Update

1.0 Executive 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.

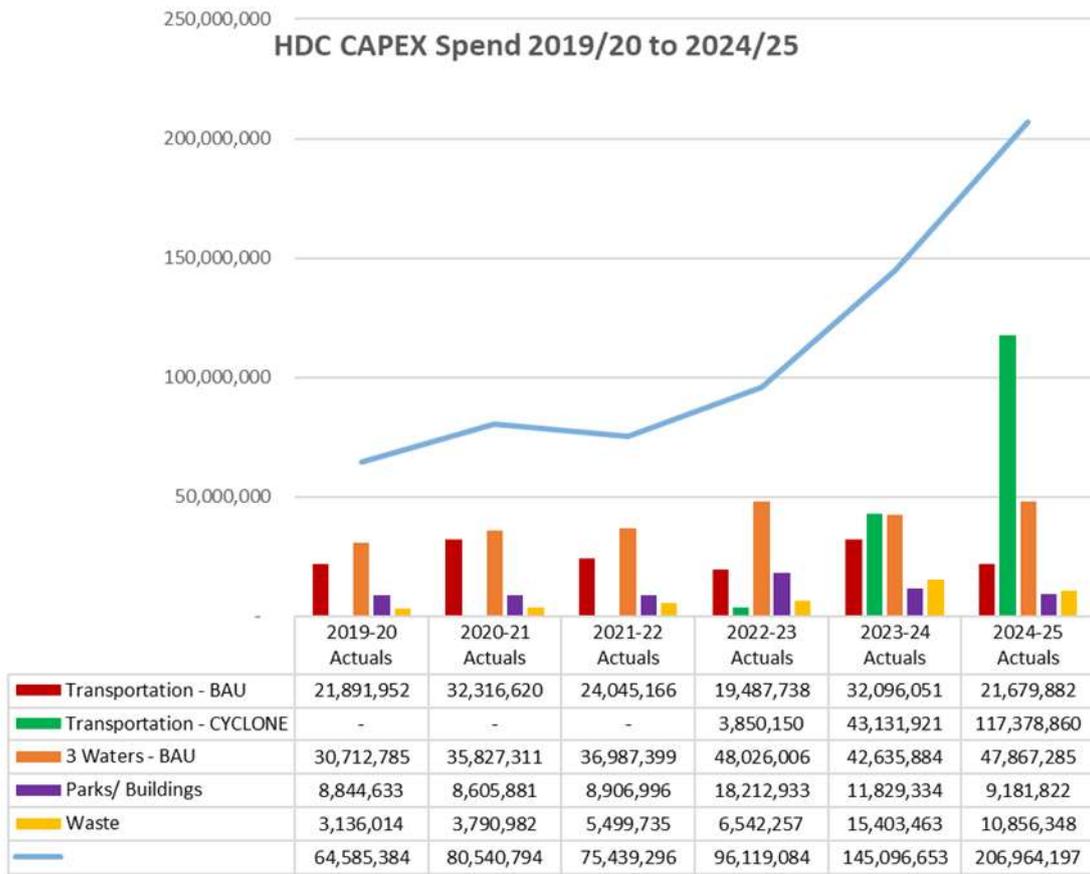
2.0 Recommendations - *Ngā Tūhonga*

- A) That the Risk and Assurance Committee receive the report titled Infrastructure Programme Update dated 25 February 2026.
- 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 infrastructure programme.

3.0 Background – *Te Horopaki*

- 3.1 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

3.2 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.



3.3 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 in-house.

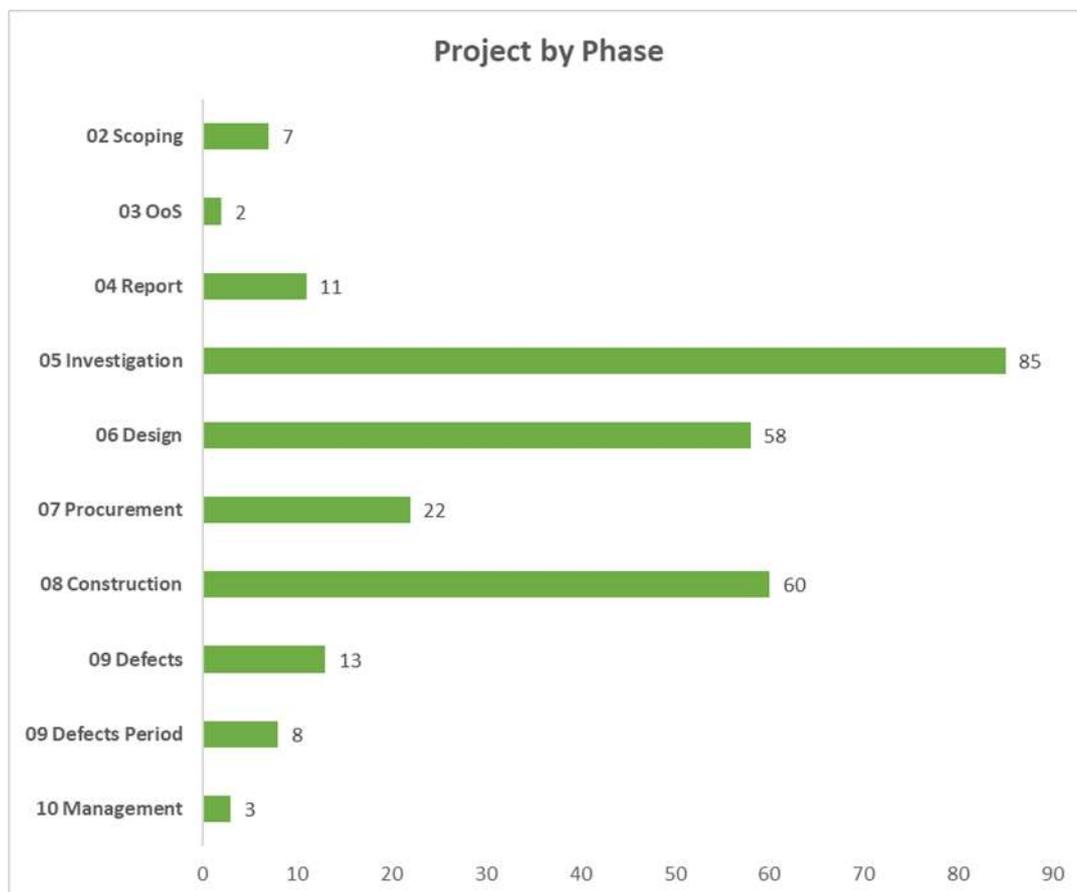
4.0 Strategic Risk Areas

4.1 Programme Health

4.1.1 The current active programme includes 269 active projects, comprising:

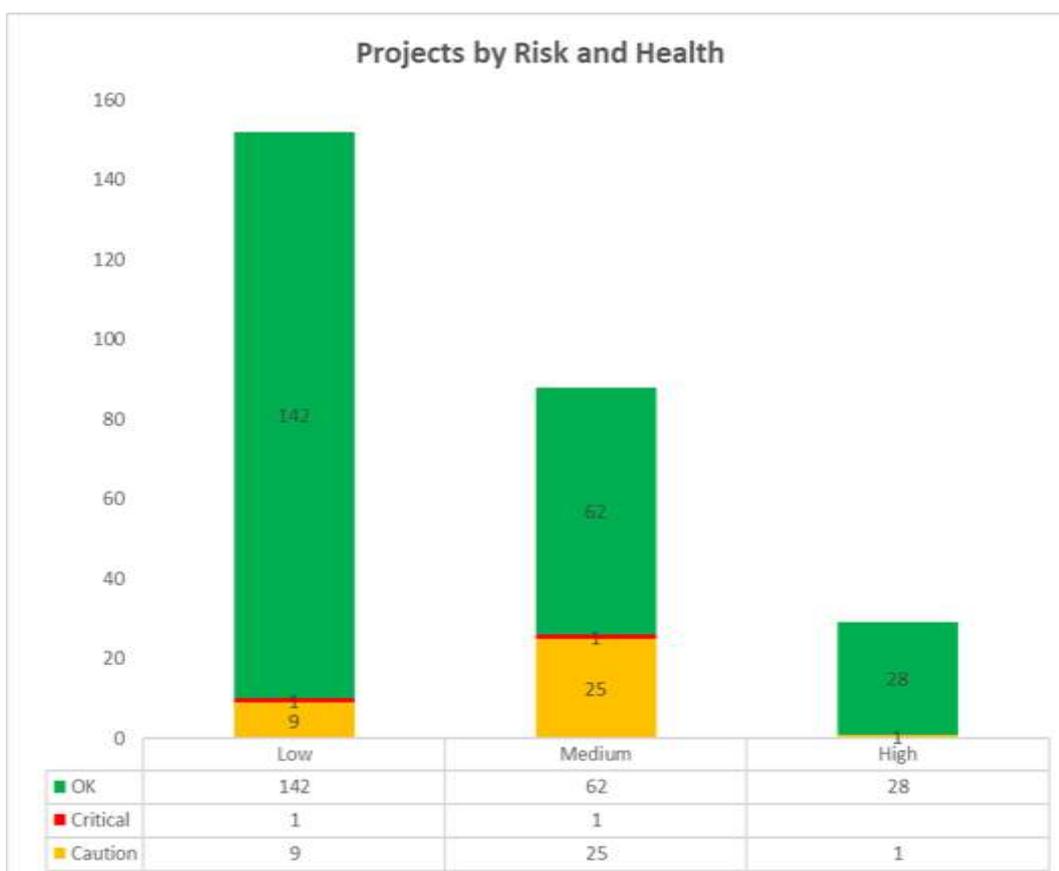
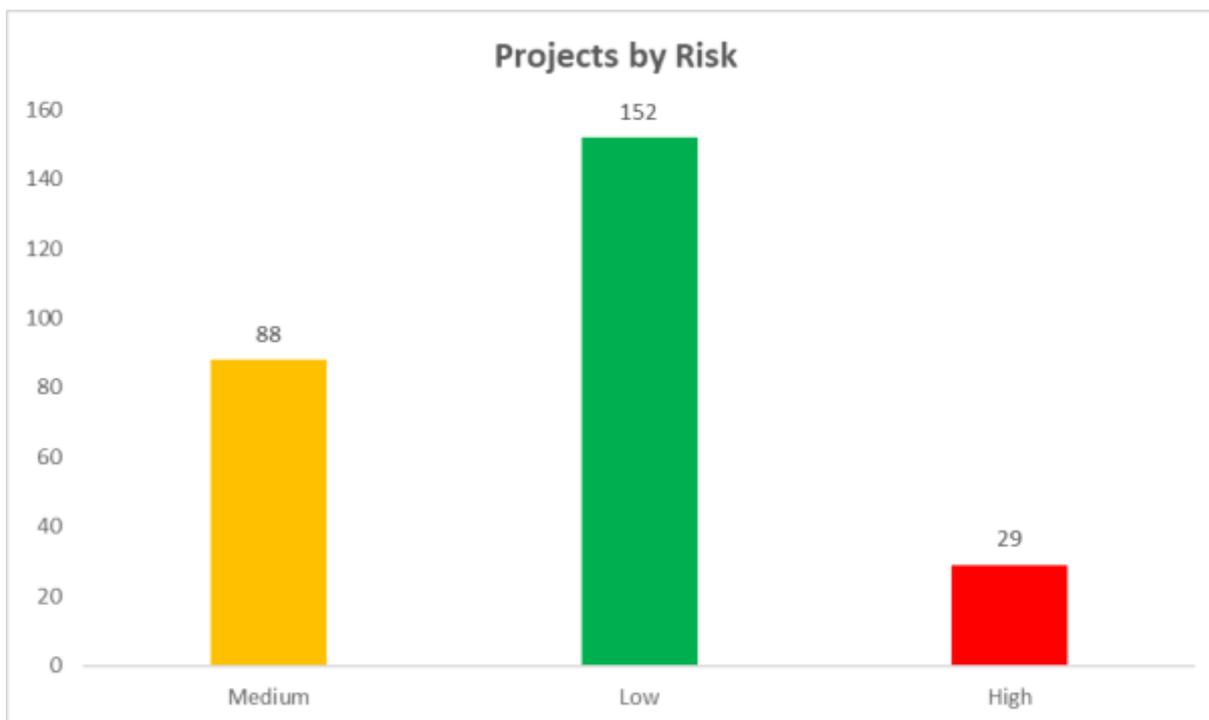
- 87 Three Waters projects
- 176 Transport projects
- 6 Other projects

These projects are distributed across the full range of lifecycle phases, from initiation through to close out.



4.1.2 Projects are assigned an inherent risk rating at initiation, reflecting the probability and consequence of adverse outcomes. The current inherent risk profile is summarised below. High-level descriptions of each risk category, along with associated management and review requirements, are outlined below.

Risk	Description	Management	Review
High	Activities with a high probability of negative consequences and/or significant potential impact	Risk register supported by formal risk tools (e.g. Monte Carlo analysis)	Fortnightly
Medium	Moderate probability and/or moderate impact	Risk register with regular team engagement to identify and manage risks	Monthly
Low	Low probability of negative consequences and/or minimal potential impact	Risk register established to document and monitor potential risks	Quarterly



4.1.3 On a monthly basis, project managers assess the overall health of their projects to determine whether they remain on track or require heightened management, additional controls, or intervention. The accompanying graph presents the latest project health assessment by inherent risk category. Notably, this assessment identifies:

- One medium-risk project, and

- One low-risk project as having a critical health status, indicating the need for closer management attention.

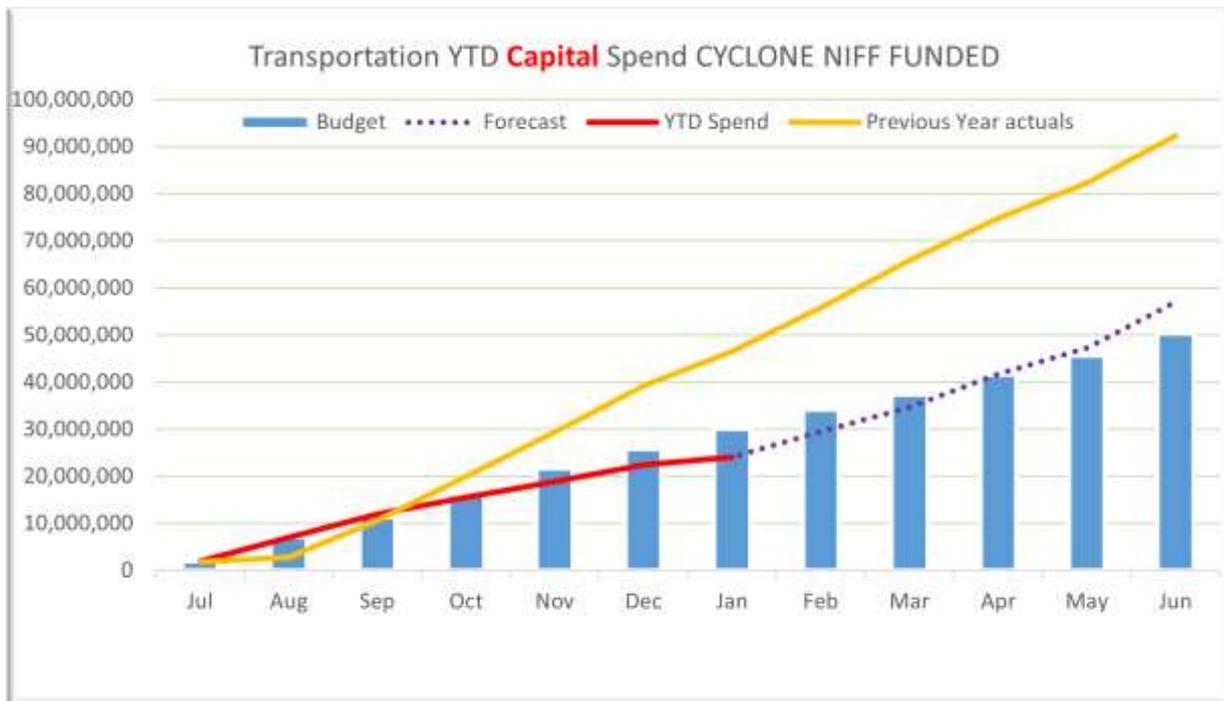
5.0 Discussion – *Te Matapakitanga*

5.1 Value

- 5.1.1 Value for money within a project extends beyond achieving the lowest upfront cost at construction or delivery. It requires consideration of the whole-of-life cost of the asset, applying asset management principles and innovation to look beyond short-term solutions. Decisions made during planning, design, and construction may reduce initial expenditure but can result in increased maintenance liabilities and costs over time.
- 5.1.2 This is an ongoing focus area for Council, requiring an appropriate balance between community expectations and sound asset engineering outcomes. Projects must be underpinned by clear reasoning and justification for investment—typically evidenced through asset management plans—and then managed to ensure outcomes are fit for purpose.

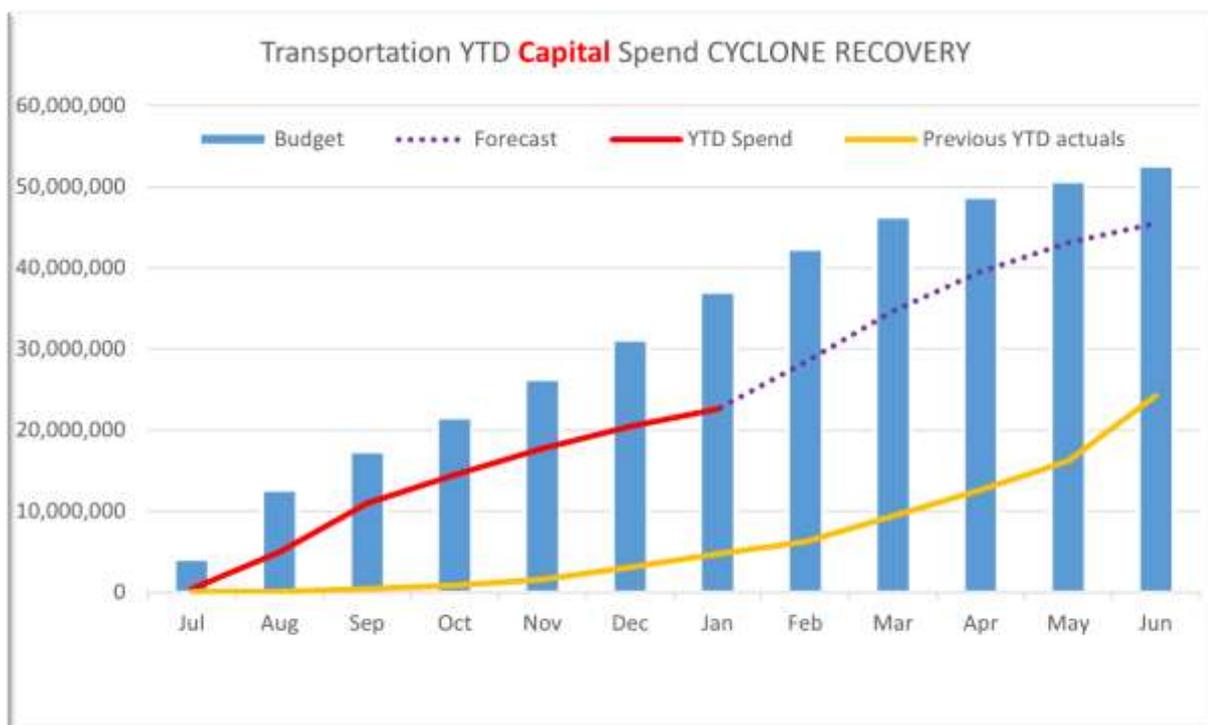
5.2 Deliverability and Resourcing

- 5.2.1 Historically, the capital programme has experienced underspend, and a deliverability assumption has been incorporated into Annual and Long-Term Plans for budgeting purposes (a negative amount added to the programme to recognise not all projects will be full expended in the financial year). Improving the accuracy of delivery forecasting remains a work in progress, with ongoing refinement to better plan and manage annual and long-term programme delivery. Year to date, programme spend is behind budget.
- 5.2.2 Transportation Recovery 100% funded by National Infrastructure Funding and Financing (NIFF) is trending approx. \$5m behind budget, expenditure not spent in FY25/26 will push into FY26/27 – the entire programme (\$227m) of 21 projects is on track to be completed by 30 June 2027 at a completed forecast of \$192m, with discussions ongoing with NIFF to repurpose contingency amounts into additional programme scope and other local share offsetting.
- 5.2.3 As at end of Jan 2026, underspend within the 100% NIFF funded recovery work is primarily a function of phasing and the timing of construction awards, rather than a lack of intent to deliver. The updated forecast indicates material spend still expected later in the year across the programme, particularly within the bridge rebuild package where cashflow is expected to accelerate as construction activity increases and long-lead and structural components are procured and installed. The forecast also reflects active rebalancing of contingencies and profiling, which reduces near-term spend while maintaining capacity to respond to residual delivery risks.
- 5.2.4 In addition, delivery sequencing is being influenced by site-specific delivery constraints and dependencies that sit outside pure contractor productivity (e.g., legalisation/land steps, design resolution arising from site conditions, and the need to manage programme risk exposure by staging commitments). In combination, this results in an updated revised forecast that remains deliverable across the financial year, but with expenditure weighted toward the latter months once outstanding prerequisites are closed out, and construction programmes ramp up.



5.2.5 Transportation Recovery 83% funded by NZTA is trending approx. \$15m behind budget, the key underspend driver to end of Jan is the lag between budget phasing and actual delivery progression, particularly where projects sit in the “reading” stages (final design, procurement, and mobilisation) before converting into peak construction expenditure. Spend is expected to remain active through to year end, with key packages progressing across construction and design streams.

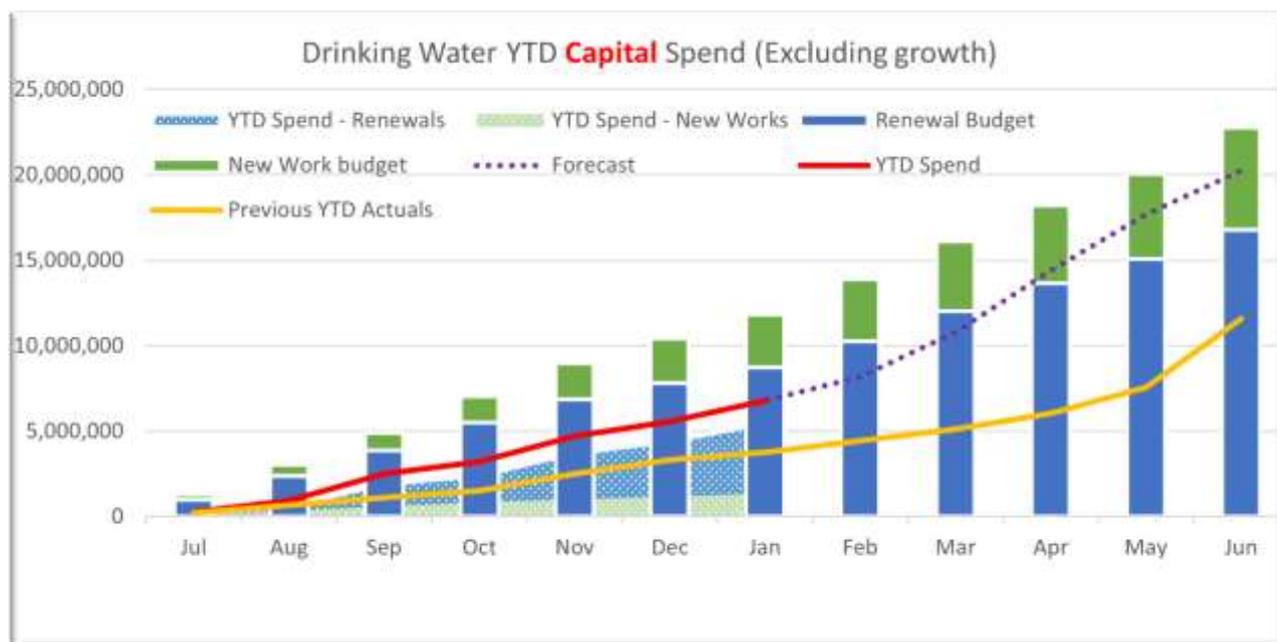
5.2.6 A further programme constraint is the influence of approvals and co-funding dependencies, where the pace of some construction spend is contingent on external decisions or aligned approvals. This affects when forecast expenditure can be converted into actuals.



5.2.7 Drinking Water Capital Expenditure is council funded, with some external funding from Ministry of Health, and is trending approx. \$5m behind budget, largely attributed to slower-than-planned procurement progression on specific programmes, which has pushed expenditure later in the year

and (in places) into early FY26/27. The year-end variance highlights that delayed procurement sequencing has been a direct driver for programme slippage on particular workstreams, while other elements of the renewals programme remain forecast as deliverable through to year end as higher-value projects transition into (or continue within) construction phases – e.g. Omahu drinking water upgrades and Everest, Belmont, Guthrie, Brookvale water main renewals.

5.2.8 Some portions of the programme have been conservatively reforecast due to dependencies that sit outside immediate control, including land ownership/agreement constraints that slow the ability to commit full planned expenditure. In parallel, there are also instances of favourable tender outcomes (Brookvale / Romanes) and rephasing (including projects where pricing came in below estimate, and other projects where phasing has moved spend into FY26/27), which contribute to the overall lower spend position while preserving scope and delivery intent.

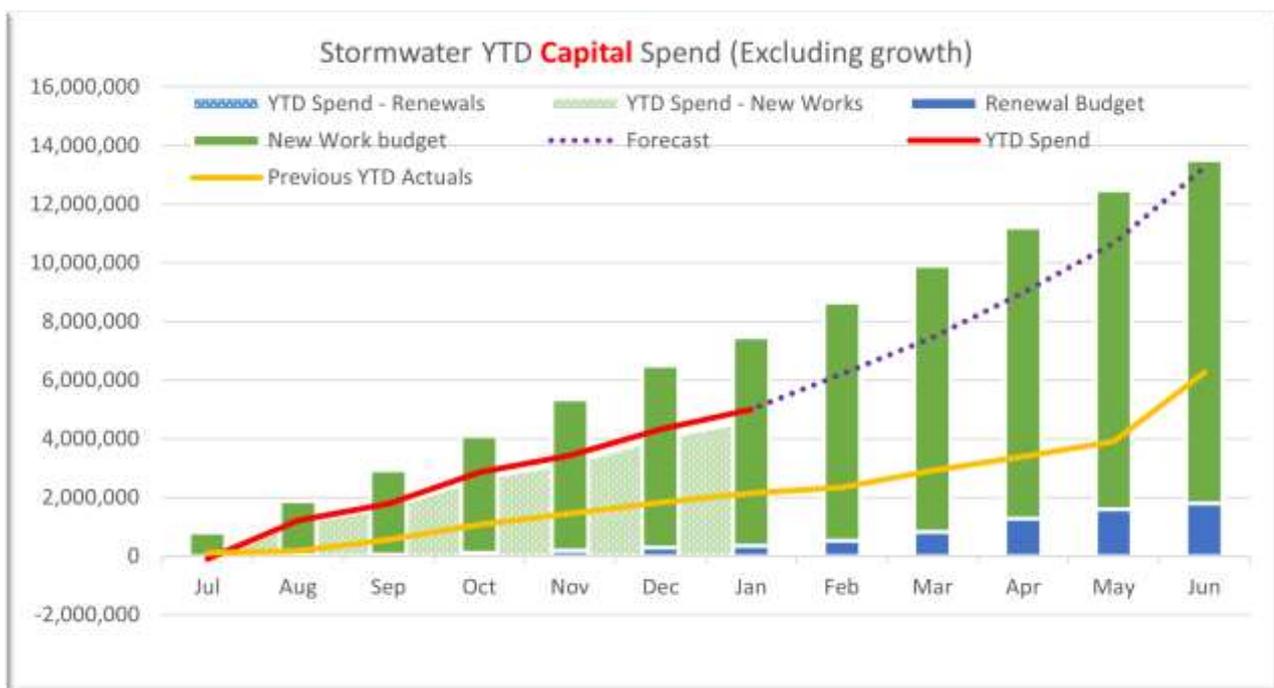


5.2.9 Wastewater Capital Expenditure is council funded, and is trending approx. \$4m behind budget, underspend at end of Jan is primarily driven by phasing of major construction spend into Q3–Q4 and into FY26/27, combined with a small number of high-value projects where procurement and scope maturity have taken longer than initially profiled. Wastewater renewals and new works include material remaining spend that is already signalled as committed or largely committed (e.g., flow monitoring, SCADA/telemetry, CCTV, and construction packages) but weighted to later months, meaning January actuals are naturally behind the baseline profile even where delivery confidence remains.

5.2.10 A specific contributor within wastewater is the shift in phasing assumptions for outfall-related works, reflecting a longer procurement process and the subsequent need to reprofile expenditure; this has created a meaningful variance that sits behind the wider wastewater underspend.



5.2.11 Stormwater Capital Expenditure is council funded is trending approx. \$2m behind budget - Stormwater’s variance is similarly influenced by timing and dependency effects, including the delivery profile of major Havelock North stream works (with spend expected to spike as construction commences/continues) and growth projects where progress is dependent on external processes (e.g., land negotiation and legal/plan change pathways), leading to deliberate carryover of budget into FY26/27.



5.2.12 To improve deliverability and strengthen risk management, there is an increased focus on appropriate resourcing of projects. This includes aligning the capability and experience of project managers with the inherent risk and complexity of each project.

5.3 Contractor Performance Management

5.3.1 Given the scale of the physical works programme, successful delivery is heavily reliant on external contractors. Council actively manages contractor performance using Performance Assessment by Coordinated Evaluation (PACE) to assess and monitor performance. This framework supports performance improvement, incentivisation, and informs future work allocation decisions.as PACE to

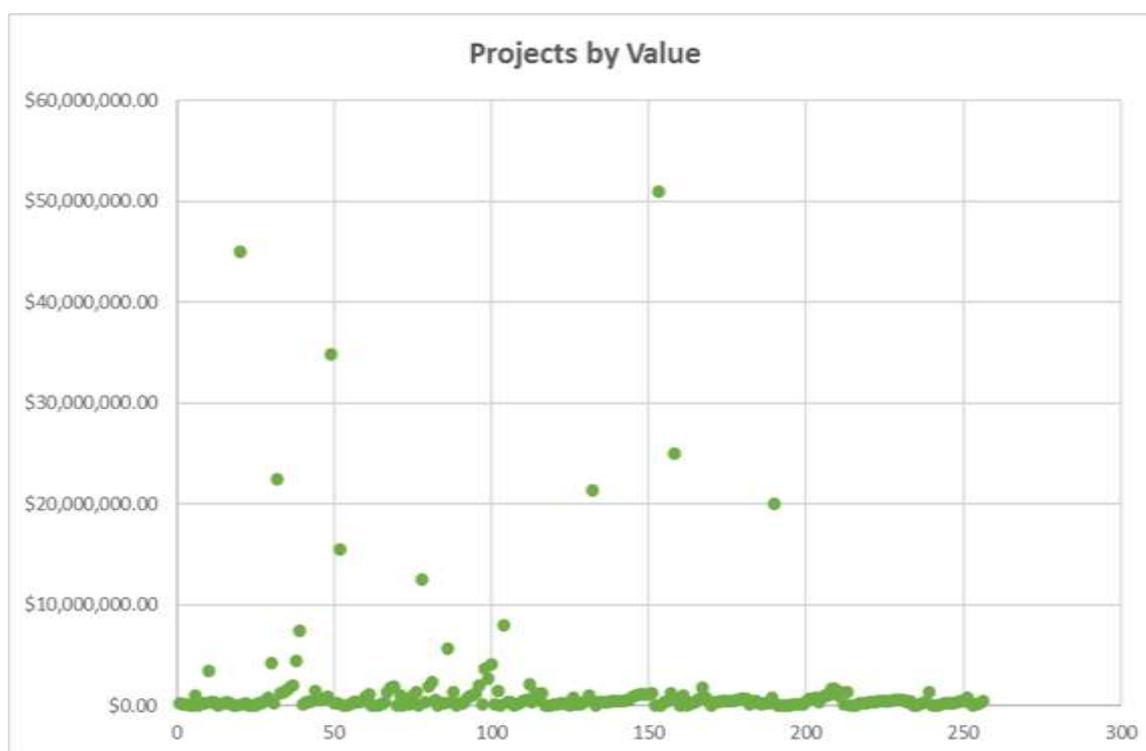
assess and monitor performance. This is an important tool for incentivising performance and informing future work allocation.

5.3.2 Procurement is a key enabler of project success. Selecting the right contractor to deliver the required outcomes is critical to achieving value for the Hastings District community. Poor procurement outcomes can result in adverse impacts across cost, quality, reputation, and delivery, often requiring increased management effort and resources to resolve.

5.4 Project Complexity and Volume

5.4.1 The increasing volume and value of the capital programme introduces greater project complexity, requiring enhanced management and oversight. Conversely, a high number of lower-risk but highly transactional projects also demand oversight and can place pressure on resources where systems and processes are not sufficiently mature.

5.4.2 Projects within the Infrastructure Group range in value from \$11,500 (excl. GST) through to over \$51 million (excl. GST). It is noted that not all projects currently have secured funding.



5.5 Financial Management

5.5.1 Financial management spans multiple dimensions, including:

- Project-level budget control
- Timing of expenditure and impacts on Council cashflow
- Management of external funding and timely recovery of revenue from funders

Effective financial management minimises Council exposure to holding costs and financial risk.

5.6 Quality and Environmental Management

5.6.1 An increase in project volume and complexity—particularly in waterways and environmentally sensitive areas—requires stronger quality and environmental controls to achieve positive outcomes, minimise impacts, reduce rework, and manage compliance risks.

5.6.2 Council addresses this through:

- Robust upfront planning and environmental assessments
- Ecological and cultural training for contractors

- Proactive engagement with regulators
- Clear understanding and management of consent conditions
- Construction supervision by engineers to ensure works align with approved designs

5.7 Communications and Engagement

5.7.1 Heightened community expectations around infrastructure recovery, asset management, and affordability place increased importance on effective communication and engagement. Capital projects require early identification of affected stakeholders and development of appropriate engagement plans. Project managers and contractors are also encouraged to proactively identify opportunities to share project stories and anticipate areas of interest or risk.

5.8 Risk Management Practices

5.8.1 Current risk management practices involve establishing a risk register early in the project lifecycle. Higher-complexity and higher-risk projects require greater focus and more frequent review.

Projects classified as High inherent risk are expected to have:

- Regular risk reviews (e.g. fortnightly and at defined gateways)
- Greater attention on managing residual risk
- Quarterly risk reports – as evidenced in the attachments.

This practice continues to mature and embed consistently across the programme.

5.9 Governance and Reporting

5.9.1 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.”

5.9.2 The creation of the Infrastructure Delivery Committee as a subcommittee of the Performance and Monitoring Committee will provide a key pathway for capital delivery, contractor performance, and procurement planning to be reported and considered.

5.9.3 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).

5.9.4 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 – this type of reporting support appropriate governance oversight.

6.0 Relevant Programme Risks

6.1 Recent Rain Events

- 6.1.1 Recent and repeated rainfall events have highlighted increasing vulnerability across the stormwater and wastewater networks, particularly in relation to infiltration and inflow (I&I). Operational correspondence and wet weather response activation demonstrate that rainfall events are generating wastewater flows significantly above typical operating conditions, placing pressure on trunk sewers, pump stations, and treatment plants, and increasing the likelihood of overflows and service disruption.
- 6.1.2 From a capital delivery perspective, these events are also contributing to construction delays and productivity impacts across the programme. Works within live networks, river corridors, and saturated ground conditions are increasingly subject to weather-related stoppages, re-sequencing, and extended construction durations. This creates compounding risk across programme delivery, cost certainty, and contractor performance, particularly where multiple projects are concurrently affected by the same weather event.
- 6.1.3 There is a growing recognition that historical understanding around rainfall frequency and network response may no longer be reliable. This has implications for how risk allowances, construction windows, and programme contingencies are set across the wider infrastructure programme.

6.2 Wastewater Treatment Plant Performance

- 6.2.1 Recent rainfall events have tested the performance and resilience of wastewater treatment assets, most notably at the East Clive Wastewater Treatment Plant. Operational reporting and direct correspondence have identified that sustained rainfall resulted in influent flows significantly exceeding normal operating parameters, triggering early activation of wet weather response plans and emergency operational interventions.
- 6.2.2 During the January event, the treatment plant was required to operate under heightened monitoring, with manual operation of critical components and emergency repairs undertaken under live wet weather conditions. Temporary shutdown of the plant was required to prevent wider system failure, resulting in controlled overflows within the site and at upstream locations, alongside traffic management and public safety measures.
- 6.2.3 While the response demonstrated effective emergency management and regulatory engagement, the event highlighted an unusual and earlier-than-expected wastewater network response. Lessons learned from this event have informed more conservative operational decision-making, earlier mobilisation of staff and contractors, and increased emphasis on readiness rather than reactive escalation in subsequent rainfall events.
- 6.2.4 From a programme risk perspective, these events reinforce the interdependency between asset condition, network capacity, and capital investment timing. They also underscore the need to align infiltration and inflow reduction initiatives, treatment plant upgrades, and long-term strategy work to reduce exposure to repeat operational and environmental risk
- 6.2.5 These operational events and lessons learned directly inform the scope, timing, and risk profile of the East Clive Wastewater Treatment Plant Upgrade (refer Attachment One). The upgrade project is a key risk treatment within the infrastructure programme, intended to address capacity, resilience, and operational constraints identified during recent rainfall events, and to reduce Council's exposure to repeat service disruption, environmental non-compliance, and emergency response under future wet weather conditions.
- 6.2.6 The proposed project at the treatment plant is also one part of the wider picture as the proposed work also needs to be supported by a much wider network wide multi-year programme to reduce the inflow and infiltration of rainwater into the wastewater system and renew/upgrade pump station and reticulation assets as they reach the end of their useful life and/or reach capacity limits.

6.3 External Funding

- 6.3.1 The transport recovery programme remains materially dependent on external funding through NZTA, creating an ongoing programme-level financial and delivery risk. While significant funding has been secured, a portion of the recovery portfolio remains either unfunded, under review, or subject to ongoing negotiation, particularly where cost escalation has exceeded original estimates.
- 6.3.2 While pricing is generally positive, estimates are in some places above earlier assumptions, leading to a tension between budget, scope, and delivery timeframes. This has resulted in the need to explore “do minimum” options, re-prioritisation of sites, and value-for-money discussions with funders to maintain programme momentum within available funding envelopes.
- 6.3.3 There is also an inherent timing risk associated with claims processing, funding approvals, and cashflow recovery. Delays in funding confirmation or claims reimbursement have the potential to impact Council’s financial exposure and delivery sequencing across the recovery and broader transport capital programme.

6.4 Contractor Performance

- 6.4.1 Given the scale and urgency of the infrastructure and recovery programmes, delivery remains heavily reliant on external contractors. Recent programme experience has highlighted variability in contractor performance across both delivery outcomes and health and safety maturity.
- 6.4.2 Health and safety performance has required increased monitoring and intervention on some projects, reinforcing the need for strong site supervision, clear expectations, and consistent application of Council’s contract management and H&S frameworks.
- 6.4.3 In parallel, programme teams are experiencing mixed delivery performance across contractors, including issues relating to productivity, quality, and responsiveness under pressure from weather, market constraints, and programme compression. These challenges increase management overhead, contribute to schedule risk, and place additional strain on internal resources where corrective action is required.
- 6.4.4 At a programme level, this reinforces the importance of:
- Aligning contractor capability with project risk and complexity
 - Using performance information to inform work allocation and procurement decisions
 - Maintaining strong health and safety leadership across all projects
- 6.4.5 Contractor performance remains an active risk that is closely monitored, with escalation and intervention applied where performance falls outside acceptable tolerances.

7.0 Sample of High-Risk Projects

7.1 East Clive Wastewater Treatment Plant Upgrade (Attachment 1)

- 7.1.1 The East Clive Wastewater Treatment Plant Upgrade is a high-risk three-waters project aimed at addressing capacity, performance, and resilience issues at our critical wastewater asset. The upgrade is required to manage increasing flows, improve treatment outcomes, and reduce the risk of system failure and environmental discharge events.
- 7.1.2 The most significant risks relate to operational continuity during construction, constructability within an active treatment facility, and environmental compliance. There is a heightened risk of service disruption or adverse environmental outcomes if temporary works, bypass systems, or construction sequencing are not effectively managed. The project also faces cost and programme pressures associated with complex construction staging and market escalation.
- 7.1.3 Mitigation measures include detailed construction planning, robust temporary works design, enhanced environmental controls, and close coordination between operations, designers, and

contractors. Given the potential consequences of failure, the project is subject to enhanced governance, frequent risk reviews, and senior oversight to ensure risks remain within Council's tolerance and that critical services are protected throughout delivery.

7.2 **Redclyffe (Waiohiki) Bridge Rebuild (Attachment 2)**

7.2.1 The Redclyffe Bridge Rebuild is a high-profile bridge replacement project located on a critical transport route, with strong community, stakeholder, and political interest. The project is in design and involves replacing the existing bridge while maintaining connectivity through the temporary staging structure and minimising disruption to road users and surrounding communities.

7.2.2 Key risks include ground conditions, constructability challenges within the river corridor, and environmental and archaeological considerations. The project also carries heightened reputational risk due to its visibility and the reliance of surrounding communities on the bridge for daily access. The asset is owned 50/50 by Hastings and Napier councils. Cost and programme risks are influenced by market conditions, construction sequencing, and the complexity of temporary works required to maintain traffic movements.

7.2.3 Risk mitigation strategies include active funder engagement, full design with learnings from similar projects, strong stakeholder and community engagement, and proactive environmental and cultural monitoring. Risk exposure is actively reviewed through regular reporting and governance forums to maintain confidence in delivery outcomes.

7.3 **Rissington Bridge Rebuild (Attachment 3)**

7.3.1 The Rissington Bridge Rebuild is a high-risk transport project driven by the need to replace a damaged structure. The project is in construction, and is being delivered in a constrained rural environment, with constructability, access, and environmental considerations influencing delivery.

7.3.2 The primary risk drivers relate to constructability and programme certainty, particularly around working within a river environment, managing flood risk during construction, and maintaining safe access for road users and the local community. Environmental and consenting risks are also elevated, reflecting the sensitivity of the river corridor and the need to comply with regulatory and cultural requirements.

7.3.3 Mitigation measures focus on robust construction staging, early contractor involvement, and close coordination with environmental specialists to manage in-river works and seasonal constraints. Active risk monitoring is in place, with the project subject to heightened oversight and regular review to ensure emerging risks are identified early and managed proactively.

8.0 **Next steps – Te Anga Whakamua**

8.1 The infrastructure capital programme continues to operate in an increasingly complex and dynamic risk environment. While risk management practices are embedded at a project level, the next phase of maturity will focus on strengthening programme-level risk visibility, governance, and assurance.

8.2 The following next steps are proposed to support this progression.

8.2.1 **Programme-Level Risk Visibility** - Future reporting will place greater emphasis on identifying and monitoring cross-programme risk themes, consolidating recurring project-level risks (e.g. weather impacts, funding dependency, market capacity, contractor performance) into a clearer programme-level risk view. This will support earlier identification of emerging systemic risks and improve oversight at a portfolio scale.

8.2.2 **Proportionate Risk Governance** - Governance and oversight arrangements will continue to be aligned with the risk, complexity, and investment profile of projects and programmes. Inherent risk classification will increasingly inform escalation pathways, review frequency, and the depth of reporting to ensure that higher-risk activities receive appropriate focus and challenge.

8.2.3 **Integration of Risk with Programme Planning** - Risk management will be further integrated into core programme planning and delivery activities, including prioritisation, sequencing, resourcing,

and financial forecasting. This will strengthen the linkage between risk exposure, delivery assumptions, and funding certainty, particularly where external dependencies exist.

- 8.2.4 **Capability and Consistency** - Ongoing focus will be placed on improving consistency in how risks are identified, described, and managed across the programme. This includes continued use of Council's risk screening and classification tools, clearer ownership of programme risks, and support for Programme Delivery Managers to embed risk leadership within delivery teams.
- 8.2.5 **Assurance and Continuous Improvement** - Infrastructure programme reporting will continue to evolve to provide clearer assurance to governance bodies, including improved visibility of risk trends over time and the effectiveness of risk controls. Feedback from the Risk and Assurance Committee and lessons learned from significant events will be used to refine risk practices and strengthen the overall risk ecosystem.

Attachments:

1	Water - Wastewater Treatment Plant East Clive FH52 - Investigative Reports - WWTP Upgrade - Risk Review Report Feb 26	WTR-34-08-26-2	Under Separate Cover
2	Transport - Bridge Operations - Reporting - Redclyffe Bridge - Risk Review Report Feb 2026	TR-2-2-26-294	Under Separate Cover
3	Rissington Bridge - Risk Review Report Feb 2026	PRJ23-93-0002	Under Separate Cover

Wednesday, 25 February 2026

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 29 July 2025, Council has repaid debt of \$19m in October and taken out further debt of \$40m in December of 2025.
- 1.3 Council's total external debt as of 30 January 2026 is \$493.7m, this is lower than forecasted June 26 year end debt per the LTP of \$572m. The lower debt is primarily due to lower than budgeted capex spends.
- 1.4 Council has facilities of \$45m with the cost of these facilities 0.3%.
- 1.5 As of 31 January, Council had cash on hand of \$29m.
- 1.6 Officers have been working on the Annual Plan for 2026/27, at the time of writing a Council workshop was held on 12 February with Council. The liquidity ratio in relation to the Annual Plan remains within Treasury policy.
- 1.7 To continue to operate within Treasury Policy parameters (refer 3.1 below) Officers took out a forward start contract for \$25m of swap cover at an interest rate of 4.10%. Officers will continue to enter swap contracts over the next six weeks to ensure continued adherence to the treasury policy.
- 1.8 Since the last update in July 2025 the Reserve Bank has been working through a rate cutting cycle that sees the OCR currently sitting at 2.25% although there is a lot of current market commentary around the potential for increased rates towards the end of 2026.
- 1.9 There is some indication that the bottom of the cycle has been reached, and a verbal update will be given from the Reserve Banks statement on 18 February 2026.

2.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Treasury Activity and Funding Update dated 25 February 2026.

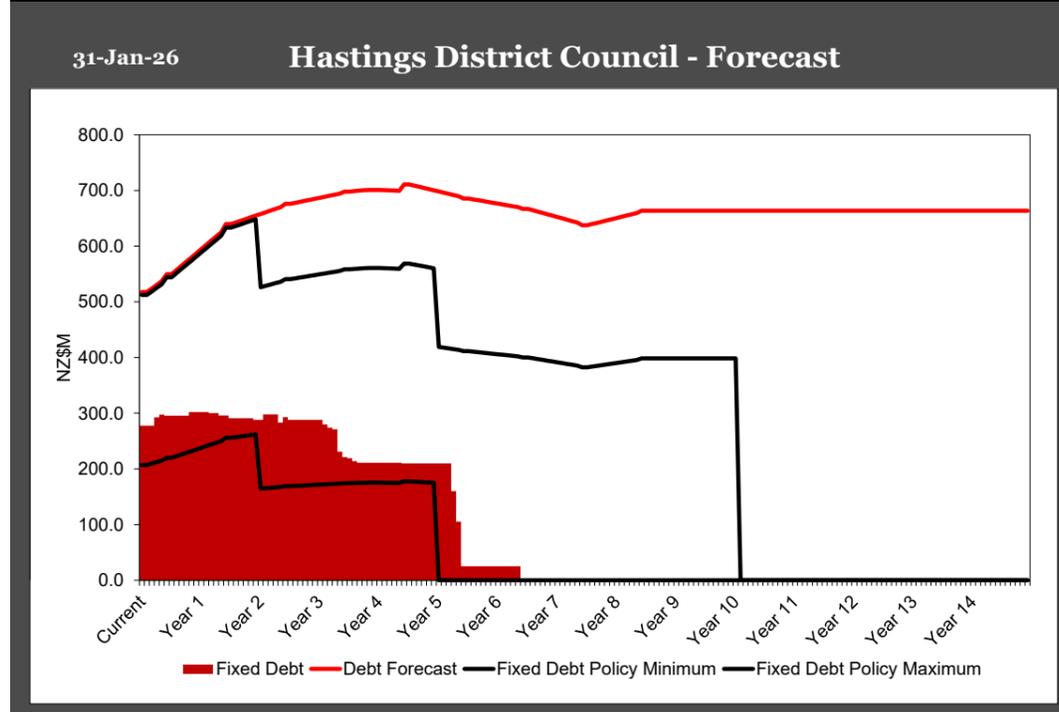
3.0 Background – Te Horopaki

- 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 A key objective of the Treasury policy is to control and manage costs that relate to external borrowing, investments along with interest rate hedging financial instruments.
- 3.3 Within the Treasury policy is a requirement for active management of the average cost of funds. Council use two ways in which to do this and sets parameters for the level that Council must operate within:
 - The first is to take out a fixed interest rate when it is advantageous to do so. This fixes a portion of Council debt with the costs known from the outset.
 - The second is for debt that has been borrowed at floating rates and involves the use of an interest rate swap that hedges against an adverse rise in the floating rate. These two methods are used together to manage the overall cost of funds lower.
- 3.4 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.
- 3.5 Council borrows from the Local Government Funding Agency (LGFA). This agency is a Council Controlled Organisation (CCO), with the NZ government as a minority shareholder and operates under the 2002 Local Government Act.
- 3.6 The LGFA helps New Zealand councils borrow money at lower cost of funds. It does this by raising funds in the bond market on behalf of councils and then lending that money to them, using the collective strength of the local government sector to secure better interest rates and longer-term funding.
- 3.7 Council has an external credit rating through Standard and Poor's which further reduces our cost of funds.
- 3.8 Council is provided with independent treasury advice by Bancorp Treasury Services and receives daily and monthly updates on market conditions.
- 3.9 A financial report is attached to supplement this report: **Attachment 1** – February 2026 Treasury Dashboard.

Attachments:

Interest Rate Risk Position

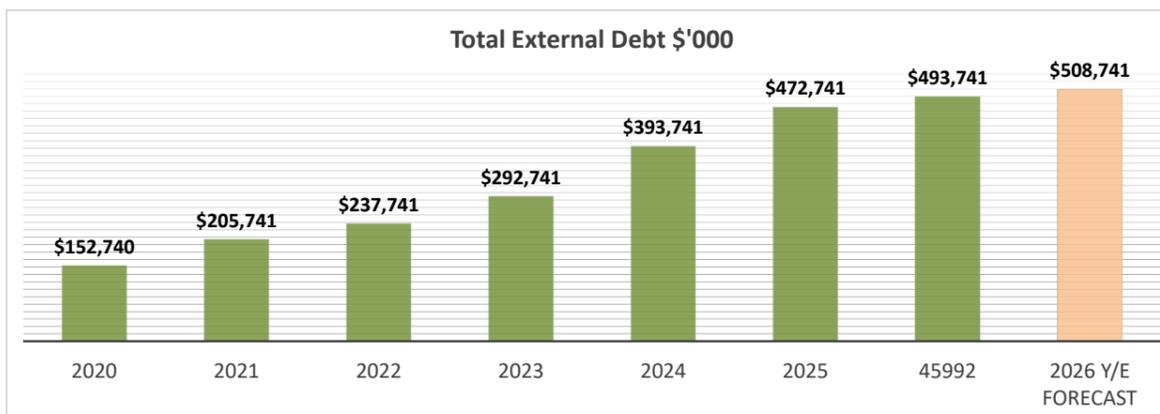
31 January 2026



Debt Interest Rate Policy Parameters					
(calculated on rolling monthly basis)					
Debt Period	Debt Forecast	Minimum %	Maximum %	Actual	Compliant (Y/N)
Current	494	40%	99%	56%	Yes
Year 1	595	40%	99%	51%	Yes
Year 2	658	25%	80%	44%	Yes
Year 3	687	25%	80%	42%	Yes
Year 4	701	25%	80%	30%	Yes
Year 5	698	0%	60%	30%	Yes
Year 6	676	0%	60%	4%	Yes
Year 7	652	0%	60%	0%	Yes
Year 8	651	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

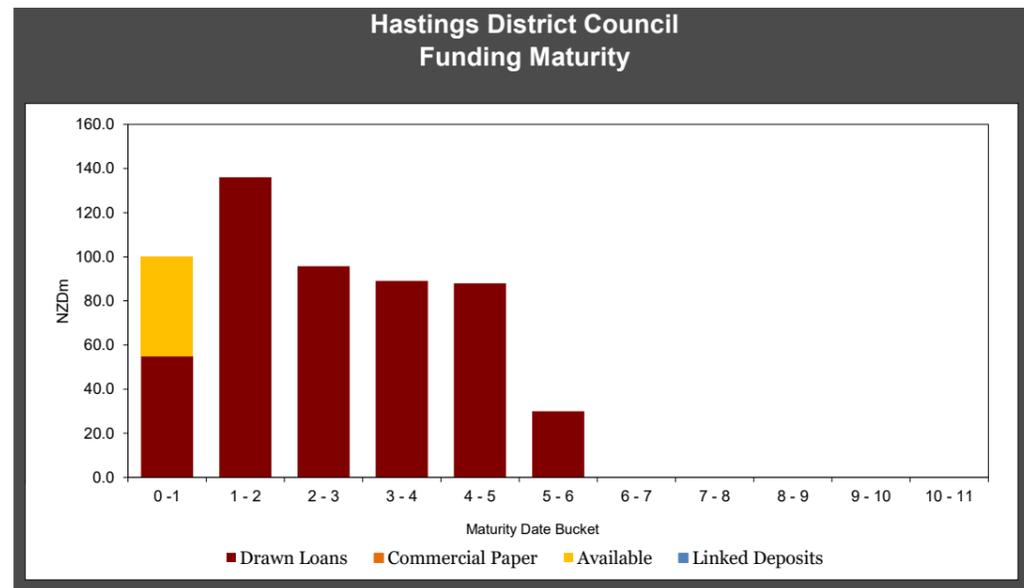
Weighted Avg Cost of Fixed Rate Instruments	4.24%
Value of Live Fixed Rate Instruments	\$ 277,500,000
Weighted Avg Length of Fixed Rate Instruments	2.51 Years

Cost of Holding Fixed Interest Position			31-Jan-26			30-Jun-25			Movement for Year		
	Notional Swap Value	Avg Int Rate	Valuation		Avg Int Rate	Valuation		Avg Int Rate	Valuation		
Live Interest Rate Swaps	107,500,000	3.78%	(1,045,645)	114,500,000	3.75%	(1,281,959)	(7,000,000)	0.03%	236,314		
Forward Starting Interest Rate Swaps	246,000,000	4.17%	(49,329)	221,000,000	4.18%	(671,232)	25,000,000	(0.01%)	621,903		
Fixed Rate Cover Live & Forward	170,000,000	4.50%		170,000,000	4.50%						
Total Interest Rate Swaps	523,500,000	4.20%	(1,094,974)	505,500,000	4.19%	(1,953,191)	18,000,000		858,217		
Average Cost of Funds			31-Jan-26	30-Jun-25			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	323,000,000	3.15%		253,000,000	6.23%		70,000,000	(3.08%)			
Live Interest Rate Swaps	107,500,000	3.78%		83,500,000	3.75%		24,000,000	0.03%			
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	493,740,000	3.91%		393,740,000	5.10%		100,000,000	(1.19%)			



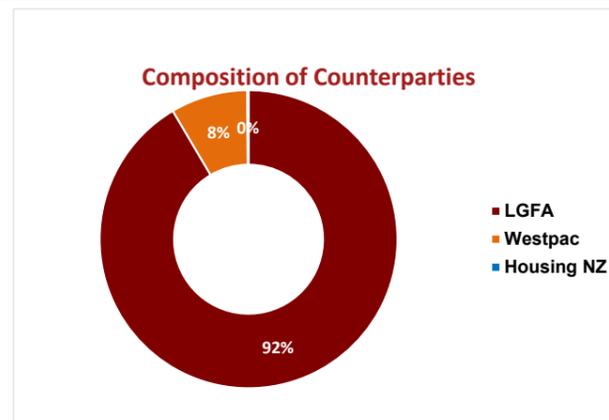
Funding and Liquidity Risk Position

31 January 2026



Funding KPI's

	Minimum %	Maximum %	Actual	Compliant (Y/N)
Liquidity	110%	170%	115%	Yes
Fixed Interest Debt	40%	99%	56%	Yes
Funding Maturity Profile				
0-1 Year	0%	33%	23%	Yes
1-2 Year	0%	33%	24%	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%	14%	Yes
Net Debt as % Income		250%	112%	Yes
Net Interest as % Income		15%	5%	Yes
Net Interest as % of Rates		20%	15%	Yes



Total External Debt - This is all debt that Council owes to External parties

Funds drawn from LGFA - This is the amount of debt Council has borrowed from LGFA

Undrawn Bank Facilities - This is the facility amount council is able to drawdown straight away should it be required

Bank Deposits & Term Deposits - The amount of cash on hand along with any T/Deposits.

Funding and Liquidity Characteristics

493,740,000	Forward Start Contract	-
Total External Council Drawn Debt		
493,000,000	LIQUIDITY RATIO	1.15
Funds Drawn from LGFA	Definition: (Cash Reserves + Lines of Credit + Drawn Debt) / Drawn Debt	
45,000,000		
Undrawn Bank Facilities		
29,000,000	Weighted Average Length of Funding	2.36 Years
Bank Deposits & Term Deposits		

Liquidity Ratio - Shows whether Council have enough cash to meet its obligations as they fall due over the year.

Weighted Average Length of Funding - is a measure of the average time to maturity of an organisation's debt, weighted by the dollar amount of each portion.

Wednesday, 25 February 2026

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: **Jess Noiseux, Strategic Financial Advisor**

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 update on the progress of the Local Water Done Well (LWDW) reform programme, building on reports provided to the Risk and Assurance Committee (the Committee) in 2025.
- 1.2 This report:
- Updates the Committee on establishment activities progressed since the last update, including joint governance, leadership and legal arrangements with Napier City Council (NCC) and Central Hawke's Bay District Council (CHB).
 - Provides an update on internal council work underway to scope and review activities and operations potentially impacted by the transition.
 - Outlines current risk considerations, including the status of the draft transition risk register and emerging timing risk relating to confirmation of the Hawke's Bay Water Services CCOs (HBWSCCO) operating model from 1 July 2027.
- 1.3 Once greater clarity is available regarding the HBWSCCOs operational model, the transition risk register will be updated and refined before coming to this Committee for presentation.

External establishment progress (regional and joint activities)

- 1.4 As previously reported to the Committee, the joint Water Services Delivery Plan was approved by Council on 28 August 2025 with the joint WSDP subsequently submitted to the Department of Internal Affairs (DIA) on 2 September 2025. DIA confirmed acceptance of the WSDP on 15 October 2025, representing a key milestone in progressing Local Water Done Well.

- 1.5 The Transitional Governance Group (TGG) was then established to oversee the establishment phase of the proposed regional water services entity. The TGG members are the Mayors of each participating Council and one Councillor representative from each Council, as well as an independent Chair to facilitate the joint committee. In September 2025, Jon Nichols was appointed as the independent Chair.
- 1.6 Building on this governance foundation, the TGG appointed an Establishment Advisory Board (EAB) in October to provide governance and advise for the establishment phase of the water organisation. The members of the EAB are:
- Wendie Harvey (Chair)
 - Stephen Joyce
 - John Loughlin
 - George Reedy.
- 1.7 Following establishment of the TGG and EAB, the focus shifted to leadership and resourcing for the establishment phase with the EAB tasked with recruiting an Establishment Chief Executive.
- 1.8 During this period, the Regional Recovery Agency (RRA), continued in its role as regional facilitator, supporting the formation of a joint project team through secondments from the participating Councils and coordinating early establishment activity.
- 1.9 In late December 2025, the EAB appointed an interim Chief Executive, Chris O'Reilly, to lead the establishment of the water organisation. Mr O'Reilly commenced in his role on 5 January 2026 and is responsible for progressing establishment planning and implementation activities.
- 1.10 Since the WSDP was approved, work has progressed on the legal and structural arrangements required to give effect to the joint operating model contemplated in the WSDP. The establishment project team have been working alongside Council officers and legal advisors (Simpson Grierson) to prepare draft foundational documents (company constitution and shareholders' agreement). These documents are currently under review following feedback from the participating Councils. Final versions are expected to be presented to Councils for adoption in early April 2026.
- 1.11 The draft legal documents identify several upcoming actions required of Shareholder Councils, including:
- Appointment of members to the Shareholders' Representative Forum (SRF), which will replace the TGG following incorporation of the entity
 - Approval of common delegations to enable the SRF to undertake its responsibilities
 - Agreement on an appointment process for SRF members
 - Approval of the process for preparing and adopting the Statement of Expectations, which must be publicly available on a Council-hosted website

Internal Council readiness and transition activities

- 1.12 Internal work to review Council activities and operations impacted by the transition has commenced in parallel with the regional establishment programme. The current phase of internal work is focused on:
- Identifying Council functions, services, and processes potentially impacted by the transition
 - Confirmed key dependencies and interfaces between Council and the future water services entity
 - Identifying areas of potential risk that will require further assessment as establishment and implementation planning progresses

- 1.13 As the scope of the impacts becomes clearer, further analysis will be undertaken to assess operational, financial and workforce implications for Council. Updates on this work will be provided to the Risk and Assurance Committee as the work progresses.

Risk considerations for Council

- 1.14 Work has been undertaken to draft and refine the LWDW transition risk register for HDC. At this stage, the risk register remains in draft form until the vision for the operating model of the HBWSSCO from mid-July 2027 is confirmed.
- 1.15 It is intended that a fully updated risk framework will be presented to the Risk and Assurance Committee once greater clarity is available, specifically:
- The services and functions transferring to the new entity
 - The services and responsibilities to be retained by Council
- 1.16 Confirmation of these matters is critical to ensuring risks are accurately identified, appropriately assessed, and assigned clear ownership.
- 1.17 Any potential delay in receiving clarity on the operating model creates risk over Council's ability to:
- Finalise internal operating models
 - Confirm workforce requirements
 - Adjust budgets and overhead allocations
 - Establish clear services interactions and accountabilities between Council and the HBWSSCO
- 1.18 The longer confirmation of what 'Day 1' of the HBWSSCO's operating model looks like, the greater the risk that Council may face compressed timeframes to implement necessary changes. which may impact its ability to meet service expectations during the transition period.
- 1.19 Officers will work with the Establishment Chief Executive to confirm what services will transfer on Day 1 and the timing of those changes.
- 1.20 Internal scoping work will continue so that Council is prepared, and an updated transition risk register will be presented to the Risk and Assurance Committee once transfer arrangements are confirmed. The key risks for Council to continue to review and mitigate include:
- Staff retention
 - Stranded overheads
 - Limitations on debt transfer
 - Protracted change
 - Poor transition management
 - Reputational risk where poor performance of the HBWSSCO would be seen as poor performance of Council

2.0 Recommendations - Ngā Tūhonga

That the Risk and Assurance Committee receive the report titled Local Water Done Well dated 25 February 2026.

Attachments:

There are no attachments for this report.

Wednesday, 25 February 2026

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, Safety & Wellbeing responsibilities and overview
 - Health and Safety legislative reform
 - Health, Safety & Wellbeing critical risks
 - Health, Safety & Wellbeing policies under review or development.

2.0 Recommendations - *Ngā Tūtohunga*

That the Risk and Assurance Committee receive the report titled Health, Safety & Wellbeing Risk Management Update dated 25 February 2026.

3.0 Discussion – Te Matapakitanga

3.1 Health, Safety & Wellbeing responsibilities and overview

3.2 On 24 February 2026, a session is scheduled for Elected Members to provide information and guidance regarding their legal Health and Safety responsibilities. This is being held as part of the new triennium orientation programme. At this session, Philip Voss from Leading Safety Limited will provide an overview of the legal responsibilities of 'Officers' and guidance on how these responsibilities can be discharged. Noting that an 'Officer' is a legal term under the Health and Safety at Work Act 2015 and for Council, its 'Officers' are considered to be Elected Members and the Chief Executive. Additionally, an overview of Health, Safety and Wellbeing management at Council will be provided by Jennie Kuzman (Health, Safety & Wellbeing Manager) and Bronwyn Bayliss (Group Manager: People & Capability).

3.3 For those unable to attend this session, copies of the PowerPoint presentations will be made available on the Hub. Additionally, the NZ Institute of Directors has developed a Health and Safety Governance Good Practice Guide, which may be a useful reference document. This is the online link to view and access the guidance materials: <https://www.iod.org.nz/resources-and-insights/guides-and-resources/health-and-safety-a-good-practice-guide#/>.

3.4 Health and Safety legislative reform

3.5 Further to the update provided to the Committee at the September 2025 meeting regarding proposed changes to Health and Safety legislation, the Health and Safety at Work Amendment Bill was uploaded to the NZ legislation website (without an announcement or press release from the government or the Minister for Workplace Relations and Safety). The Health and Safety at Work Amendment Bill can be viewed online via this link: <https://www.legislation.govt.nz/bill/government/2026/0244/latest/LMS1571561.html>

3.6 Impacts to Council operations are currently being reviewed, however based on consideration of the bill to date it appears unlikely that the changes would have a significant impact as the bill is currently. It is important to note though that this is a proposed bill, and therefore changes may occur as it goes through consultation and select committee processes. Further updates will be provided as appropriate.

3.7 Health, Safety & Wellbeing critical risks

3.8 As previously reported to the Committee, Council has identified 12 Critical Health, Safety and Wellbeing risks (an overview of these critical risks can be found on the hub). All these critical Health, Safety and Wellbeing risks have bowtie risk assessments, which are periodically reviewed. Note: The 'Bowtie' method is a type of risk assessment methodology that can be used to analyse and communicate how high-risk scenarios may develop. The method provides a visual representation of the potential risks into an easy-to-understand diagram. This diagram allows users to clearly outline the risks and differentiate between proactive and reactive risk management which in turn is useful at highlighting the effectiveness of risk controls.

3.9 Following feedback from the Committee in 2023/24, a template for critical HSW risk profiles was developed in order to summarise each risk and its critical controls. It was agreed that these summary critical risk profiles would be developed during the periodic review of the bowtie risk assessments.

3.10 There are currently summary risk profiles available for the following risks: Conflict & Violence, Asbestos and Vehicles & Mobile Plant.

3.11 The following critical risks are currently under review and summary risk profiles are expected to be provided to the Committee within the next few months: Hazardous Substances, Manual Handling and Work-related Stress.

3.12 The remaining critical risks (that still need reviewing and summary risk profiles developed) will be reviewed in the 2026/27 financial year.

3.13 Policy Development / Review

3.14 The table following provides an update on the status of Council's health, safety and wellbeing policies that are scheduled to be reviewed or developed in the 2025/26 year.

HSW Policy	Review/Development Status
Respiratory Protection Programme	Completed – updated policy approved and issued.
Menopause Policy	Drafted - Draft policy to be reviewed by the Lead Team.
Change Management Principles (for Organisational and Operational changes)	In Progress – document in development.
Health, Safety & Wellbeing Risk Management Framework	In Progress – policy in development.
Mauri tū Mauri Ora (Wellbeing) Policy & Framework	In Progress – existing policy under review.
Working Alone Policy	In Progress – existing policy under review.
Fatigue Management Policy	Scheduled.
Hazardous Substances Policy	Scheduled.

Attachments:

There are no attachments for this report.

Wednesday, 25 February 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

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

Te Take:
Subject: **Annual Strategic Risk Horizon Scan 2026**

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

1.1 The purpose of this report is to present a summary of emerging threats and opportunities (horizon scan) for the Committee to consider in order to determine whether an update to the current strategic risk register is necessary.

2.0 Background

2.1 Horizon scanning is an attempt to systematically imagine, rather than predict, the future so that it can be better managed when it arrives. To support this review, the following information is included in **Attachment 1**:

- Current Strategic Risk Register.
- Strategic Risk Map & Horizon Scan
- World Economic Forum (WEF) Global Risk Report 2026 Key Findings.
- Transparency International Corruption Index overview.

2.2 Information has been collated from the annual WEF report and feedback from Lead Team strategic planning and illustrated on the risk map. The purpose of the risk map is to show how emerging issues, called Signals, may affect existing strategic risks and the Council's risk profile. The term Signals is used when referring to emerging issues because there is often insufficient information to undertake a formal risk assessment. As a result, the issue is described in general terms outlining the current understanding of the issue and how it may affect Council. A summary of the key points is provided below.

3.0 Assessment

- 3.1 This year several strong signals have been identified that are likely to have an impact on the Council. In combination these issues are creating a dynamic operating context that is putting pressure on Council's financial position.
- 3.2 The signals of particular interest at present include the following:
- Community's ability to pay: Ensuring affordability of rates increases is likely to put pressure on Financial Sustainability risk, which in turn, will affect the risk of Operational Service Failures.
 - Capital works programme: The size of the Capital Works Programme is putting significant pressure on Financial Sustainability risk.
 - Regional consolidation: The existing strategic risk of Significant Statutory Reform is playing out as a move toward Regional Consolidation, which in the short term will put further pressure on Financial Sustainability risk.
 - Balance sheet constraints: Council's financial position requires careful management to avoid increasing Financial Sustainability risk in the face multiple significant service demands.
- 3.3 In addition to these signals, a review of the WEF report has highlighted the ongoing challenge regarding climate change and adaptation. In this year's report the risk of extreme weather events in the short term is ranked as number 4, while in the long term it is ranked as number 1. This has been a consistent pattern for the last few reports indicating a lack of short-term urgency to address climate change, which is likely to mean a greater longer climate change will occur. This trend emphasises the need for an adaptation strategy to start preparing Council services for the future climate.
- 3.4 Lastly, a recent Transparency International report has shown that New Zealand has fallen from first equal to 4th equal rank. This represents a 10% drop in score in the last 4 years reflecting recent high profile corruption cases and concern over political lobbying and funding. Internally Council has been running an active fraud awareness campaign which has included:
- An external service provider for protected disclosures (whistleblowers).
 - Contract for Eftsure platform providing accounts payable fraud detection.
 - Ongoing Fraud awareness programme including: - presentations by the Serious Fraud office, internal online training modules, and general staff communications and posters (**Attachment 2**).

4.0 Recommendations - Ngā Tūtohunga

- A) That the Risk and Assurance Committee receive the report titled Annual Strategic Risk Horizon Scan 2026 dated 25 February 2026.
- B) That the Committee recommend to Council that the strategic risk register remains valid and that work to finalise a climate adaptation strategy should be progressed with priority to address increasing uncertainty regarding the level of climate change that may be experienced in the short to medium term.

Attachments:

1 	Annual Risk Horizon Scan 2026	PMD-9-3-26-128	Under Separate Cover
2 	Fraud Awareness Bad Apple Poster	PMD-9-3-26-129	Under Separate Cover

Wednesday, 25 February 2026

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 matters:

- Status of Actions from this Committee (**Attachment 1**)
- Status of external audit actions
- Status of corporate policies
- Civil Defence Emergency Management update

2.0 External Audit Actions

2.1 The table 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.

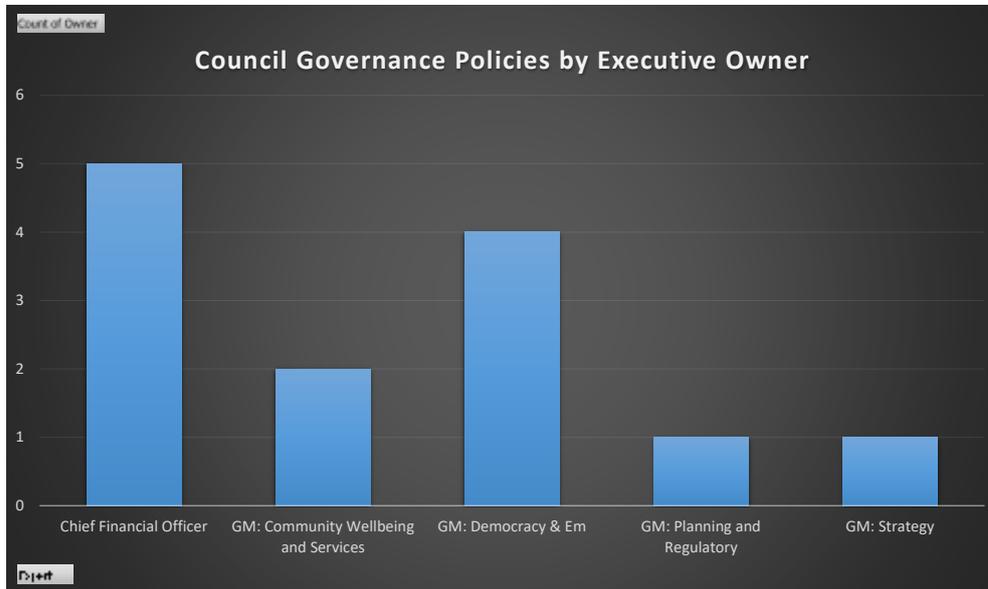
	Auditor	Items opened	Items closed
2020 (19/20)	Audit NZ	3	3
2021 (20/21)	Audit NZ	5	8
2022 (21/22)	EY	6	0
2023 (22/23)	EY	3	6
2024 (23/24)	EY	5	5

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

2.3 At time of preparation of the papers, officers are yet to receive the management letter from EY for the 2024/25 year.

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:

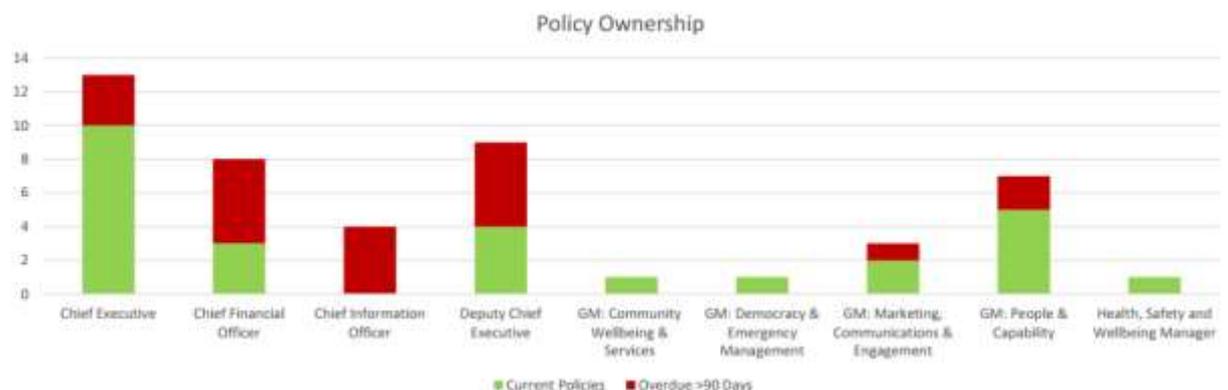


3.2 To support effective management of Council 50 corporate exists to direct the way officers should undertake work. The distribution of these policies between Council groups is summarised in the graphic below:



DUE FOR REVIEW IN UPCOMING QUARTER

Title	Policy Owner	Policy Expert	Next Scheduled Review Date
Procurement Policy	Chief Financial Officer	Procurement & Corporate Services Manager	8/02/2026
Sensitive Expenditure Policy	Chief Financial Officer	Strategic Financial Advisor	1/04/2026
Use of Artificial Intelligence Policy	Deputy Chief Executive	Chief Information Officer	29/04/2026



- 3.3 The number of overdue policies has fallen from 48% to 44% since the last report. As a further step to improve management of policies a new system has been developed to track and remind policy owners when a review is required.

4.0 Civil Defence Emergency Management Update

- 4.1 The following provides an update on activities to meet Council's Emergency Management responsibilities.

4.2 Risk Reduction

- 4.2.1 In response to the Mt Maunganui landslide in Tauranga HDC has evaluated whether similar risks are present within the Heretaunga Hastings District and whether mitigation actions are needed. This has resulted in re-valuation of the landslide risk at Clifton Motor Camp 2 and commencement of work with the Clifton Motor Camp to ensure safety of the camp site community. A further verbal update will be provided at the meeting.

- 4.2.2 A programme of work is underway to coordinate interactions with the Cape Coast communities in the Heretaunga Hastings District to support knowledge and understanding of the coastal hazards and their management.

4.3 Emergency Management Readiness:

4.4 Planning:

- 4.4.1 **Havelock North Emergency Response Plan:** Council is developing a plan to provide a coordinated response to the hazard posed by the Havelock North detention dams. This work leverages the dam safety analysis and will include community engagement on community notification and response actions.

- 4.4.2 **Esk Valley Trigger Levels Project:** As part of the HBRC lead river level triggers project HDC will be undertaking engagement work with the Esk community to define trigger levels for alerts and confirm communication protocols.

4.5 Community Resilience

- 4.5.1 HDC has completed the following community resilience activities:

- 12 Community Resilience plans are now in place and published on the Hawkes Bay Emergency Management website.
- 3 Marae hubs have been established, and a further 4 are underway
- 20 Community Emergency Hubs (CEH) have been established in rural communities, and a further 7 are underway
- Annual audits of 6 CEH have been completed since October 2025.
- Council staff have attended the following community engagements since October 2025:

Date	Details
5 October	Ōmāhu Marae Community Day
25 October	Waimārama Emergency Hub Open Day
1 November	Sherenden Market Day / RD9 Community Emergency Hub Open Day
7 November	Kererū Community Emergency Hub Open Day
8 November	Tūtira Community Emergency Hub Open Day

15 November	Waipatiki Community Resilience Workshop
20 November	Twyford Emergency Hub training
10 December	Puketapu resilience planning meeting
16 December	Puketitiri/ Patoka/ Rissington resilience planning meeting
19 January	Disability Reference Group workshop

4.6 Operational Readiness

4.6.1 An expansion of the HDC Incident Management Team has been endorsed by the executive HDC Lead Team to increase the number of trained and proficient staff from 60 to a target of 150.

4.6.2 Work is underway on fitting out a short term alternate EOC facility utilising existing HDC office space. It is recognised that this alternative EOC will not meet all operational requirements, so progress on developing a fit for purpose Group Emergency Coordination Centre for the HB EMO remains a high priority for HDC.

4.7 Response.

4.7.1 Over the Christmas period to end of January HDC emergency management teams were involved in the following events:

- **Omahu fire** (23rd December)– Welfare support provided to displaced people from Farmhouse lodge.
- **Orange weather warning** (26th December) – Monitoring and public communications undertaken by on duty Local Controller and Public Information Manager.
- **Extreme Fire Conditions** (8th January) – Monitoring and public communications undertaken by on duty Local Controller and Public Information Manager.
- **Orange rain warning** (21st January) –Core team of 10 staff engaged in planning, and a team of 3 monitored the situation overnight.

4.7.2 HDC is undertaking an internal review process to capture learnings for future events. In the short term a couple of key learnings from these events have been:

- There was a variety of approaches to interagency communications between events which created the potential for poor coordination.
- The HB EMO hosted planning meetings that included all agencies in the lead up to the January rain event provided a valuable opportunity to share information and confirm responsibilities. Embedding this as a standard practice would be valuable.
- Being clear about the activation status and release of staff for emergency management activities is important.
- Use of the FACT24 emergency management response platform improved operation management, shift handover and record keeping.

4.8 Recovery

4.8.1 Post cyclone recovery remains a critical feature of HDC capital programme with significant ongoing work in the region of \$110M with funding partners New Zealand Transport Agency and Crown Funding agreement. The programme is heavily focused on transport rebuild but also includes completing Havelock North streams improvement works.

4.9 Strategic Matters

- 4.9.1 Updated region wide hazard risk profile based on robust risk and vulnerability assessment is required, followed by a plan for undertaking hazard specific analysis to inform emergency response planning.
- 4.9.2 Clarity over regional funding model required to inform LTP development.

5.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Executive Overview and Status of Actions dated 25 February 2026.

Attachments:

- 1 [↓](#) Status of Actions February 2026 CG-18-06-00001

**Hastings District Council
 Risk and Assurance Committee**

Status of Actions

Meeting Date	Item No	Action	Reporting Officer	Progress	Complete
25/3/25	11	<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. 	Deputy CE / CFO	Update provided in Executive overview.	Ongoing
6/5/25	7	<u>Executive Overview and Status of Actions</u> <ul style="list-style-type: none"> 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. Workshops in new triennium – Procurement introduction for the incoming council plus a risk deep dive workshop for R&A committee. 	CRO Procurement & Corporate Services Manager	HDC workshop run by SFO planned for 18 th Sept. Planned to be part of Finance induction workshop	
6/5/25	8	<u>Civil Defence Emergency Transformation Risk Management</u> <ul style="list-style-type: none"> 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. 	CRO	In Progress	
29/7/25	13	<u>Executive Overview and Status of Actions</u> <ul style="list-style-type: none"> Officers to consider AI training for governors. That committee members be made aware of any portions of a report where AI had been used in compiling that report 	CRO/Deputy CE CRO	In Progress. Referred to Democracy for implementation.	

Ref: CG-17-6-00119

Wednesday, 25 February 2026

Te Hui o Te Kaunihera ā-Rohe o Heretaunga

Hastings District Council: Risk and Assurance Committee Meeting

Te Rārangi Take

Report to Risk and Assurance Committee

Nā: Regan Smith, Chief Risk Officer
From: Graham Watson, Chief Financial Officer
 Aaron Wilson, Financial Controller

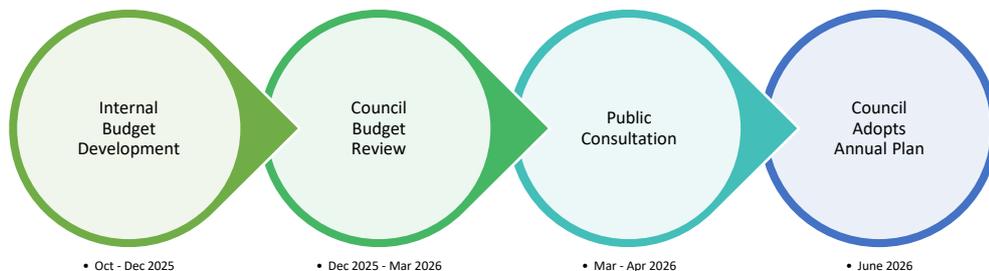
Te Take:
Subject: Annual Plan Update

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

1.1 The purpose of this report is to provide the Risk and Assurance Committee with an overview of the process for developing the Annual Plan budgets to gain assurance that the material risks in the process have been managed.

2.0 Annual Plan Development Process

2.1 The process for developing budgets for the Annual Plan has been coordinated by the Finance Group supported by the Strategy Group. To drive the process the Finance Group developed and followed detailed timetable that delivered the following key steps:



- 2.2 The baseline Annual Plan budgets were set using the existing Council approved funding. All variations from these budgets required a budget bid that provided a detailed reasons for the variation and a funding proposal to ensure an overall cost neutral outcome on the final funding requirement.
- 2.3 Through the process all budgets were subject to several layers of scrutiny to challenge the funding requirement and validate any budget changes before being presented to Council. These steps included:
- Management Accountants reviewed each Group budget for which they provide support.
 - Group Managers reviewed all budgets for their teams.
 - Corporate review involving Finance, Group Managers and budget managers.
 - Lead Team budget review and approval of any changes.
- 2.4 At each stage existing budget allocations were challenged to ensure the funding is needed to support a valid business requirement.
- 2.5 The outcome of the budgeting process was a set of accounts for Council to consider and make decisions to finalise the rates and loan funding mix that meets statutory requirements within statutory deadlines.

3.0 Key Risks

- 3.1 **Compliance:** the following compliance related risks are being managed through the Annual Plan Process:
- Timeframes: to ensure a budget is adopted by the required statutory timeframe a detailed timetable for the annual plan is being managed by the Finance Group.
 - Consultation: A public consultation period is built into the annual plan timetable.
 - Budget Integrity: All budget lines and funding models (i.e. Rates vs loan funding vs external funding) have been interrogated to validate funding requirements for the draft budgets.
- 3.2 **Financial Sustainability:** Budgets have been developed to address the following financial constraints:
- Financial Capacity: The proposed budget is designed to deliver required services while retaining sufficient financial capacity for future unexpected shocks (e.g. for emergency response and recovery).
 - Funding Limits: The approach to funding the draft budget ensures that Council can maintain the required debt ratios of the adopted Financial Strategy.
- 3.3 **Property Revaluation:** Although not strictly part of the Annual Plan process, every three years the Council is required by legislation to undertake a property revaluation for rating purposes. This service is contracted out to Quotable Value New Zealand (QV), a provider used by many Councils across New Zealand Council. Timeframes for the revaluation process have been pushed out to an April 2026 implementation to allow further time for review.
- 3.4 While the Property revaluation does not change the total amount of rates revenue required to be raised it does impact on how this is distributed across the district, based on the amended property valuations. With the revaluation implementation being pushed out to April 2026, there is a risk associated with QV not being able to process all objections to values prior to council striking the rates for 2026/27. Based on previous revaluations, the risk is considered to be minor.

4.0 Recommendations - Ngā Tūtohunga

That the Risk and Assurance Committee receive the report titled Annual Plan Update dated 25 February 2026.

Attachments:

There are no attachments for this report.