



RANGITIKEI
DISTRICT COUNCIL
Making this place home.

ORDER PAPER

RISK AND ASSURANCE COMMITTEE MEETING

Date: Wednesday, 15 March 2023

Time: 9.30am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

Chair: Mr Philip Jones

Membership: Cr Fi Dalgety
Cr Simon Loudon
Cr Tracey Piki Te Ora Hiroa
Cr Dave Wilson
HWTM Andy Watson

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Locations:	<table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top;"> <u>Marton</u> Head Office 46 High Street Marton </td> <td style="width: 33%; vertical-align: top;"> <u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls </td> <td style="width: 33%; vertical-align: top;"> <u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape </td> </tr> </table>	<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape
<u>Marton</u> Head Office 46 High Street Marton	<u>Bulls</u> Bulls Information Centre Te Matapihi 4 Criterion Street Bulls	<u>Taihape</u> Taihape Information Centre 102 Hautapu Street (SH1) Taihape		
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Notice is hereby given that an Risk and Assurance Committee Meeting of the Rangitikei District Council will be held in the Council Chamber, Rangitikei District Council, 46 High Street, Marton on Wednesday, 15 March 2023 at 9.30am.

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AGENDA

1 Welcome / Prayer

2 Apologies

3 Public Forum

4 Conflict of Interest Declarations

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of items on this agenda.

5 Confirmation of Order of Business

That, taking into account the explanation provided why the item is not on the meeting agenda and why the discussion of the item cannot be delayed until a subsequent meeting, [enter item number](#) be dealt as a late item at this meeting.

6 Confirmation of Minutes

6.1 Confirmation of Minutes

Author: Kezia Spence, Governance Advisor

1. Reason for Report

- 1.1 The minutes from Risk and Assurance Committee Meeting held on 16 November 2022 are attached.

Attachments

1. Risk and Assurance Committee Meeting - 16 November 2022

Recommendation

That the minutes of Risk and Assurance Committee Meeting held on 16 November 2022 [**as amended/without amendment**] be taken as read and verified as an accurate and correct record of the meeting, and that the electronic signature of the Chair of this Committee be added to the official minutes document as a formal record.

MINUTES



UNCONFIRMED: AUDIT AND RISK COMMITTEE MEETING

Date: Wednesday, 16 November 2022

Time: 10.00 am

Venue: Council Chamber
Rangitikei District Council
46 High Street
Marton

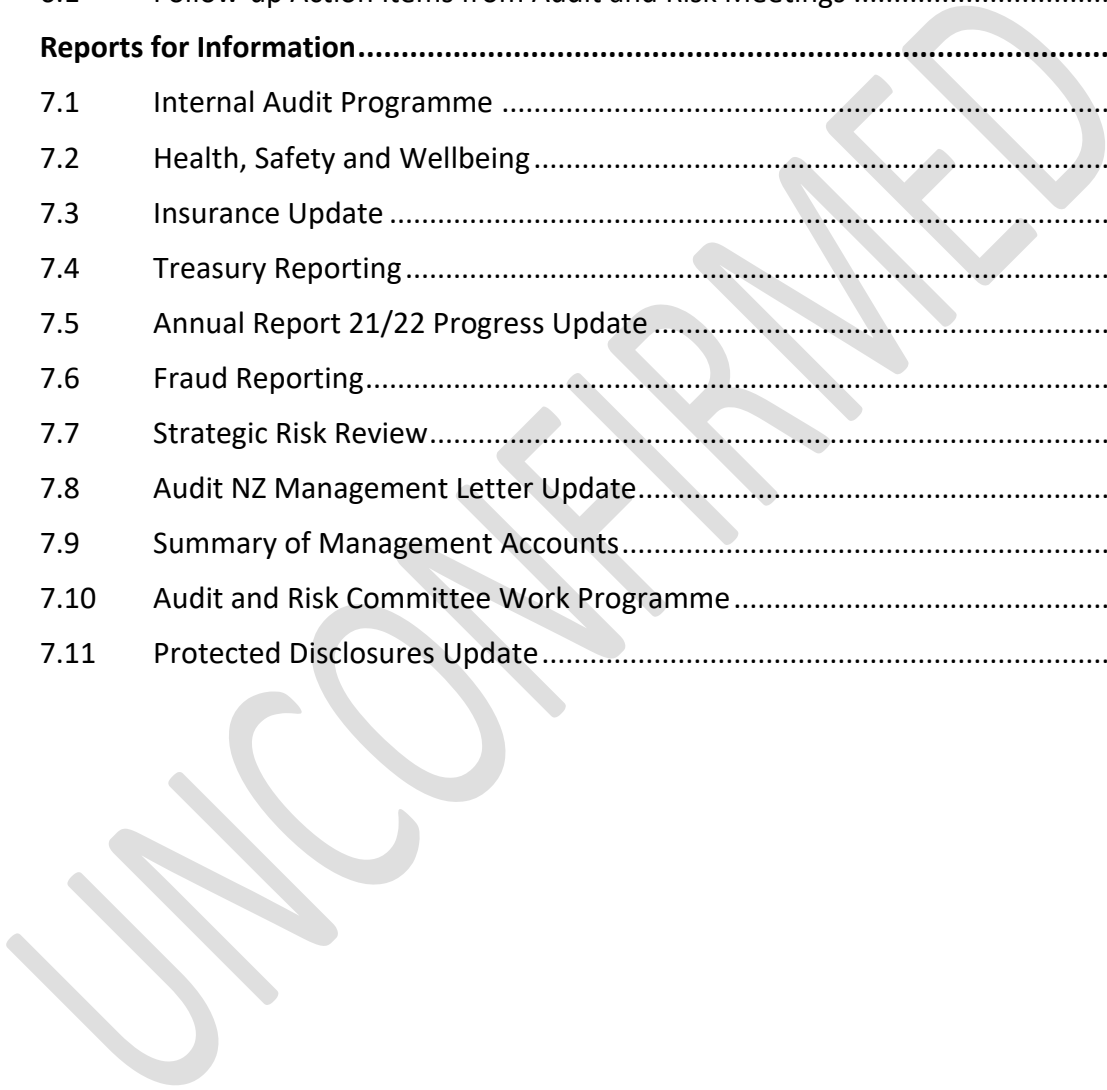
Chair: Mr Philip Jones

Membership: Cr Dave Wilson
HWTM Andy Watson
Cr Fi Dalgety
Cr Tracey Piki Te Ora Hiroa

In attendance: Cr Greg Maughan
Cr Simon Loudon
Cr Jarrod Calkin
Mr Peter Beggs, Chief Executive
Mr Dave Tombs, Group Manager – Corporate Services
Mrs Carol Gordon, Group Manager – Democracy and Planning
Ms Sharon Grant- Group Manager-People and Performance
Ms Kezia Spence, Governance Advisor

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1 Welcome / Prayer

The Committee noted the direct appointment by His Worship the Mayor of Mr Philip Jones as interim Chair of the Audit and Risk Committee – this was done under the provisions of 41A(3)(c)(i) of the Local Government Act 2002.

2 Apologies

HWTM may need to briefly leave the meeting.

3 Public Forum

There was no public forum.

4 Conflict of Interest Declarations

Nil

5 Confirmation of Order of Business

Nil

6 Follow-up Action Items from Previous Meetings

6.1 Follow-up Action Items from Audit and Risk Meetings

Taken as read.

Resolved minute number 22/ARK/060

That the report 'Follow-up Action Items from Audit and Risk Meetings' be received.

Cr D Wilson/HWTM A Watson. Carried

7 Reports for Information

7.1 Internal Audit Programme

There is a strong degree of confidence in staff to have the abilities to complete internal reviews unless something unknown was to occur. Legal requirements within the timeframes suggested fit within the programme.

The Internal Audit Programme list is arranged in order of year with A, B, C a code for how these will be reviewed which in some ways highlight the priority of them.

The Chair recommended that the Internal Audit Programme needs to be reviewed every six months and for this to link into the strategic risk management framework. This linkage will give the ability to decide what is important and what is working effectively.

Resolved minute number 22/ARK/061

That the report 'Internal Audit Programme' be received.

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

7.2 Health, Safety and Wellbeing

The most common category for incident reporting is slip, trip, fall. Ms Grant clarified that it is unlikely that there is an increase in incidents but an increase in reporting, which was encouraged by the leadership team.

A concern raised was the failure to know about actions or incidents from our contractors. There is a reliance on contractors for monitoring and providing reports on this. Ms Grant stated that reporting is based on lag indicators and assessing on what is being reported. There is a project underway on our Health and Safety risk management framework and this will help identify our top leading risks and how to address these issues.

Resolved minute number 22/ARK/062

That the Health, Safety and Wellbeing Report together with attachments, be received.

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

7.3 Insurance Update

Concerns were raised that there had been a previous meeting with our insurance broker as to whether we should be carrying insurance of a minor nature for our fleet. Mr Tombs responded that there was an increase to levels of some policies and whether fleet is included will need to be confirmed.

Mr Beggs clarified that reviewing insurance was part of the operational costs savings. Self-insurance was considered but on advice from the insurance broker that we continue fleet insurance. The broker would not have a conflict of interest providing this advice as it a flat fee arranged through MWLASS.

There were questions raised on the flexibility of our insurance with our agreement with MWLASS and the impact of Three Waters on our insurance costs. There is limited flexibility to negotiate dates as they are through MWLASS but there are greater benefits being a part of this group. Three waters will have an impact on the costs of insurance however we are working through this as part of the transition.

The Chair recommended that there be subsequent insurance workshop on policies and the risk associated with this.

MWLASS sends a representative to London for insurers to meet and this gives them an understanding of the risks associated and make insurers more comfortable. There is internal work focusing on our asset data and value of the assets.

Mr Tombs assured the committee that we recognised the market getting more difficult and reflected this in our budget. In the future we anticipate that cyber insurance and insuring assets close to the sea with sea level rise, will be the hardest to insure against.

Resolved minute number 22/ARK/063

That the report 'Insurance Update' be received.

HWTM A Watson/Cr D Wilson. Carried

7.4 Treasury Reporting

LGFA, local government funding agency, is an independent organisation for Councils to use to secure debt. Our current debt levels are well within the parameters, this includes the forecast debt levels without three waters assets.

The committee stated that there needs to be further analysis of the impact on three waters if Council were to increase debt by investing in capital structures. The committee also wanted to see further analysis on figures as a consequence of three waters and the impact on our LTP.

There were questions from the committee regarding the certainty of our funding. Mr Tombs confirmed there is no guarantee with these figures as things change, especially with our fees and charges. As an example, Covid lockdowns stopped the processing of building consents which impacted our fees and charges revenue.

The Chair recommended that the financial implications and strategic risks need to be addressed and the report to show where Council might be in the future.

Resolved minute number 22/ARK/064

That the report 'Treasury Reporting' be received.

HWTM A Watson/Cr D Wilson. Carried

7.5 Annual Report 21/22 Progress Update

HWTM left 11.05am and returned at 11.07am during this item.

A meeting between the auditors and Mr Tombs will be held tomorrow regarding the date of sign off for the Annual Report and whether this should be postponed until after Christmas. The Chair noted that other Councils are in a similar position and are facing a delay with their audit opinion.

The delays are caused by a lack of auditors and Council staff working across a number of projects. The delay is not necessarily because of us, but a bit of both parties.

An issue without a timely annual report is this can cause delay with the management letter. The management letter sets expectations for the sector and staff won't get the opportunity to address problems prior to the next report.

Resolved minute number 22/ARK/065

That the report 'Annual Report 2021/22 Progress Update' be received.

Mr Jones/Cr D Wilson. Carried

7.6 Fraud Reporting

Taken as read.

Resolved minute number 22/ARK/066

That the report 'Fraud Reporting' be received.

HWTM A Watson/Cr T Piki Te Ora Hiroa. Carried

7.7 Strategic Risk Review

A modernised format has been proposed with the strategic risk register to be available on the website to provide greater transparency.

Concerns were raised by the committee regarding three waters assets and that it is no longer a risk to Council once the asset is no longer held by Council. The Chair responded that Council represents the community and this includes delivery of services. This can still be put on the risk register as something to advocate for in your community. This can be applicable to all Central Government reforms.

Mr Tombs advised that another document on risk appetite will feed into this. This will help with understanding the real risk and whether we accept or mitigate risks involved.

Resolved minute number 22/ARK/067

That the report 'Strategic Risk Review' be received.

Cr D Wilson/Cr T Piki Te Ora Hiroa. Carried

7.8 Audit NZ Management Letter Update

Mr Tombs advised the final pages on the procurement policy will not be ready until the next calendar year.

There was discussion in regards to performance reporting through our shared services contract and contractor services. There is a level of reporting but for anything specific would be a conversation offline with the Mayor and Chief Executive.

ITEM 6.1

ATTACHMENT 1

Resolved minute number 22/ARK/068

That the report 'Audit NZ Management Letter Update' be received.

Mr Jones/Cr D Wilson. Carried

7.9 Summary of Management Accounts

New chair to decide what information is received. The purpose of Audit and Risk is adequate financial information is being received by Council.

Resolved minute number 22/ARK/069

That the report 'Summary of Management Accounts' be received.

HWTM A Watson/Cr D Wilson. Carried

7.10 Audit and Risk Committee Work Programme

The work programme is deliverable to an extent but there may be delays for some items, such as the bribery and corruption policy.

The Chair recommend that there should be a standing item on the privacy act as this provides the opportunity for any breaches to be reported to the committee. This provides assurance even if nothing is reported.

Resolved minute number 22/ARK/070

That the report 'Audit and Risk Committee Work Programme' be received.

Cr F Dalgety/Cr T Piki Te Ora Hiroa. Carried

7.11 Protected Disclosures Update

Taken as read.

Resolved minute number 22/ARK/071

That the report 'Protected Disclosures Update' report be received.

Cr D Wilson/Cr T Piki Te Ora Hiroa. Carried

The meeting closed at 11.38am.

The minutes of this meeting were confirmed at the Audit and Risk Committee held on .

.....

Chairperson

7 Follow-up Action Items from Previous Meetings

7.1 Follow-up Action Items from Risk and Assurance Meetings

Author: Kezia Spence, Governance Advisor

1. Reason for Report

1.1 On the list attached are items raised at previous Risk and Assurance meetings. Items indicate who is responsible for each follow up, and a brief status comment.

2. Decision Making Process

2.1 Staff have assessed the requirements of the Local Government Act 2002 in relation to this item and have concluded that, as this report is for information only, the decision-making provisions do not apply.

Attachments:

1. **Follow-Up Actions Register** [↓](#)

Recommendation

That the report 'Follow-up Action Items from Risk and Assurance Meetings' be received.

Current Follow-up Actions

Item	From Meeting Date	Details	Person Assigned	Status Comments	Status
1	16-Nov-22	What level of insurance do we have for our earthquake prone buildings and fleet (respond via email to the committee)	Dave Tombs	Asked Insurers for details (Fleet is covered in March 2023 Insurance Agenda Paper)	In progress
2	16-Nov-22	Add a standing item that there have been no privacy breaches - to consider / discuss	Sharon / ELT	This has been included in the order paper.	Closed.
3	5-Sep-22	The Committee requested that staff highlight the agreement for shared services between the Rangitikei and Manawatu District Council's as an area of focus for the new Committee (after the election).	Arno Benadie	Future workshop discussion	In progress
4	10-Mar-22	As per resolution 22/ARK/004 : The report 'Rail Hub Project - Significant Risks and Mitigations (first draft)' contained in the 10 Mar 22 Order Paper is to be distributed to the Rail Hub Project Advisory Board, in order to seek their guidance in identifying 'tier 1 risks' associated with the project. Following the receipt of the Project Advisory Board's guidance, staff are to analyse these responses and present a formal report back to the Committee.	Arno Benadie	The MRH project is subject to the Environment Court decision and so this action is on hold until a decision has been received.	In progress
5	10-Mar-22	As per resolution 22/ARK/004 : Staff to consider the organisation-wide risk framework that is being used, taking into account the feedback from CouncilMARK (when received).	Dave Tombs	Risk Management Policy has been approved by ELT and reviewed by Audit/Risk Committee in December 2021. Draft Risk Management Strategy has been reviewed by ELT and discussed with SLT, and is being finalised in conjunction with the new Risk Appetite and Tolerance Policy that is being finalised. Departmental Business Continuity Plans are scheduled to be completed by the end of 2022. Departmental Risk Registers are scheduled for completion before end of Jan 2023. Strategic Risk Register is currently being extended. Council Papers that are 'for Decision' are now required to include commentary regarding 'Implications for Strategic Risks'.	In progress

8 Chair's Report

8.1 Chair's Report - March 2023

Author: Philip Jones, Chair

1. Reason for Report

- 1.1 Mr Jones may provide a verbal update.

Recommendation

That the Chair's Report – March 2023 be received.

9 Reports for Decision

9.1 Health, Safety and Wellbeing

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides an update on health, safety and wellbeing matters. The report includes the Health, Safety and Wellbeing Dashboards for November 2022 to February 2023 together with an update on the Health, Safety and Wellbeing Work Programme. It also provides the revised Health, Safety and Wellbeing Due Diligence Plan for the Committee's review and endorsement.

2. Context

- 2.1 Elected Representatives are considered Officers under the Health and Safety at Work Act 2015 (Act). This means that they have an obligation to exercise due diligence in relation to health and safety matters. Due diligence is defined in section 44(4) of the Act as taking reasonable steps to:
 - 2.1.1 Acquire and update knowledge of health and safety matters; and
 - 2.1.2 Gain an understanding of the operations carried out by the organisation, and the hazards and risks generally associated with those operations; and
 - 2.1.3 Ensure the person conducting business or undertaking (PCBU) has appropriate resources and processes to eliminate or minimise those risks; and
 - 2.1.4 Ensure the PCBU has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way; and
 - 2.1.5 Ensure there are processes for complying with any duty, and that these are implemented; and
 - 2.1.6 Verify that these resources and processes are in place and being used.
- 2.2 Council's Health, Safety and Wellbeing Dashboards (Dashboards) provide monthly health and safety event data and year-to-date trends. The Dashboards support Elected Members to exercise their due diligence obligations by providing up-to-date information on incidents, hazards and risks, together with current activities and wellbeing initiatives.
- 2.3 Council is committed to continuous improvement across all aspects of workplace health, safety and wellbeing. Continuous improvement is achieved through actions identified in the Health, Safety and Wellbeing Due Diligence Plan and the Health, Safety and Wellbeing Work Programme.

3. Discussion

3.1 Health, Safety and Wellbeing Dashboards

- 3.1.1 The Dashboard for November 2022, combined Dashboard for December 2022 and January 2023, and Dashboard for February 2023 are attached to this report.

- 3.1.2 The Dashboard for November 2022 includes four events (two slip-trip-fall category and two abusive behaviour category) and two near misses (both slip-trip-fall category).
- 3.1.3 The combined Dashboard December 2022 and January 2023 includes three events (two motor vehicle category and one animal attack category), one near miss (abusive behaviour category) and one new hazard identified (cut category).
- 3.1.4 The Dashboard for February 2023 includes eight incidents (six abusive behaviour category and two object strike category).
- 3.1.5 The most commonly reported event / near miss categories are slip, trip, fall and abusive behaviour. This follows internal drives to promote increased reporting of slip, trip, fall and abusive behaviour events.
- 3.1.6 There were no WorkSafe notifiable accidents or incidents for this reporting period.
- 3.1.7 All reported near misses have been appropriately investigated and addressed. The cut hazard identified in December 2022 has been eliminated.

3.2 Health, Safety and Wellbeing Due Diligence Plan

- 3.2.1 The Health, Safety and Wellbeing Due Diligence Plan (Due Diligence Plan) supports Elected Members to meet due diligence requirements by providing opportunities for enhanced understanding of RDC's critical health, safety and wellbeing risks, and the controls for these risks.
- 3.2.2 The Audit and Risk Committee endorsed the previous Due Diligence Plan at its September 2021 meeting. That Due Diligence Plan was completed at the end of 2022. A revised Due Diligence Plan has been developed and includes future health, safety and wellbeing activities and reporting structures. The revised Due Diligence Plan is attached for the Risk and Assurance Committee's feedback and endorsement.
- 3.2.3 As a result of work undertaken as part of the previous Due Diligence Plan, Rangitikei District Council has been given the opportunity to provide a good practice case study to be included in a report that is being jointly produced by the NZ Business Leaders Health and Safety Forum, the Institute of Directors and WorkSafe NZ. The above three agencies have been conducting national research into gaps in the health and safety governance capability of Boards together with opportunities to address these gaps. In doing so they identified Rangitikei District Council as an exemplar of an organisation getting it right. They are including Rangitikei District Council in their report as an example of good practice with a particular focus on the Work as Done Sessions included in the Due Diligence Plan. It is expected that the full report will be published at the end of March 2023. This has been a great opportunity for Council to demonstrate the work that has been undertaken in this area at a national level.
- 3.2.4 A copy of the case study is attached for information.

3.3 Health, Safety and Wellbeing Work Programme Highlights

- 3.3.1 Health, safety and wellbeing highlights since the last report:
- Launch of Leadership Health, Safety and Wellbeing Charter (attached for information)

ITEM 9.1

- Appointment of Health, Safety and Wellbeing Advisor
 - Review of Health, Safety and Wellbeing Due Diligence Plan
- 3.3.2 Health, safety and wellbeing activities currently underway:
- Development of RDC Safer Driver Framework
 - Review of Health, Safety and Wellbeing Risk Framework
- 3.3.3 Health, safety and wellbeing initiatives coming soon:
- Taituarā Health, Safety and Wellbeing Benchmark Survey
 - Health, Safety and Wellbeing Focus Week
 - Psychosocial First Aid Training for leadership team and Health, Safety and Wellbeing Representatives.
 - Review of Contractor Health and Safety Management Processes

Attachments

1. **Health, Safety and Wellbeing Dashboard November 2022** [↓](#)
2. **Health, Safety and Wellbeing Dashboard December 2022 - January 2023** [↓](#)
3. **Health, Safety and Wellbeing Dashboard February 2023** [↓](#)
4. **Draft Health, Safety and Wellbeing Due Diligence Plan 2023-2025** [↓](#)
5. **Business Leaders Health and Safety Forum Better Governance Case Study** [↓](#)
6. **Leadership Health, Safety and Wellbeing Charter** [↓](#)

Recommendation

That the Health, Safety and Wellbeing Report together with attachments, be received.

Recommendation

That the Risk and Assurance Committee endorses the revised Health, Safety and Wellbeing Due Diligence, with or without amendment.

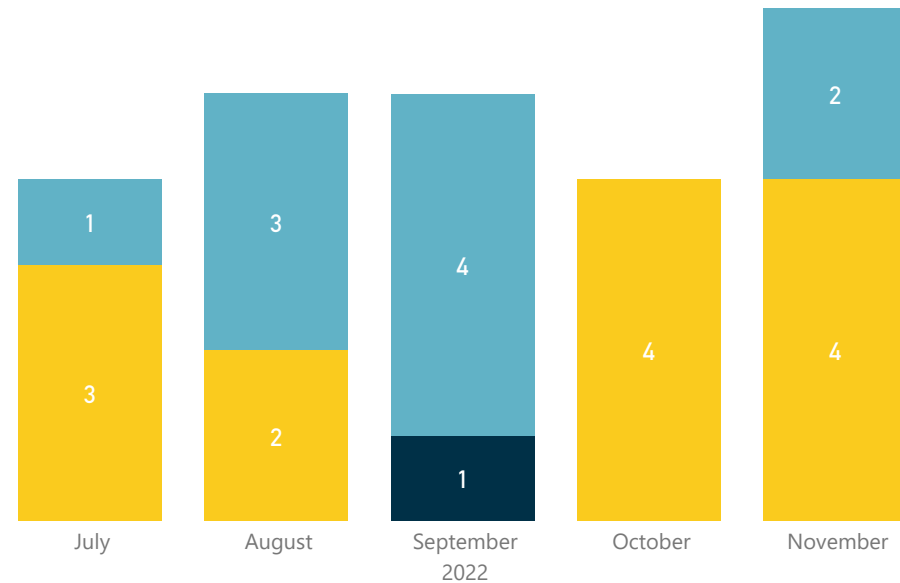


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

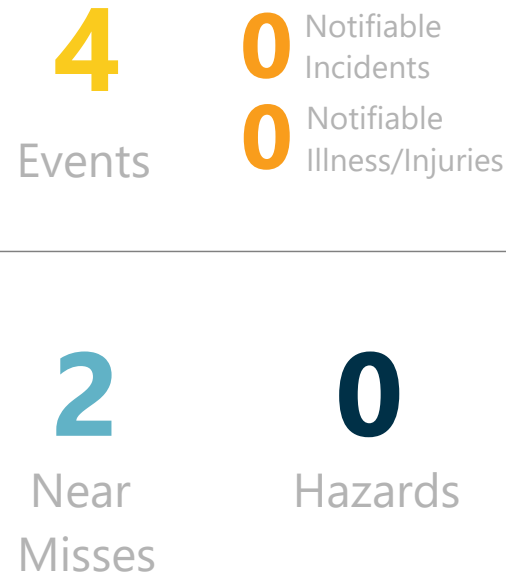
01 June 2022 to date

● Event ● Hazard ● Near Miss



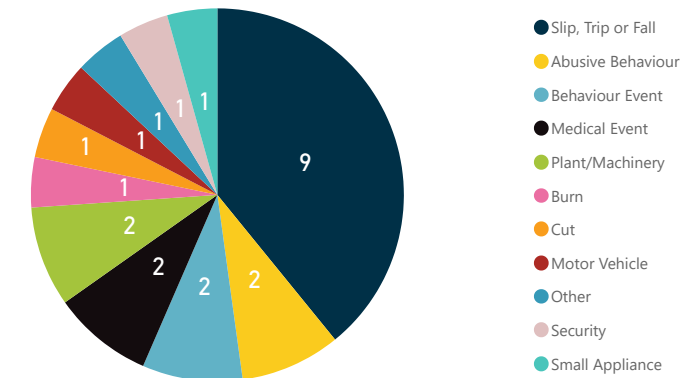
Last month

November 2022



Event/Near Miss Category

01 June 2022 to date



Wellbeing News



Countdown to Christmas

With Christmas fast approaching and everyone enjoying the Christmas cheer don't forget to take time out to look after your wellbeing. Christmas is about spending quality time with family and friends, slowing down and enjoying the moment! Take time out and if you are feeling a bit overwhelmed remember the box breathing exercise - breathe in for 4 seconds, hold for 4 seconds, breathe out for 4 seconds hold for 4 seconds. The People and Performance Team hope you all have a very enjoyable and relaxing Christmas and New Year break.

Christmas Recipe - Fruit Christmas Trees (from My Everyday Wellbeing)

Ingredients

- ¼ watermelon, peeled
- ½ honeydew melon, peeled
- ½ rockmelon, peeled



Instructions

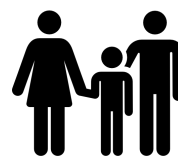
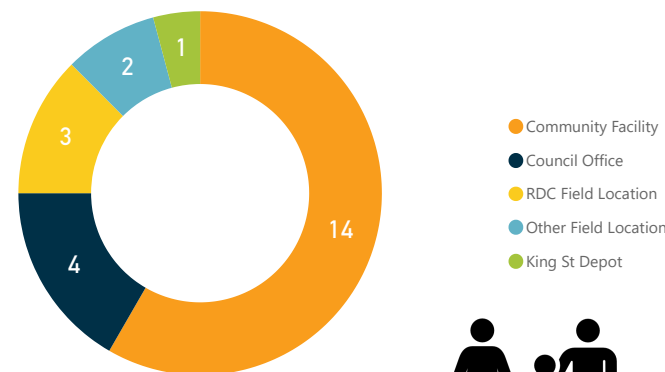
- Cut melons into 1.5–2cm-thick slices. Discard skin and seeds.
- Using 3 graded star cookie cutters (5cm, 5.5cm and 6.5 cm) cut star shapes from fruit with cutters. Thread three graded stars from the different fruits onto each skewer, going from the largest to the smallest star. Stand the stars on a serving plate.

Hauora Ake – Wellbeing Programme

It was great to launch our new Wellbeing Programme last month. You can find it on the Health, Safety and Wellbeing section of Kapua – please have a look at the great options it offers, and if you have any questions chat to Marcelle, Sharon or Christin.

Location

Events, Hazards and Near Misses



Driver Ratings

Rating	Sept	Oct	Nov
5 stars	8	5	4
4 stars	12	12	12
3 stars	13	15	17
2 stars	5	5	3
1 star	0	0	0

Note: The star ratings measure over-speed, sharp acceleration and harsh braking events as per data captured from E-Roads

Coming Up

Neck and Shoulder Massages

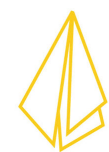
As part of Hauora Ake - Wellbeing Programme, Helen, from The Great Kiwi Backrub company, will be on-site (at 46 High St, Marton) every second Monday, starting Monday 12 December, to provide neck and shoulder massages for those staff who wish to take up this option. You can book a 15 minute massage for \$17 (your cost) which you are welcome to attend in work time. Payment can be made either by cash or internet banking at the time of your appointment. If you would like an appointment please contact Marcelle Williams

Prevention of Back Injury Training - 14 December 2022

Safety n Action are providing two half-day training sessions on the Prevention of Back Injuries. This course teaches effective lifting and moving techniques to help prevent back injuries. If you are interested in attending this training please contact Marcelle Williams.

Psychosocial Mental Health First Aid Training

St John's are providing Mental Health First Aid Training to SLT and Health, Safety and Wellbeing Representatives on Wednesday 15 February 2023. This training is targeted for people in leadership roles to have early intervention conversations and provide support to people in need (or help them to access external support). If you are interested in attending this training please contact Marcelle Williams.

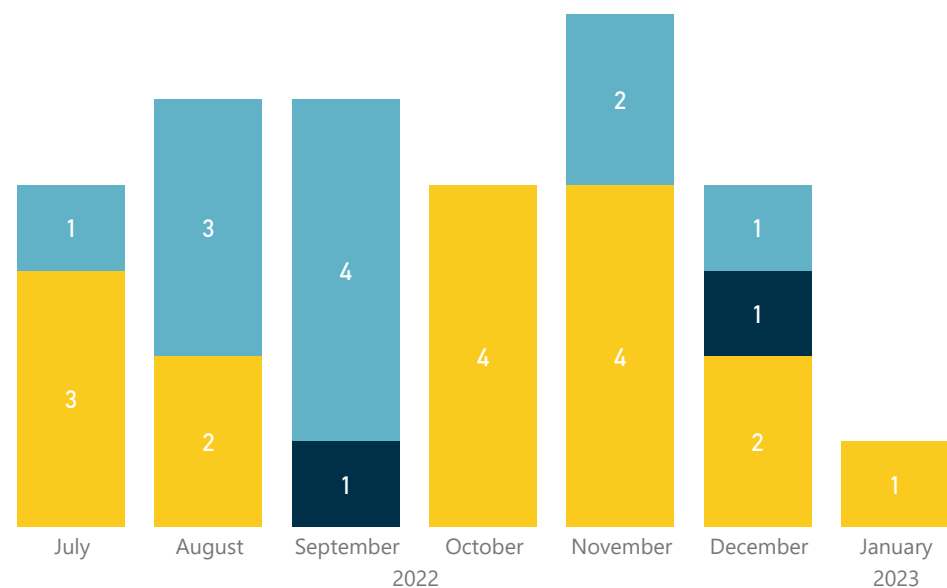


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

01 June 2022 to date

● Event ● Hazard ● Near Miss



Last 2 months

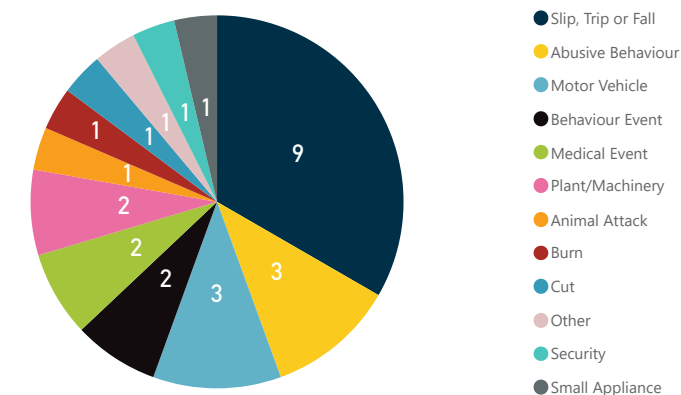
December 2022/January 2023

3 Events
 0 Notifiable Incidents
 0 Notifiable Illness/Injuries

1 Near Misses
1 Hazards

Event/Near Miss Category

01 June 2022 to date



ITEM 9.1 ATTACHMENT 2

Wellbeing News

Welcome to 2023!

The New Year is a great time to reflect on our personal wellbeing goals for the next 12 months. The Five Ways to Wellbeing provide some simple strategies you can introduce into your life:

Connect: Talk and listen, be there, feel connected; **Give:** Your time, your words, your presence; **Take Notice:** Remember the simple things you do that give you joy; **Keep Learning:** Embrace new experiences, see opportunities, surprise yourself!; **Be Active:** Do what you can, enjoy what you do, move your mood.



Delicious for a Summers Day! Strawberry Shortcake Pops

Ingredients:

1 tablespoon castor sugar 250g punnet strawberries, hulled 2 cups low-fat vanilla yoghurt 6 malt biscuits, crumbled

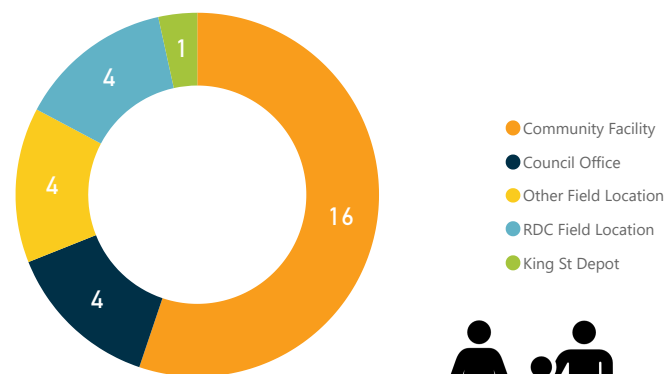
Instructions

- In a food processor, blitz sugar and strawberries until smooth, pour into 10 x 1/3-cup (80ml) capacity ice block moulds. Freeze for 30 mins to 1 hour, turn the moulds occasionally so mixture drizzles and lines the inside of the mould. Freeze for a further hour or until firm.
- In a jug combine yogurt and biscuits. Spoon mixture evenly over strawberry layer in ice block moulds. Freeze ice blocks overnight, or until firm. Serve.

You can find more great healthy food recipes on My Everyday Wellbeing. If you haven't registered yet, simply email marcelle.williams@rangitikei.govt.nz

Location

Events, Hazards and Near Misses



Driver Ratings

Rating	Nov	Dec	Jan
5 Stars	4	6	12
4 Stars	12	9	9
3 Stars	17	14	10
2 Stars	3	6	3
1 Star	0	0	0

Note: The star ratings measure over-speed, sharp acceleration and harsh breaking events as per data captured from E-Roads

Coming Up

Driver Simulator Training

Whether you drive for work, or just to and from work, your safety on the road is really important to us! We've previously run an advanced driver training programme using a driving simulator and have received great feedback! The training provides participants with real life driving incidents and emergencies and gives strategies and techniques required to safely navigate these scenarios. It also enables participants to brush up on the road code and learn general techniques for safer driving every day.

We're planning to run several simulator events throughout 2023, so if you would like to put your name down please contact matt.gordon@rangitikei.govt.nz

Neck and Shoulder Massages

Back, neck and shoulder massages will continue to be available on a fortnightly basis in 2023. Currently they are taking place at Marton, every second Monday. If you would like to book a 15 minute slot, please contact Marcelle. Massages are \$17 per 15 minute session (your cost).

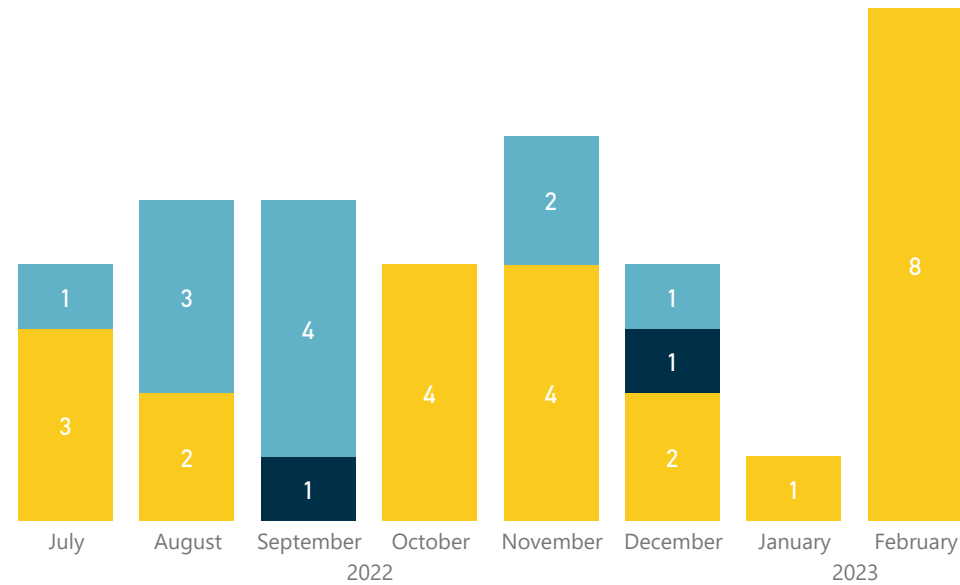


Rangitikei District Council Health & Safety

Events, Hazards and Near Misses

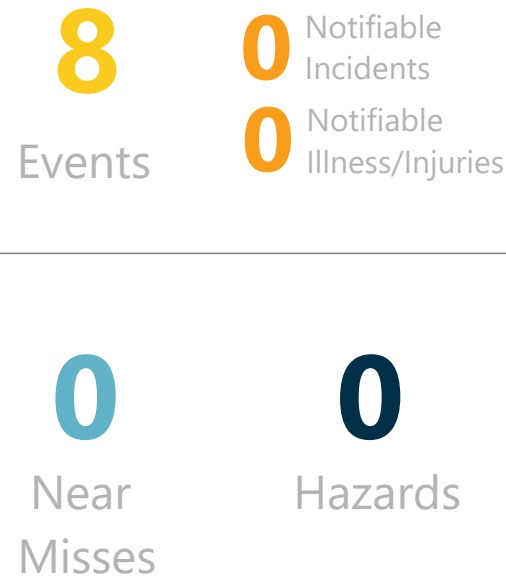
01 June 2022 to date

● Event ● Hazard ● Near Miss



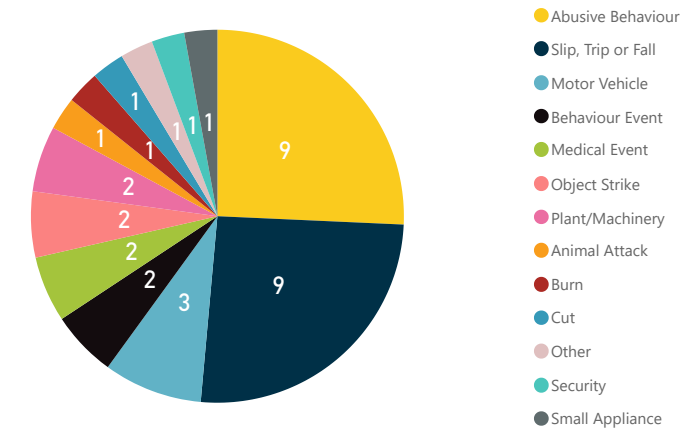
Last month

February 2023



Event/Near Miss Category

01 June 2022 to date



Wellbeing News

Hauora Ake – Wellbeing Programme

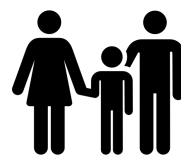
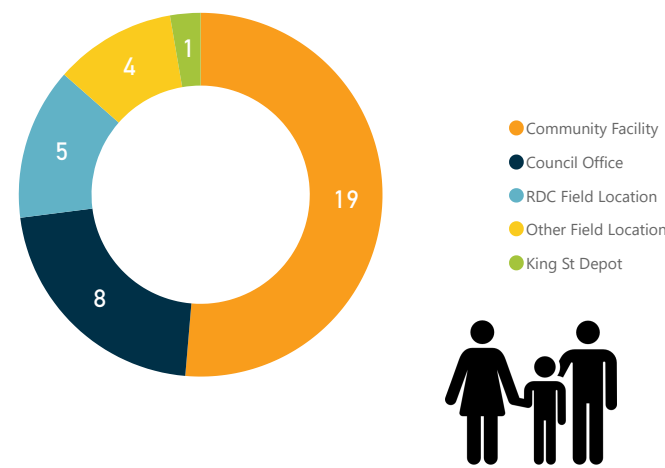
It's been great to see the high uptake of options in our new Wellbeing Programme, including our new initiative 'My Choice Wellbeing'. If you want to find out more about what's on offer, check out the Health, Safety and Wellbeing section of Kapua, and if you have any questions chat to Marcelle, Sharon, Christin or Matt.

Swimming for Fun or Fitness

Even though the weather has been poor, temperatures have still been high. If you're looking to cool off or continue to work on your fitness, swimming is a good way to achieve this goal. As part of Hauora Ake RDC staff can gain free access to the Marton and Taihape pools when you show your RDC photo identification card at the pool entry.

Location

Events, Hazards and Near Misses



Driver Ratings

Rating	Dec	Jan	Feb
5 Stars	6	12	8
4 Stars	9	9	11
3 Stars	14	10	13
2 Stars	6	3	4
1 Star	0	0	0

Coming Up

Taituarā Wellbeing Survey

Taituarā have partnered with Ask your Team to run a national local government wellbeing survey. We've decided to participate as it will give us some wellbeing great insights to consider alongside our quarterly Korero Mai – Have Your Say surveys and will allow us to benchmark how we are doing alongside other Councils.

We'll be running the survey between 27 March and 7 April and we encourage everyone to participate. More details coming out soon!

Health Safety & Wellbeing Focus Week 27 - 31 March.

To coincide with the Wellbeing Survey we're organising a week focused on a range of health, safety and wellbeing activities. Daily focus areas will include driver safety, mental wellbeing, workstation ergonomics, fire safety and emergency preparedness. There will be some fun activities, great prizes and opportunities for you to work with your colleagues to improve health, safety and wellbeing awareness. You'll hear more about what's on offer closer to the time.

Health and Safety Committee Meeting 21st March 2023

The next Health, Safety and Wellbeing Committee Meeting will be on Tuesday 21st March. Please connect with your HSW Rep if there is anything you would like them to bring to the meeting.

Health, Safety and Wellbeing Due Diligence Plan 2023 - 2025

This Due Diligence Plan is aligned to the Institute of Directors Health and Safety Guide: Good Governance for Directors (March 2016) and aims to enhance due diligence in health, safety and wellbeing (HS&W) leadership at Rangitikei District Council (RDC).

A positive and robust HS&W culture begins at the Council table and spreads throughout the organisation. The Health and Safety at Work Act places a duty on elected members – as Officers – to exercise due diligence to ensure that RDC complies with its health and safety duties and obligations.

Due diligence requires Officers to take reasonable steps to understand RDC's operations and HS&W risks, and to ensure that they are managed so that everyone is safe. Due diligence is defined in the Health and Safety at Work Act as taking reasonable steps to:

- Acquire and update knowledge of health and safety matters
- Gain an understanding of the operations carried out by the organisation and the hazards and risks generally associated with those operations
- Ensure the organisation has, and uses, appropriate resources and processes to eliminate or minimise those risks
- Ensure the organisation has appropriate processes for receiving and considering information about incidents, hazards and risks, and for responding to that information in a timely way
- Ensure there are processes for complying with any duty, and that these are implemented
- Verify that these resources and processes are in place and being used.

This due diligence plan outlines the activities that will be undertaken to enhance elected member knowledge and understanding of HS&W matters. The plan is aligned to the elements of policy and planning, delivery, monitoring and review.

A key part of this plan is the 'Work as Done' sessions. The intent of these sessions is for the key staff responsible for each area to demonstrate the nature of their operations, the hazards and risks associated with those operations, and their HS&W approach and processes to eliminate or minimise those risks. Where appropriate, a site visit will be scheduled as part of this process.

Scheduled activities		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
Workshop on HS&W governance for new Elected Members	Council		*			TBC
Appoint / re-confirm Governance HS&W Champion	Council	*				TBC
Endorse HSW Due Diligence Plan, including HSW Reporting Structure	Risk and Assurance Committee	*				March 2023
Review and endorse HSW Governance Charter	Risk and Assurance Committee	*			*	June 2023
Institute of Directors Advanced H&S Governance Training (on-line)	Governance HSW Champion (if new person appointed)		*			As required
Review and Endorse HS&W in the Workplace Policy	Audit and Risk Committee	*				June 2023
SafePlus Assessment	Whole organisation	*			*	Oct 2023
Review and endorse HSW Strategy	Risk and Assurance Committee	*			*	2024

Regular activities and reporting structure		Due diligence element				When
What	Who	Policy & planning	Delivery	Monitoring	Review	
Monthly HS&W Report (Dashboard)	Full Council CE and Executive Leadership Team			*		Monthly
Quarterly HS&W Report (full report), including update of HS&W incidents, innovations and other matters.	Risk and Assurance Committee			*		Quarterly
Full report of notifiable incidents or accidents	Risk and Assurance Committee			*		As needed
Work as Done Sessions (on-site experiences)	Elected Members Chief Executive, ELT, Officers.		*	*		Annually / as required
HS&W Committee Meetings	GM People and Performance Second ELT representative		*	*		Bimonthly
Review of HS&W Committee Meeting minutes and matters arising	CE and Executive Leadership Team		*	*	*	Bimonthly
Departmental HS&W Toolbox Meetings	Departmental GM's		*	*	*	Monthly
Updates / training on HS&W Matters	As appropriate		*			As needed

Health, safety and wellbeing is an important priority for Rangitikei District Council. They want everyone to be safe at work and get home healthy and well. Not only that, but they also want their people to experience greater overall wellbeing because they work for Council.

Like any other Board, the Elected Members of Rangitikei District Council are expected to carry out due diligence. Working together, Council's senior managers and Elected Members developed a Health, Safety and Wellbeing Due Diligence Plan aligned to the Institute of Directors Health and Safety Guide - Good Governance for Directors. The plan provides a programme designed to support Elected Members achieve their due diligence obligations and increase their overall health, safety and wellbeing capability, by helping them better understand the organisation's work including the risks that staff may face and the controls for these risks.

Rangitikei District Mayor, Andy Watson, notes the benefits of Elected Members and senior managers working together to ensure the safety of the Council's workforce. "By working together collaboratively, we are ensuring that we are jointly tackling risk to the health, safety and wellbeing of our workforce. The approach taken gives governors a high level of confidence in, and increased understanding of, the information presented to us by Council officers."

One of the key features of the Health, Safety and Wellbeing Due Diligence Plan includes 'Work as Done' sessions. While the Elected Members hear about health and safety matters in Council Chambers, the Work as Done sessions enhance understanding by offering practical demonstrations within the workplace.

Elected Member and Governance Health, Safety and Wellbeing Champion, Fi Dalgety, says that the 'Work as Done' sessions are an invaluable tool to help governance translate what they hear about in Council Chambers into real-life scenarios. "The Work as Done sessions provide Elected Members with practical work experiences and in-the-field demonstrations. They see first-hand the critical risks our workers face and the processes we have in place to eliminate or control these risks."

Other features of the plan include governance health and safety training, appointing a Governance Health, Safety and Wellbeing Champion, and collaboration between Elected Members and senior managers in developing Council's health, safety and wellbeing strategy, policies and frameworks.

Rangitikei District Councils Chief Executive, Peter Beggs, acknowledges that it's not the only Council doing great work in this space. "We know other Councils around the country have also implemented initiatives to support effective health, safety and wellbeing governance. We applaud these organisations and the effort they're putting into their workers' wellbeing. We've learned a great deal from other Councils, particularly within the Manawatū-Whanganui region, and we often share tools and frameworks. We are proud of the steps we have taken to improve the health and wellbeing of our staff. We will continue to optimise our Due Diligence Plan and Work as Done sessions to ensure that health, safety and wellbeing remains at the forefront of our governors thinking and decision making."

ITEM 9.1 ATTACHMENT 5



Elected Members and Senior Managers learning about safety controls for ride on mowers.



A demonstration of safety enhancements to control risks experienced by Animal Control Officers

Leadership Health, Safety and Wellbeing Charter

As people leaders, we believe in the genuine care of our people which we will demonstrate through these commitments.

WE WILL:



1. Be visible and present in our workplaces, and



2. Use our Organisational Values (Nga Pou) as the foundation of our Health, Safety and Wellbeing approach, and



3. Empower and guide our people to take actions that positively impact Health, Safety and Wellbeing, and



4. Support a culture where Health, Safety and Wellbeing is simply what we do.

We do this so that our people experience a sense of belonging, and ownership of their health, safety and wellness.

Signed on behalf of Executive Leadership Team and Senior Leadership Team:

Peter Beggs, Chief Executive of Rangitikei District Council

Date

10 Reports for Information

10.1 Privacy Update

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides the Risk and Assurance Committee with an update on privacy breaches for the reporting period, this update being that there are no known privacy breaches to report.

2. Context

- 2.1 The Privacy Act 2020 (Act) governs how agencies (including local councils) may collect, store, use and share private information about individuals. The Act contains 13 principles that stipulate how information can be collected and used, and outlines people's rights to gain access to that information and ask for it to be corrected.
- 2.2 The Office of the Privacy Commissioner receives and considers privacy complaints. Agencies must notify the Privacy Commissioner if a notifiable privacy breach has occurred. A notifiable privacy breach is one which has caused, or is likely to cause, serious harm to the affected individual(s).
- 2.3 Rangitikei District Council (RDC) has an internal Privacy Policy and Procedure (February 2023) which replaced the October 2020 Privacy Policy (following a policy review). The Privacy Policy and Procedure outlines how RDC will manage private information related to individuals who work for Council. It also outlines RDC's internal procedures for responding to actual or potential privacy breaches related to all information held about identifiable individuals, including employees and members of the public. The internal Privacy Policy and Procedure (February 2023) is attached for information.
- 2.4 As part of the recent review of the Privacy Policy and Procedure, RDC has developed an external Customer Privacy Statement which details how Council will protect the private information of members of the public. The external Customer Privacy Statement is published on RDC's website and can be accessed through the following link: [Privacy Statement](#).
- 2.5 In a RDC context, *personal information* includes any information collected or held by Council about identifiable individuals, such as information about our employees, rate payers and other members of the public who interact with Council.
- 2.6 RDC has a Privacy Officer, as is required under the Act. RDC's Privacy Officer is the Group Manager People and Performance.
- 2.7 The internal Privacy Policy and Procedure is available on the staff intranet (Kapua). Policies are communicated to staff at regular intervals including when a new policy is introduced, when changes are made to a policy, as part of the orientation process for new staff and when it is timely to do so. Training on the new Privacy Policy and Procedure, and refresher training on the Privacy Act, is being undertaken as part of the release of the new Privacy Policy and Procedure, and Customer Privacy Statement.

3. Discussion

3.1 There are no known privacy breaches to report.

Attachments:

1. **Privacy Policy and Procedure (February 2023)** [↓](#)

Recommendation

That the report 'Privacy Update' be received.

RANGITĪKEI DISTRICT COUNCIL

PRIVACY POLICY AND PROCEDURE

This policy sets out how Rangitikei District Council will approach the collection, use, retention, disclosure, access to and correction of personal information related to individuals who work for Council. It also outlines Rangitikei District Council's internal procedure for responding to actual or potential privacy breaches related to all information held about identifiable individuals.

A Privacy Statement relating to private information about members of the public is available on Rangitikei District Council's website.

Approved:	February 2023
Approved by:	Executive Leadership Team
Next review:	February 2025
Version number:	1.1
Who is responsible:	Group Manager People and Performance



Making this place home

UNCONTROLLED IF PRINTED

Policy

PURPOSE

Rangitikei District Council (we / us / our / Council) is committed to managing personal information in a way that follows best practice and respects the privacy rights of individuals.

To achieve this we have established a Privacy Policy and Procedure, the objectives of which can be summarised as:

- Maintaining a positive privacy culture in which individuals are supported and encouraged to adopt good privacy practices.
- Building trust and confidence with people who work for us by ensuring:
 - there are clear purposes for collecting personal information;
 - good data collection processes;
 - transparency in how we handle personal information;
 - risk avoidance – minimising the potential for security or data breaches;
 - accuracy of personal information;
 - proper use and disclosure of personal information; and
 - respect for people as individuals.
- Providing an internal process for responding to privacy breaches whether these relate to information about employees or members of the public.
- Confirming the role and responsibilities of Council's Privacy Officer.
- Ensuring legal compliance.

SCOPE

This policy applies to all Rangitikei District Council employees, potential employees (job applicants), seconded personnel, elected members, volunteers and contractors (those who do work for Council).

The internal procedure for responding to privacy breaches (or potential breaches) relates to all private information we hold and relates to both people who do work for us and members of the public (including our rate payers).

This policy is subject to the legislative requirements as specified in the Privacy Act 2020 (Act) and any amendments.

The requirements regarding privacy of members of the public, including rate payer information, are covered by the Privacy Statement on Council's website, noting that the requirements and principles are the same as those that apply to the information of Council employees.

PRIVACY ACT 2020 – RIGHTS AND OBLIGATIONS

We will, at all times, treat your personal information in accordance with the Act. The Act has 13 information privacy principles that stipulate how information can be collected and used, and people's rights to gain access to that information and ask for it to be corrected. Appendix 1 to this policy sets out the information privacy principles and how we will apply them.

COLLECTING PERSONAL INFORMATION

We may collect your personal information for all matters relating to the administration and management of your employment, potential employment, or engagement with us.

As a general rule, we will collect personal information directly from you, unless you consent to the collection of information from someone else, or if an exception under the Act applies (e.g. the information is publicly available) or if we are permitted or required to by applicable law or regulation.

PURPOSES FOR COLLECTING PERSONAL INFORMATION

Your personal information may be used for circumstances relating to your employment, potential employment or engagement, including:

- the recruitment process;
- administering our various business processes, such as payroll functions;
- to fulfil our obligations as employer or principal;
- contact details and establishing an emergency contact;
- processing work-related claims (e.g. ACC);
- professional qualifications and study records; complying with applicable employment laws;
- preventing, detecting and investigating crime, and analysing and managing other commercial risks;
- conducting performance reviews;
- reward and recognition programmes such as Council's Matariki Stars staff awards
- gathering evidence for employment investigations or disciplinary action;
- health and safety compliance and risk management; and
- internal reporting processes.

We will only use your personal information for purposes related to your employment or engagement. If your personal information is to be used or disclosed for any additional purposes, we will first advise you and, when required by law, obtain your consent. We may use your personal information without your knowledge where it is permitted or required by law to do so.

PERSONAL CONTACT DETAILS

We need to hold your personal contact details (such as name, address, and phone number, and next of kin details) so that we can communicate with you when we need to, for example in case of emergency. To keep all employee records current, we ask that you notify the Senior People and Performance Advisor in writing of any changes to your personal information. These include changes to name, address, telephone number and emergency contact information (next of kin) as well as updating any expired identification.

Personal contact details will be held by your direct manager, Group Manager (if applicable), and the Group Manager People and Performance or their nominee.

Personal information will not be released to anyone unless the person holding it is satisfied that this is necessary for the purpose for which it was collected. In the event of a request for a staff member's address or phone number being made, (which includes any request from an outside source) we will record the contact details from the caller and pass the message on to the staff member concerned.

A master list of the names addresses and phone number of staff involved in emergency response will be prepared by the Group Manager People and Performance, or their nominee, who will issue the full list only to the designated Emergency Management Officer(s), Response Managers, Local Controllers and Executive Leadership Team with a note that it is personal information to be used for emergency management purposes only. The Group Manager People and Performance, or their nominee, is responsible for updating the list and reissuing it from time to time. Old lists will be securely destroyed.

STORAGE OF PERSONAL INFORMATION

We will ensure that information stored it is kept safe and secure by using reasonable steps to prevent loss, unauthorised access, use, modification, disclosure, or other misuse.

Personal information will be held on paper and/electronic file by the People and Performance Group. Personal information will also be securely recorded in the 'MagiQ' Information System (or any replacement system).

DISCLOSURE OF PERSONAL INFORMATION

We may disclose (or transfer) your personal information to third parties, including:

- agents, contractors or third-party service providers (which have undertaken to keep such information confidential) who provide us operational services such as telecommunications, information technology systems, consulting, training, storage, archival or other services; and
- professional advisors such as auditors, consultants or lawyers; and
- external providers or third parties engaged to manage processes related to employees' employment (e.g. ACC); and
- Government agencies and departments for the purpose of meeting their requirements.

We may also disclose your personal information (including your duties, salary or fee) to third parties for the purpose of undertaking a job sizing analysis, and for any other purposes as notified to you.

REQUESTS FOR PERSONAL INFORMATION

You are entitled to request access to any personal information that we hold about you. You are also entitled to request the correction of your personal information.

- Requests for personal information will be processed promptly and responded to within a maximum of 20 working days.
- We may decline your request (or part of your request) for personal information if a good reason exists for withholding that information. A good reason could include the need to protect the privacy of other identifiable individuals.
- If we decline your request, we will communicate clearly with you regarding our decision and the reasons that the request has been declined.
- If you request the correction of your personal information, and we do not agree to the correction, we will inform you of the reasons for this. If this happens, you may request us to record your request for correction of information and the reason it was declined.
- You may seek advice from the Privacy Commission / Privacy Commissioner if you disagree with our decision.

REFEREE CHECKS BY PROSPECTIVE EMPLOYERS

Prospective employers often contact referees as part of a recruitment process to obtain information about a job applicant's experience, job performance and disposition.

You may only provide a reference on behalf of RDC if you are a member of the Executive or Senior Leadership Team, and you are able to objectively and factually comment on the person's job performance and character (for example of the person reports directly to you). If you are not a member of the Executive or Senior Leadership Team, and you are asked to provide a reference, please seek advice from the People and Performance Team prior to agreeing to undertake the reference.

If you meet the conditions above, then the following applies if you are requested to act as a referee by a prospective employer in relation to a current or former Council employee:

- It is important to identify the person requesting the information and confirm that written consent has been given for them to request the information.
- You will also need the express consent of the person concerned to give a reference about them. Otherwise, your actions will be in breach of the Privacy Act 2020.
- In most cases, you will have agreed in advance to be a referee for that person and may have received notification of incoming contact by the prospective employer. If you are unaware that you are a referee for the person, make another time for the reference check so that you can first confirm with the person that they have consented to you acting as a referee for them and to the prospective employer seeking the information from you.
- There is no obligation to provide a reference. If you are asked to be a referee, and do not feel comfortable, it is best to politely decline.
- Typically, you will be asked to verify the person's period of employment, position, responsibilities and relationship to you as referee. You will likely also be asked about the person's job performance. Only provide the information requested and ensure that any information you provide is honest, factual and objective.
- Documents such as performance reviews or letters to the employee are personal information and, if requested, should only be given directly to the person concerned.

If you are asked to give a reference for a person who has never worked for the Council, you must make it clear that you are providing the information in your personal capacity and not as a representative of Council.

If you have any questions or concerns about privacy obligations in relation to reference checks, please seek advice from the Privacy Officer prior to providing the information.

An individual has the right to request to see the information you provide to the prospective employer.

Internal procedure to respond to a potential privacy breach

Inadvertent privacy breaches may happen despite good processes and the best of intentions. Where a potential breach is identified it is important to act quickly.

If you detect a potential privacy breach, you are required to advise your manager and notify the Privacy Officer as soon as possible. This requirement applies for all individual personal information held by Council including information about people who work for us, rate payers and members of the public.

The Privacy Officer will work with staff to address any privacy concerns, following the Privacy Commissioner's guidelines for dealing with privacy breaches.

PRIVACY OFFICER

Council's Privacy Office is the Group Manager People and Performance or their nominee. The Privacy Officer is responsible for:

- assisting Council and staff in managing personal information requests;
- managing breaches of privacy and notifiable breaches of privacy;
- complaints made about Council's actions or procedures under this policy; and
- answering any questions about this policy or personal information collected about you.

PROCEDURE IF A PRIVACY BREACH HAS OCCURRED (OR MAY HAVE OCCURRED)

If it is believed that a privacy breach has occurred, Council will, through the Privacy Officer, take all practicable steps to ensure that the privacy breach (or potential privacy breach) is contained; that the risks following the breach are assessed; that relevant parties are notified if required; and, that steps are taken to prevent further breaches. The Privacy Officer will also consider whether the privacy breach is notifiable.

NOTIFIABLE PRIVACY BREACHES

A privacy breach will be notifiable if is likely to cause serious harm. In assessing whether a privacy breach is likely to cause serious harm, the Privacy Officer must consider:

- any action taken by the Council to reduce the risk of harm following the breach;
- whether the personal information is sensitive in nature;
- the nature of the harm that may be caused to affected individuals;
- the person or body that has obtained or may obtain personal information as a result of the breach (if known);
- whether the personal information is protected by a security measure; and
- any other relevant matters.

IF A NOTIFIABLE PRIVACY BREACH HAS OCCURRED

As soon as practicable after becoming aware that a notifiable privacy breach has occurred, the Privacy Officer must notify:

- Privacy Commissioner (in accordance with section 117 of the Privacy Act 2020)
- Council's Chief Executive
- Chair of the Risk and Assurance Committee
- The affected individual(s) (in accordance with section 115 of the Privacy Act 2020).

If it is not reasonably practicable to notify an affected individual or each member of a group of affected individuals, the Privacy Officer must instead give public notice of the privacy breach unless an exception applies or delay is permitted under section 116 of the Privacy Act 2020.

Notifiable privacy breaches will be reported to the Risk and Assurance Committee at the next available meeting.

PRIVACY COMPLAINTS

Complaints need to be made to the Privacy Officer for resolution in the first instance. If individuals are unable to resolve a privacy dispute, they can make a complaint to the Privacy Commissioner, using their online complaint form <https://www.privacy.org.nz/your-rights/making-a-complaint/complaint-form/>.

FURTHER INFORMATION AND EDUCATION

The Office of the Privacy Commissioner provides a good source of advice and information. The Privacy Commissioner's toll-free hotline number is 0800 803 909 and the official Privacy Commission website is www.privacy.org.nz

All RDC employees whose work involves the personal information of others are strongly encouraged to complete the free on-line training modules offered by the Office of the Privacy Commissioner and available through the following link: [Office of the Privacy Commissioner | E-learning](#)

In particular, the following modules are recommended:

- Privacy ABC (30 minutes introduction using scenario-based units)
- Privacy 101 (more in-depth than Privacy ABC. 2 – 3 hours but does not have to be completed in one session)
- Privacy Act 2020 (an overview of what changed when the new Privacy Act was released in 2020).

Once you have completed an on-line training module, please download your completion certificate and forward to the People and Performance Team so that it can be added to your personal file.

Appendix 1: Information Privacy Principles

Principle 1: Purpose of collection of personal information

We will only collect personal information where it is needed to perform a function or activity of the Council. Council may use your personal information for the purposes described in this policy (refer to the "Purposes for collecting personal information" section). If your personal information is to be used or disclosed for any additional purposes, Council will first advise you and, when required by law, obtain your consent. Council may use your personal information without your knowledge or consent where it is permitted or required by law to do so.

Principle 2: Source of personal information

We will collect the information directly from the person concerned. There are some exceptions to Principle 2, such as where the person agrees otherwise, where the information is collected by an agency on our behalf, or where the information is publicly available.

Principle 3: Collection of information from subject

We will take all reasonable efforts to ensure the person is aware that the personal information is being collected, what it will be used for, the recipients of the information, whether the supply of the information is voluntary or mandatory, the consequences of not providing the information and the person's rights of access to and correction of the information.

Principle 4: Manner of collection of personal information

We will ensure personal information is not collected in an unlawful, unfair or intrusive fashion.

Principle 5: Storage and security of personal information

We will take all reasonable efforts to ensure the information is protected against loss, unauthorised access, use, modification, disclosure or other misuse. We will ensure that personal information is securely stored to prevent unauthorised access.

Principle 6: Access to personal information

We will, when asked by an individual, provide access to personal information as required by the Privacy Act 2020. Where the information can be readily retrieved, the individual is entitled to confirmation of whether the information is held, and to have access to it.

Principle 7: Correction of personal information

Individuals may request correction of personal information held. Where this is not agreed to by Council, the individual may request that a statement is attached to the information that the correction was sought and was refused. We will make every effort to ensure that any personal information held by us is accurate, up to date, complete, and relevant. If individuals consider any personal information we hold about them is incorrect, they can ask us to change it.

Principle 8: Accuracy of personal information to be checked before use or disclosure

We will not use or disclose information without taking reasonable steps to ensure it is accurate, up to date, complete, relevant and not misleading.

Principle 9: Agency not to keep personal information for longer than necessary

We will not hold information for any longer than it is needed for the purposes for which it was collected and/or may lawfully be used. After this time, the information will be securely destroyed.

Principle 10: Limits on use of personal information

Information collected for one purpose must not be used for any other purpose. There are some exceptions to Principle 10, for example, where Council reasonably believes the individual has authorised the further use, or when the information was from a publicly available publication.

Principle 11: Limits on disclosure of personal information

The information provided will not be disclosed to any other agency or person except in certain situations. Situations where information may be disclosed include where the disclosure is directly related to the purpose for which the information was collected, where the source of the information is from a publicly available publication, and where the disclosure is authorised by the individual concerned. We will only use and disclose personal information in accordance with the Privacy Act 2020.

Principle 12: Disclosure of personal information outside New Zealand

We will take reasonable steps to ensure that personal information sent overseas is protected by comparable privacy standards. If we need to engage with an overseas service provider, we will comply with New Zealand privacy laws. We may disclose personal information overseas if the individual authorises the disclosure.

Principle 13: Unique identifiers

We will not assign a unique identifier to an individual unless doing so is necessary for the Council to carry out its functions efficiently. Where doing so is necessary, Council must not use a unique identifier that has been assigned to that individual by another agency (the only exception is for certain taxation purposes). We will take all reasonable steps to protect unique identifiers from being misused.

10.2 Protected Disclosures Update

Author: Sharon Grant, Group Manager - People & Performance

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 This report provides the Risk and Assurance Committee with an update on protected disclosures for the reporting period, this update being that there are no protected disclosures to report.

2. Background

- 2.1 The Protected Disclosures Act 2022 (Act) came into force on 1 July 2022 and replaced the Protected Disclosures Act 2000. The purpose of the Act is to facilitate the disclosure and timely investigation of serious wrongdoing in or by an organisation and protect people who make a disclosure under the Act.
- 2.2 Under the Act a disclosure can be made by an employee. The definition of employee under the Act is wider than other legislation and includes employees, secondees, contractors, volunteers and boards / governing bodies.
- 2.3 Employees who make a disclosure under the Act are not liable to any civil or criminal proceedings, or to disciplinary proceedings by the employer, for reasons of that disclosure.
- 2.4 Rangitīkei District Council introduced a revised Protected Disclosures Policy and Procedure (Policy and Procedure) to reflect the new Act in July 2022. The revised Policy and Procedure was considered and endorsed by the Audit and Risk Committee at its September 2022 meeting.
- 2.5 Internal policies are available on the staff intranet (Kapua). Policies are communicated to staff at regular intervals including when a new policy is introduced, when changes are made to a policy, as part of the orientation process for new staff, and when it is timely to do so. Staff have received training on the new Protected Disclosures Policy and Procedure.

3. Discussion

- 3.1 There are no protected disclosures to report for this period.

Recommendation 1

That the report 'Protected Disclosures Update' report be received.

10.3 Internal Audit Programme

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

1.1 To provide the Committee with an update on Council's Internal Audit Programme.

2. Context

2.1 In March 2021 Officers drafted a formal five-year Internal Audit Programme that includes the provision of an update to each Risk and Assurance Committee meeting.

2.2 Since its introduction, it has become apparent that competing work demands, covid disruptions and resource constraints have caused delays - and will continue to cause delays - in the intended timeframes for completing elements of this Program.

3. Discussion

3.1 As discussed at a prior Committee meeting, Officers will continue to monitor the Internal Audit Program, noting any reviews that are required/recommended by legislation and external agencies such as the Ombudsman Office.

3.2 Councils Statement of Service Performance reporting model underwent a comprehensive review during the second and third quarters of 2022/23. This has resulted in a more robust and reliable reporting model. Officers continue to review the results of the SSP reporting, which is reported to Council every six months. Note the SSP Reporting is subject to external audit each year.

3.3 Council's Consenting activity is the subject of IANZ review in March 2023.

3.4 An independent assessment of Council's cyber security arrangements will be conducted in March 2023. This assessment will *'examine the Council's systems and operational controls against the 281 requirements within the ALGIM framework and use this information to determine the Council's current maturity level against each requirement.'*

3.4.1 Council have had no (known) cyber incidents this financial year;

3.4.2 Senior management have scheduled meetings every second month to specifically discuss cyber security risks and preventative measures.

Attachments

1. Internal Audit Program [↓](#)

Recommendation 1

That the report 'Internal Audit Programme' be received.

Rangitikei District Council
Internal Audit Program (subject to ongoing review)

	21/22	22/23	23/24	24/25	25/26
Known/arising material risks	A/B ✓	A/B ✓	A/B	A/B	A/B
Health and Safety (Safeplus)	A ✓		A		A
Fleet management Services	A ✓			B	
Community Engagement (note 1)	A ✓			A	
Ethics (2)	<i>A partially done</i>			A	
Legislative Compliance (3)	<i>A not done</i>				A
Cyber Security/IT Recovery Plans	B/C ✓	A ✓	B	B	A
Business Continuity Plan (4)	B/C ✓			B	
Indirect tax evaluation	C ✓		C		B
Antifraud Assessment (5)		A *		C	C
Cash handling controls/processes		A/B *		B	
Statement of Service Performance (6)		A/B ✓	C	C	C
Consenting Applications (6)	B ✓	A/B	B	A	B
Peer review/Councilmark	A ✓			A °	
Procurement and Contract Management			A		
Elected Member effectiveness (8)			A		
Insurance Management			A/B		
Risk Management Framework			A/B		C
Digital Transformation (9)			A/B		
Community Wellbeing (10)			A/B		
Accounts Payable				A	
Treasury Management				A	
Complaints Handling				A/B	
Capital Program (11)				A/B	
Onboarding/off boarding of staff (12)					A

* subject to market availability

ITEM 10.3 ATTACHMENT 1

Key:

- A formal, externally review
- B structured internal review
- C overview

Notes

1. Includes working with Iwi/other partnerships; improvements to our ongoing communication with the community
2. Evaluation of our ethics related objectives/procedures/activities etc
3. Include compliance with payroll legislation (holiday pay etc)
4. In the event of major flood/quake
5. Fuel card, credit card, sensitive expenditure, false invoices, false time sheets/overtime
6. Improvements identified?? Barriers to success??
7. Other governance arrangements
8. Year 2 of election cycle
9. Existing and future 'ways of working'
10. Homelessness, health/leisure facilities, community support
11. Including Project Management, works order management, department set up
12. including new/old staff 'getting' on/off of payroll

10.4 Risk and Assurance Committee Work Programme**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide, for reference, the Committee with the current Risk and Assurance Committee Work Programme.
- 1.2 The proper management of this Work Programme includes having structured Risk and Assurance Committee agenda items, ensuring that the Risk and Assurance Committee reviews key governance, risk management and regulatory matters.
- 1.3 The current Work Programme was reviewed at a previous Committee meeting and is intended to be presented at each subsequent Committee meeting to provide members with an opportunity to review/amend the proposed Work Programme in light of potential recent/current factors.

2. Discussion

- 2.1 This Programme has been drafted on the assumption that the Risk and Assurance Committee will hold quarterly meetings in March, June, September and December each year (with additional meetings scheduled as required).
- 2.2 Current Risk and Assurance Committee Work Programme:

Item	Audit and Risk Committee Meeting
Governance	
Risk and Assurance Committee Terms of Reference	March 2021; at least once every 3 years
Latest Management Accounts - Overview	Each meeting
Latest Health and Safety reporting	Each meeting
Compliance with Treasury Management Policy	Each meeting
Fraud Reporting	Each meeting
Protected Disclosure Reporting	Each meeting
Outstanding AuditNZ management letter points	Each meeting
Insurance Update	Each meeting
Current Areas of Concern	Each meeting – see S3.3 below.

ITEM 10.4

Statutory	
Annual Report	Summary Update: September and December each year (as required)
Internal Audit	
Outstanding internal audit recommendations	Each meeting (none currently exist)
Annual Internal Audit workplan	Discuss March, confirm June each year (this was discussed at November 2022 meeting)
Internal Audit Workplan Updates	Each meeting
Policies etc	Policies considered appropriate for ARC to review
Gifts and Hospitality Policy	Review every 2 years : reviewed September 2022 (see below)
Sensitive Expenditure Policy	Review every 2 years : reviewed September 2022 (see below)
Fraud, Bribery and Corruption Policy	Annual Review: September (not sufficiently advanced – deferred until 2023)
Protected Disclosure “Whistle Blower” Policy	Review every two years: next review September 2024
Staff Code of Conduct	Review every 2 years; next review September 2023.
Health, Safety and Wellbeing Policy	Review every 2 years; next September 2023.
Delegations Register	Last updated January 2018; review currently being finalised.
Policy on Development Contributions	Required by S102 LGA; S106 LGA requires Policy to be reviewed every 3 years. Current version adopted 9 June 2021.
Procurement Policy	Draft presented in December 2021; currently being finalised. Then review every 3 years.
Rates Postponement Policy	Required by S102 LGA; S110 LGA requires Policy to be reviewed every 6 years. Update required by June 2026.
Rate Remission Policy	Required by S102 LGA; S109 LGA requires Policy to be reviewed every 6 years. Update required by May 2027.
Rate Remission for Maori Freehold Land Policy	Required by S102 & S108 LGA; Update required by 2024.
Significance and Engagement Policy	Required by S76 LGA; Update required by 2024.
Treasury Management Policy	Adopted by Council October 2020; ARC review each financial year (March 2023)
Accounting Policies	Annually as part of annual financial statements preparation

Revenue and Finance Policy	March each year (part of Annual Plan)
Finance and Infrastructure Policy	Every three years (part of LTP)
Risk	
Risk Management Policy	Review every 2 years (last review was September 2021)
Strategic Risk Register	Reviewed in full during 2021; currently subject to a 'rolling review'

2.3 Current Areas of Concern

The proposed Three Waters reforms have created a significant level of uncertainty around many aspects of Council's operations. The impact of these reforms continues to be carefully monitored and assessed at all senior levels of Councils. The potential financial impacts of these reforms continue to be reported to Finance/Performance Committee and Risk/Assurance Committee.

Officers have included current known Areas of Concern within reports submitted to this meeting but welcome discussion regarding any other topics that the Committee would like included.

Recommendation

That the report 'Risk and Assurance Committee Work Programme' be received.

10.5 Fraud Reporting**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Risk and Assurance Committee (“the Committee”) with an update on the latest Fraud Register.

2. Commentary – Fraud Allegations

- 2.1 The Fraud Register summarises all outstanding fraud allegations against Council that have been made to the Fraud Officer. These allegations will remain on the Fraud Register until ‘closed’ by the Committee.
- 2.2 As for the previous Committee meeting, there have been no fraud allegations so the Fraud Register is ‘blank’ and hence no register is attached.

3. Commentary – Fraud Awareness

- 3.1 Fraud Awareness communication was circulated to all staff in February 2022, June 2022, October 2022 and February 2023. Regular updates regarding this will continue to be sent out.

Recommendation

That the report ‘Fraud Reporting’ be received.

10.6 Strategic Risk Register

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide Risk and Assurance Committee with an updated copy of the Strategic Risk Register ('SRR').

2. Context

- 2.1 Officers provided the Committee with a partially-revamped SRR at the November 2022 meeting and now provide the current version, for information.

3. Commentary

3.1 ELT will:

- Continue to oversee the risks contained in the SSR; and
- Consider whether the SSR should include any other risks not currently contained in the SRR; and
- Continue the development of other aspects of Council's evolving Risk Management Framework (specifically the Risk Management Policy, Risk Appetite and Tolerance Policy/Statements, Departmental Risk Registers, Whole of Council Business Continuity Plan and Departmental Business Continuity Plans); and
- Continue to provide updates to the Risk and Assurance Committee.

- 3.2 ELT invite discussion with Committee members regarding a suggestion made at the previous Committee meeting regarding the SRR being an advocate for the Community (whether the Community has appropriate infrastructure for its wellbeing).

Attachments

1. **Strategic Risk Register (draft)** [↓](#)

Recommendation

That the report 'Strategic Risk Register' be received.

RANGITĪKEI DISTRICT COUNCIL

STRATEGIC RISK REGISTER

This is the Rangitīkei District Council's Strategic Risk Register as endorsed by the Executive Leadership Team (subject to review by the Audit & Risk Committee).

Approved:	October 2022
Next review:	October 2024
Version number:	1.0
Who is responsible:	Group Manager Corporate Services



Making this place home

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Strategic risks for Rangitikei District Council

INTRODUCTION

As highlighted by Council’s Risk Management Policy, a key element of Council’s Risk Management Framework is our Strategic Risk Register.

The Strategic Risk Register summarises the following key strategic risks identified by ELT and provides a response to how each risk will be addressed:

	STRATEGIC RISKS	INHERENT RISK	CURRENT MITIGATED RISK
	Failure to honour the commitments of Te Tiriti o Waitangi	Extreme	Moderate
	Trust and confidence is tarnished	High	Moderate
	Insufficient capability and capacity to fulfil agreed commitments	High	Moderate
	Legal and political environment requires excessive resources	High	Moderate
	Capital programme falters	High	Moderate
	Financial stability is lost	High	Low
	Regulatory effectiveness is questioned	High	Low
	Climate change responsiveness is ineffective	Extreme	Moderate
	Business continuity is compromised	High	Low
	Obligations with health and safety are not met	Extreme	Moderate
	Changes to governmental legislation are transformational	Extreme	Moderate
	Obligations with environmental protection are not met	High	Low

Each strategic risk is weighted using the following matrix assessment:

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risks will be managed by applying at least one of the following treatments:

- Avoid** Choose to avoid the actions/inactions that cause the risk
- Reduce** Reduce the risk (to a more acceptable level) by applying some mitigating measures
- Transfer** Transfer the risk to an external third party (eg via insurance or the outsourcing of a project). Some of these techniques may give rise to 'secondary risks' (eg risk that an external project manager fails to deliver)
- Accept** Accept the risk (being aware of the risk will often result in the risk being closely monitored)

FAILURE TO HONOUR THE COMMITMENTS OF TE TIRITI O WAITANGI



Risk Oversight Officer: Chief Executive

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

Elected members and staff are unclear as to the appropriate processes and pathways in the expression of Treaty partnership, causing offence and disrespect to the original customs and tikanga (protocol) of the whenua (land) and the obligation of local authorities to uphold those.

Uninformed decision making that does not uphold the obligatory role as stewards of Treaty partnership.

- Māori Advisory having no presence in governance and leadership spaces
- Leaders making decisions void of subject matter expertise
- An unfounded negative approach to Treaty partnership

HOW TO ADDRESS THE RISK?

Strategies to address this risk include:

- Iwi representation on appropriate Council committees, including the Te Roopuu Ahi Kaa Komiti.
- Formalised partnership agreements between Iwi and Council
- Regular programmed cultural time with Elected Members and ELT.
- Iwi induction pathway alongside mana whenua for all new staff.
- Facilitate more Council business on local marae or Māori community group settings
- Maintain a Māori Advisor within Council staff with appropriate delegation and role clarity.
- Regular dialogue at Strategic/Governance level between Council and Iwi
- Maintaining Māori wards.
- Maintain the policies and guidelines relating to Māori responsiveness and assist staff in the implementation of those across project work within Council.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : Extreme</p> <p>Likelihood – Almost certain</p> <p>Consequence – Major</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Major</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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TRUST AND CONFIDENCE IS TARNISHED

Risk Oversight Officer: Chief Executive



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

There are three main types of risk that can lead to a loss of confidence in Council's effectiveness:

- a) **Communication:** The risk that -
 - Council misunderstands community expectations or fails to work with advocacy groups. Either of these may lead to continuous public criticism, particularly in social media and division among elected members and staff.
 - Council allows community expectations to exceed council's ability to deliver. This can occur through unofficial promises being made to the community or council not properly communicating its plans.
- b) **Operational:** The risk that -
 - Inadequate handling of sensitive issues involving (for example) drinking water, wastewater discharges, lwi, privacy, or information disclosures.
 - Staff act in an overly bureaucratic or officious manner.
- c) **Reputational:** the action or inaction of any representative of Council which impacts Council's reputation in a negative way.

HOW TO ADDRESS THE RISK?

Communication:

Strategies to address the risk -

1. Councillors are proactive in being visible with all community sectors and have a forum for discussing public views with ELT.
2. Public are encouraged to speak at public forums at Council meetings.
3. Council is represented on community boards, working groups, local industry groups, committees etc.
4. Council promotes its future strategies and priorities and 'makes it easy' for the community to provide comments/responses.
5. Council posts relevant 'up to date' information on its website, in local media and on its social media pages (and monitors responses where possible).

Operational:

Strategies to address the risk -

1. ELT ensure capability and capacity of resources required are identified and established
2. ELT ensure proper systems and accountabilities are in place for appropriate customer service standards and complaints handling
3. Customer satisfaction and service performance reviews are undertaken, with ELT analysing key statistics every quarter

Reputational:

Strategies to address the risk -

1. Clear policy outlining expected standards of conduct
2. Clear delegations for speaking to or posting on media/social media
3. Media training for those delegated to speak on Council's behalf.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High
Likelihood – Likely
Consequence – Major
Proposed Risk Treatment: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

Current Mitigated Risk : Moderate
Likelihood – Possible
Consequence – Major
Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

INSUFFICIENT CAPABILITY AND CAPACITY TO FULFIL AGREED COMMITMENTS



Risk Oversight Officer: Group Manager, People and Performance

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council doesn't have the appropriate composition and number of skilled staff required to fulfil current and future commitments, e.g. inability to attract talent, failure to appropriately train existing staff, inability to retain skilled staff, failure to undertake appropriate workforce planning.

An associated risk comes from a change in Elected Members and the potential loss of knowledge and experience

HOW TO ADDRESS THE RISK?

Having a culture and employee experience that attracts a high caliber of applications, and increases the retention of staff. This includes mechanisms for meaningful staff feedback such as staff surveys and exit interviews.

A learning and development programme that targets future skill requirements and enables staff to grow in the areas that we need them to.

Identify key roles and develop succession and/or continuity plans for those roles and functions.

Undertake strategic workforce planning to identify skills and numbers required.

A high quality and comprehensive orientation and induction for all new staff and for elected members after the triennial elections.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Likely / Probable</p> <p>Consequence – Major</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> Avoid Reduce Transfer Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> Avoid Reduce Transfer Accept
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Future Action Plan:

- Design and maintain a remuneration and reward strategy that is competitive within both Local Government and general recruitment markets.

LEGAL AND POLITICAL ENVIRONMENT REQUIRES EXCESSIVE RESOURCES



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council has limited capacity to respond in a timely and efficient way to changes in central government policies and legal requirements, which may mean unexpected costs, a risk of noncompliance, and/or a consequential reduction in service performance.

An associated risk is that Horizons Regional Council makes changes to processes that impacts this Council, which could cause increased costs or impose reputational damage, due to lack of ability to respond on Rangitikei District Council.

HOW TO ADDRESS THE RISK?

Council continues dialogue with other local councils, and stresses the potential benefits of a regional/national partnership approach to influence central government policy and legislation. This includes discussion with LGNZ and Taituarā (SOLGM) to clarify issues that may or do impact the sector. Council keeps up to date on key submissions; reforms; and policy changes.

Adopting a no surprises and collaborative approach with Horizons Regional Council.

Council appropriately engages and communicates potential changes and the associated risks with the public.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Almost Certain</p> <p>Consequence – Moderate</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Likely / Probable</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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CAPITAL PROGRAMME FILTERS

Risk Oversight Officer: Group Manager, Capital Projects



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council is unable to achieve its capital works programme because of:

1. Lack of overall capacity in the market to deliver nationally and regionally
2. Lack of capacity and capability of staff to deliver capital programme
3. Lack of timely decision making on community facilities
4. Uncertainty around processing timeframes from other agencies regarding resource consents
5. The increasing dominance of larger contractors
6. The cost of delivery is higher than allocated budget (materials and land value prices greatly exceed inflation)
7. The impact of an unexpected event e.g. pandemic, natural disaster or other adverse occurrence

This situation may lead to failure of major infrastructure, failure to deliver our capital programme, reduction in investment and frustration in the community

HOW TO ADDRESS THE RISK?

Strategies to address the risk:

1. Capital works to be prioritised, realistic and achievable
2. Ongoing forecasting of delays or potential issue
3. Strategies for staff attraction, retention
4. Efficient Project Management framework based on best practise with standard templates to achieve consistent quality of project management
5. Establish good relationships with local iwi and hapu
6. Establish relationship with the regional council and seek early feedback on project approach
7. Establish early engagement and a future programme of works with contractors
8. Establish mutually beneficial and long lasting relationships with contractors
9. Consider alternative procurement strategies
10. Regular review of capital expenditure by ELT and reported to Council meetings
11. Project Management Office delivers project fiscal oversight
12. Major capital projects utilise external advisory boards
13. Transparent reporting to Council with early notice of potential time or cost overruns

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

<p>Inherent Risk : High</p> <p>Likelihood – Likely/Probable</p> <p>Consequence – High</p> <p>Proposed Risk Treatment: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<p>Current Mitigated Risk : Moderate</p> <p>Likelihood – Possible</p> <p>Consequence – Moderate</p> <p>Planned Future Additional Risk Treatments: (bold those that apply)</p> <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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FINANCIAL STABILITY IS LOST

Risk Oversight Officer: Group Manager, Corporate Services



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risks are either:

- a) Council’s financial projections, in terms of operating expenditure and revenue, prove substantially incorrect or insufficient; or
- b) Council’s projections highlight financial problems that are not properly addressed.

This could require a substantial increase in rates and increase the level of borrowing.

HOW TO ADDRESS THE RISK?

The following initiatives are in place:

- The Long Term Plan 2021-2031 and subsequent Annual Plans demonstrate Council will achieve a sustainable balanced budget.
- Ongoing financial management and oversight is a critical responsibility of the ELT.
- Cost centre managers proactively take responsibility for continually managing their respective budgets and provide forecast information for a mid year budget review.
- Maintain external stakeholder relationships with key funding partners.
- Maintain resilience with all financial systems, processes and controls.
- Current and accurate asset and infrastructure management information is maintained.
- Requests for significant unbudgeted expenditure are thoroughly scrutinised and considered by ELT.
- Rates modelling is effective and well informed.
- Ensure the impact of Three Waters Reforms is maintained and fully understood.
- Ensure appropriate insurance cover is maintained.
- Ensure appropriate skills exist on Audit/Risk Committee.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High	Current Mitigated Risk : Low
Likelihood – Possible	Likelihood – Unlikely
Consequence – Significant	Consequence – Moderate
Proposed Risk Treatment: (bold those that apply)	Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

REGULATORY EFFECTIVENESS IS QUESTIONED

Risk Oversight Officer: Group Manager, Regulatory Services



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that there are inconsistencies with how regulatory matters (e.g. building and resource consents) are dealt with, which could mean the community loses confidence in Council's processes and could have a negative impact on Council's reputation.

An additional risk is Council's ability to perform its regulatory functions within legislative timeframes.

HOW TO ADDRESS THE RISK?

Council shall ensure there is the correct balance of facilitating pragmatic solutions and compliance with legislative requirements, Council bylaws and policies.

Ensure that Council's Building Consenting Authority (BCA):

1. Is clear on requirements and expectations for staff and applicants;
2. Has the appropriate systems and training in place.
3. Is resourced appropriately.

Council to consider common systems with neighbouring Councils and BCAs by regularly assessing its business model

Council remain abreast of future changes that impact Council's regulatory function.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High Likelihood – Likely/Probable Consequence – Major Proposed Risk Treatment: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	Current Mitigated Risk : Low Likelihood – Unlikely Consequence – Moderate Planned Future Additional Risk Treatments: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
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CLIMATE CHANGE RESPONSIVENESS IS INEFFECTIVE



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council does not take sufficient steps to mitigate and respond to the impacts of climate change.

HOW TO ADDRESS THE RISK?

Council is part of the Joint Climate Action Committee to share information and facilitate collaborative action in response to climate change. This is made up of all Councils in the Manawatu Whanganui region.

The response and mitigation of the impacts of climate change is part of the development of a Climate Impact Strategy and supporting Action Plan.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High Likelihood – Likely/Probable Consequence – Major Proposed Risk Treatment: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	Current Mitigated Risk : Moderate Likelihood – Possible Consequence – Moderate Planned Future Additional Risk Treatments: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
--	---

BUSINESS CONTINUITY IS COMPROMISED

Risk Oversight Officer: Chief Executive Officer



WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that Council is unable to perform one or more essential services and/or statutory functions due to disruptions such as

- Cyber attacks
- Systems failure
- Natural disaster or other emergency
- Pandemic
- Loss of critical staff
- Loss of critical assets or infrastructure
- Terrorism
- Staff competencies

HOW TO ADDRESS THE RISK?

Council has a range of protective barriers and procedures that includes (or are under development)

- Business continuity plan
- IT recovery plan
- Data protection plan
- Pandemic plan
- Staff learning and development framework
- Identification of critical positions
- Succession plans
- Partnership relationships with neighbouring Councils
- Staff policies and procedures
- The Information Systems Strategic Plan now being implemented is a key mechanism.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High	Current Mitigated Risk : Low
Likelihood – Possible	Likelihood – Unlikely
Consequence – Significant	Consequence – Minor
Proposed Risk Treatment: (bold those that apply)	Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

OBLIGATIONS WITH HEALTH, SAFETY AND WELLBEING ARE NOT MET



Risk Oversight Officer: Group Manager, People and Performance

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that staff, contractors, volunteers or visitors to RDC worksites are seriously harmed due to a hazard and/or loss of control within the work environment. This includes harm to mental health and wellbeing.

An associated risk is damage to Council plant or property as a result of a hazard/loss of control.

HOW TO ADDRESS THE RISK?

The Executive Leadership Team have an unrelenting focus on the health, safety and wellbeing of staff, contractors, volunteers and visitors and are committed to establishing and maintaining a strong health and safety culture within the organisation.

Active employee participation frameworks are in place to encourage employee engagement and leadership in health, safety and wellbeing matters.

Risks to health, safety and wellbeing are identified. Risk control methods are in place and these are regularly reviewed and verified.

Council has a Transformational Health Safety and Wellbeing framework that promotes excellence and leadership in the field.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : Extreme

Likelihood – Likely / Probable

Consequence – Significant

Proposed Risk Treatment: (bold those that apply)

- **Avoid**
- **Reduce**
- Transfer
- Accept

Current Mitigated Risk : Moderate

Likelihood – Possible

Consequence – Moderate

Planned Future Additional Risk Treatments: (bold those that apply)

- **Avoid**
- **Reduce**
- Transfer
- Accept

Future Action Plan:

- Review of Critical Risk Framework including cyclic review and improvement of risk controls and the verification of these

CHANGES TO GOVERNMENT LEGISLATION ARE TRANSFORMATIONAL



Risk Oversight Officer: Group Manager, Democracy and Planning

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that new or amended legislation, reforms, regulations or policy statements cause changes that negatively impact affordability:

1. Ratepayers' ability to pay;
2. For Council to deliver services it can afford or resource appropriately.

The speed of change and the cumulative effects may detract from achieving statutory requirements (e.g. the long-term plan) and meeting community expectations.

The change is of a magnitude that considerably impacts Council (Three Waters, Resource Management Act, Future of Local Government)

HOW TO ADDRESS THE RISK?

Maintain active participation in LGNZ sector discussions at all levels

Ensure submissions by Council are made to Central Government policy and/or legislative amendments.

Maintain positive engagement with Local and Central Government politicians and lobby groups e.g. Federated Farmers.

Early assessment of likely impact of confirmed changes so that appropriate planning, mitigation and communication can take place.

Have plans in place to keep our community updated.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : Extreme Likelihood – Almost Certain Consequence – Significant Proposed Risk Treatment: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	Current Mitigated Risk : High Likelihood – Almost Certain Consequence – Moderate Planned Future Additional Risk Treatments: (bold those that apply) <ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept
--	--

Future Action Plan: <ul style="list-style-type: none"> • Continue lobbying
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OBLIGATIONS WITH ENVIRONMENTAL PROTECTION ARE NOT MET



Risk Oversight Officer: Chief Operating Officer (pending review/confirmation)

WHAT IS THE RISK (AND ITS CONSEQUENCES)?

The risk is that there is damage to the environment in the course of Council carrying out its work, and that there are substantial fines imposed on Council as a result.

HOW TO ADDRESS THE RISK?

Council strives to minimise environmental harm by balancing network maintenance and operation within fiscal constraints. This is consistent with the Local Government sector within New Zealand.

Council works with Horizons Regional Council to prioritise capital works to effectively manage wastewater treatment plant consents.

Likelihood / Frequency	Consequence to Council				
	Insignificant	Minor	Moderate	Major	Significant
Almost Certain	Low	Moderate	High	Extreme	Extreme
Likely / Probable	Low	Moderate	Moderate	High	Extreme
Possible	Low	Low	Moderate	Moderate	High
Unlikely	Minimal	Low	Low	Moderate	Moderate
Highly Unlikely	Minimal	Minimal	Low	Low	Low

Inherent Risk : High	Current Mitigated Risk : Low
Likelihood – Possible	Likelihood – Unlikely
Consequence – Significant	Consequence – Moderate
Proposed Risk Treatment: (bold those that apply)	Planned Future Additional Risk Treatments: (bold those that apply)
<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept 	<ul style="list-style-type: none"> • Avoid • Reduce • Transfer • Accept

10.7 Summary of Management Accounts

Author: Hilary Walker, Management and Systems Accountant

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Risk and Assurance Committee with a Summary of the key aspects of the detailed monthly Financial Snapshot.

2. Context

- 2.1 A detailed Financial Snapshot is presented, and reviewed, at each Finance/Performance Committee meeting.
- 2.2 Risk and Assurance Committee has previously requested a summarised version to be presented at their Committee meetings.
- 2.3 The attached Activity Performance Report provide commentary on the whole of Council operational budget variances in excess of \$100k and capital budget variance variances split by cost centre with the larger budgets (>\$500k) being shown separately.

Attachments

1. **Financial Performance Summary as at 31 January 2023** [↓](#)

Recommendation

That the report 'Summary of Management Accounts' be received.

**Whole of Council
Activity Performance Report
For the period ending January 2023**

	YTD Actuals	YTD Budgets	YTD Variance	YTD Percentage Variance	Full Year Budget
	\$000	\$000	\$000		\$000
Total Revenue	(29,478)	(28,212)	1,266	4%	(48,617)
Subsidies and Grants	(7,069)	(6,487)	583	9%	(17,299)
Other Revenue	(2,184)	(2,351)	(167)	-7%	(3,897)
Finance Revenue	(209)	(23)	185	793%	(41)
Gains	(442)	0	442	100%	(840)
Rates	(19,574)	(19,351)	223	1%	(26,541)
Total Expense	25,928	25,297	(631)	-2%	45,342
Other Expenses	11,871	11,957	87	1%	22,538
Personnel Costs	4,312	4,278	(34)	-1%	7,218
Finance Costs	221	376	155	41%	752
Depreciation	9,501	8,686	(814)	-9%	14,834
Overhead Allocation	0	(0)	(0)	0%	0
Losses	24	0	(24)	-100%	0
Grand Total	(3,550)	(2,914)	635		(3,275)

Variances > \$100k: Comments

Subsidies and Grants	<p>Mayors Task Force for Jobs (MTFJ) Tranche 2 of \$230k has been received, resulting in unbudgeted revenue and associated unbudgeted expenditure.</p> <p>The receipt of unbudgeted revenue for Emergency Works has resulted in variance withing the Rooding & Footpaths activity.</p> <p>The first tranche of the Governments Three Waters Transition Funding of \$88k has been received.</p>
Other Revenue	User fees collected at Waste Transfer Station are under budget – Officers are currently investigating this.
Finance Revenue	The variance is caused by higher than anticipated interest rates and bank balances.
Gains	The \$428k is interim profit on sale of assets figure: this figure is still being finalised and may decrease once the related journals are finalised.
Rates	YTD rate remissions of \$413k are lower than the associated budget of \$600k, due mainly to a reduction in rate remission requests.
Personnel Costs/Other Expenses	<p>Unbudgeted Other Expenses have been incurred with respect to the MTFJ (see above).</p> <p>Business Units have some vacancies.</p>

	District Promotions has used Personnel Costs budget for Other Expenses purposes.
	The net effect of these three points effectively cancel each other out.
Finance Costs	The variance is caused by lower than budgeted debt levels.
Depreciation	Depreciation will be over budget for 2022/23 due to the Asset Revaluations conducted as at 30 June 2022 and 1 July 2022.

Capital Expenditure +\$500k projects
For Period to 31 January 2023

Whole of Council	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	11,117,579	17,227,370	33,159,378	

Business Units	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	270,943	967,849	1,792,079	
95500701. Motor Vehicle Purchases (dr)	990	0	500,001	Procurement of vehicles is in underway. Information Services has spent in advance of budget, highlighting the variance.

Community and Leisure Assets	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	2,345,555	3,016,833	6,560,713	
4410170611. Taihape Amenities Detailed Design Construction bf from 20/21	1,346,235	318,425	535,995	Detailed report provided separately to Council as part of PMO Reporting
4410174501. Taihape Amenities Detailed Design & Construction	0	1,087,500	2,900,000	Detailed report provided separately to Council as part of PMO Reporting

Roading and Footpaths	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	5,209,991	6,079,109	13,679,887	
70100745. Marton Rail Hub	681,310	1,630,419	2,795,000	Detailed report provided separately to Council as part of PMO Reporting
70100781. Sealed Road Pavement Rehabilitation	502,614	463,565	1,204,105	Currently at 71% of the programme. Minor delay due to January weather events.
70100782. Drainage Renewals	207,154	309,270	749,700	Progressing as planned with the bulk of the physical work being in February and March. No change, still on track with existing programme.
70100783. Structures Components Replacements	120,408	328,817	597,816	Network bridge corrosion and asset assessments underway.
70100787. Sealed Road Surfacing	443,638	379,141	1,328,814	Currently at 64% of programme. Minor delay due to January weather events.
70100795. Improvements- Low Cost Low Risk	1,008,862	1,485,454	3,449,092	The work programme increases from October to March, highlighting the bulk of the expenditure.
70100797. Emergency Works 2022	1,238,189	0	0	Unbudgeted expenditure. This relates to work undertaken on emergency works of 2021/22. 84% of this will be funded by FAR, the remaining will be either debt funded or offset against underspends in other projects.
7030076106. Subdivisional Roads - Construction	240,000	114,975	197,100	Purchase of land, Henderson's Line - Lot 2, for future road connectivity to future developments north of the subdivision site as advised in Council Paper in May 2022.

Water, Sewerage & Stormwater	YTD Actuals	YTD Budgets	Full Year Budget	Comments
	3,291,091	7,163,579	11,126,699	
6060174501. New Plant	12,590	291,669	500,004	Detailed report provided separately to Council as part of PMO Reporting
6060174503. Marton Water Strategy - New Bore	688,824	972,224	2,000,000	Detailed report provided separately to Council as part of PMO Reporting
6070176204. 52: Wastewater Reticulation - Renewals	16,518	443,632	698,172	Marton wastewater pipe bridge, managed by MDC. In design stage and progressing.
6070176206. Marton to Bulls Centralisation Project	889,567	911,110	1,000,000	Detailed report provided separately to Council as part of PMO Reporting
6070176207. Land Purchase - Marton to Bulls Centralisation Project	0	1,200,000	1,200,000	Detailed report provided separately to Council as part of PMO Reporting
6060176316. Bulls Water Rising Main	454,093	0	0	Offset against Marton to Bulls Centralisation Project
6070177109. Taihape / Papakai Wastewater Pump Station	111,537	629,479	1,068,740	Project costs approved of \$6.35m. The increase of \$5.29 is unbudgeted expenditure. Detailed report provided separately to Council as part of PMO Reporting
6070177111. Ratana Complete Upgrade	634,672	1,023,530	1,750,695	Detailed report provided separately to Council as part of PMO Reporting

10.8 Risk Appetite and Tolerance Policy (draft)**Author:** Dave Tombs, Group Manager - Corporate Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide Committee members with an update on the development of Council's Risk Appetite and Tolerance Policy (RATP).

2. Context

- 2.1 At the last Committee meeting Officers provided a verbal update regarding the development of a new RATP.
- 2.2 Although still draft, a copy of the RATP is attached for the information of Committee members.

Attachments:

1. **Risk Appetite & Tolerance Policy (draft - WIP)** [↓](#)

Recommendation

That the report 'Risk Appetite and Tolerance policy (draft)' be received.

RANGITĪKEI DISTRICT COUNCIL

RISK APPETITE AND TOLERANCE POLICY

Council's Risk Appetite and Tolerance Policy is an integral part of Council's Risk Management Framework.

Approved:	2023
Approved by:	Executive Leadership Team
Next review:	2025
Version number:	1.0
Who is responsible:	Group Manager – Corporate Services



Making this place home

UNCONTROLLED IF PRINTED

Risk Appetite and Tolerance Policy

CONTENTS

- 1. Introduction
- 2. Risk Appetite Statement
- 3. Risk Tolerance Statement
- 4. Risk Appetite & Tolerance Summaries

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1. INTRODUCTION

Key Principles

- Council acknowledges that a level of Risk exists in everything it does.
- All managers are responsible for the identification and management of risks within their area and throughout Council.

Commentary

Risk is an inherent part of Council’s activity. The exposure to, and tolerance of, risk differs across Council’s operations. Council’s Executive Leadership Team (ELT) recognises that its level of risk acceptance & tolerance must be set at a level that encourages innovation and organisational development.

ELT has identified certain levels of risk it is ordinarily prepared to accept in pursuit of Council’s objectives.

This Policy provides details regarding ELT’s risk appetite and tolerance with regards to the types of risk as stated in section 5.2 of Council’s Risk Management Strategy:

- 1. Legislative/Governance/Regulatory Risks
- 2. Climatic Risks
- 3. Reputational Risks
- 4. Environmental Risks
- 5. Cultural Risks
- 6. Finance Risks
- 7. Asset failure (Infrastructure) Risks
- 8. Operational Risks
- 9. People Risks

2. RISK APPETITE STATEMENT

Risk Appetite : General Principles

Council has the following five levels of Risk Appetite in respect of its nine different risk categories:

1. Minimal (see below)
2. Low
3. Moderate
4. High
5. Unmonitored

Council has minimal or no appetite for risk which will:

- a) Compromise the safety & welfare of staff, contractors and/or members of the community
- b) Cause significant and irreparable damage to the environment
- c) Have a significant financial impact on Council’s long term financial sustainability
- d) Result in a major disruption to the delivery of key Council services
- e) Result in widespread and sustained damage to the Districts’ reputation and key relationships
- f) Result in major breaches of legislative requirements and/or significant successful litigation against the District
- g) Significantly impact on the District’s ability to recruit and retain staff.

Council may have a greater appetite for its other risks as highlighted in this Policy.

Risk Appetite : In Practice

Council:

- delivers an extensive and diverse range of services to a growing and diverse population and range of visitors whilst operating in a highly dynamic, and sometimes volatile, environment; and
- has an ongoing obligation to maintain, and where necessary improve, levels of service to the community; and
- constantly seeks to improve operational efficiencies.

Accordingly Council recognises that some appetite for risk is required for it to achieve its key outcomes.

Section 4 of this Policy provides commentary on Council’s key risk categories and their associated levels of risk appetite. Summary:

RISK APPETITE				
Minimal	Low	Moderate	High	Unmonitored
People Risks	Legislative / Governance / Regulatory Risks	Asset Failure (infrastructure) Risks		
	Climatic Risks	Operational Risks		
	Reputational Risks			
	Environmental Risks			
	Cultural Risks			
	Financial Risks			

3. RISK TOLERANCE STATEMENT

Council's Risk Tolerance Statement should be considered in conjunction with rest of Council's Risk Management Framework.

ELT acknowledges that it is not possible, practical nor desirable to eliminate all of the risks associated with the delivery of its services: a degree of risk is inherently linked with 'undertaking Council business' and innovation.

Risk Tolerances operationalise the Risk Appetite assessments by providing examples of 'what is' and 'what is not' tolerated under each risk category.

The Risk Appetite and Tolerance Summaries in Section 4 of this Policy provides guidance on:

- Expectations for mitigating, accepting and pursuing certain types of risk; and
- Boundaries and thresholds for acceptable risk taking; and
- Actions to be taken or consequences for, acting beyond certain risk tolerances

Council's Risk Tolerance approach is linked to Council's Risk Appetite assessments as shown in Section 4 of this Policy.

4. RISK APPETITE & TOLERANCE SUMMARIES

The Risk Appetite and Tolerance Summaries in the following section include an assessment of each area's Risk Appetite and Tolerances with reference to the following Table:

RISK APPETITE	RISK TOLERANCE APPROACH	COMMENTARY
Minimal	Avoid	Council is not willing to accept risk as these risks are highly significant. As a priority Council applies all practical measure to prevent/avoid the risk
Low	Cautious	Council expects significant impact to Council's viability, reputation and/or service should the risk eventuate Council has appropriate control measures in place to mitigate/monitor the risk
Moderate	Open	Council expects moderate impact to Council's viability, reputation and/or service should the risk eventuate. Council has appropriate ('moderate level') control measures in place to mitigate/monitor the risk
High	Risk Positive (Monitored)	Council expects minor impact to Council's viability, reputation and/or service should the risk eventuate. Council has appropriate ('lower level') control measures in place to mitigate/monitor the risk
Unmonitored	Risk Positive (Unmonitored)	Council expects inconsequential impact to Council's viability, reputation and/or service should the risk eventuate. Council has unmonitored control measures in place to mitigate the risk

Risk Appetite and Tolerance Summaries

LEGISLATIVE/GOVERNANCE/REGULATORY RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
<p>Context:</p> <p><i>Council is committed to a high standard of governance and meeting legislated and regulatory requirements in a consistent and fair manner.</i></p> <p><i>Council has minimal appetite for significant breaches of legal obligations or contractual agreements that result in fines, penalties or reputational damage.</i></p> <p><i>Council will seek innovative approaches to governance practices subject to compliance with legislation and protection of our interests</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Decisions made on merit in accordance with Council values that are not in line with professional advice. • Minor technical breaches that have been considered by Council. • Temporary non-compliance due to unrealistic regulatory timeframes and/or other extenuating factors. • Risks which may give rise to isolated complaints that are incidental to normal business activities despite best efforts to avoid or mitigate • Streamlined governance processes subject to effective controls remaining in place • Accidental breaches which do not result in serious harm 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Corrupt or fraudulent conduct by staff, councillors or contractors • Unreasonable delays when reporting, investigating or correcting any fraudulent, improper, unethical or corrupt conduct. • Any instances where Council Officials knowingly break the law, fail to comply with legal obligations or recklessly breach internal policies and/or recognised 'best practice'. • Material breaches of legislation or the Code of Conduct • Failure to consider expert/professional legal advice. • Unauthorised release of confidential information. • Any behaviour which gives rise to extensive litigation and indictable offences. • Failure to comply with Government Directions or orders • Reckless or deliberate breaches of legislation whether or not these result in serious harm
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Legal and political environment requires excessive resources. • Changes to governmental legislation are transformational. • Regulatory effectiveness is questioned. • Trust and confidence is tarnished. 	

CLIMATIC RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
Context: to be completed	
<p>Council will tolerate</p> <ul style="list-style-type: none"> to be completed 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> to be completed
<p>Associated Strategic Risk/s: (For more information see Strategic Risk Register)</p> <ul style="list-style-type: none"> Climate change responsiveness is ineffective. Trust and confidence is tarnished. 	

REPUTATIONAL RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
<p><i>Context:</i></p> <p><i>Council recognises the importance of protecting and proactively enhancing its reputation.</i></p> <p><i>Council does however understand that negative publicity may occur where there is competing priorities and interests in the Community.</i></p> <p><i>Council has a minor (cautious) appetite for significant impacts on Council's reputation.</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> Moderate adverse local media and social media scrutiny or a number of complaints relating to action which delivers longer term benefits to the community. Isolated minor incidents, concerns and complaints that can be resolved by management. 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> Improper, unethical, corrupt, unprofessional behaviour or failure to exercise respect and duty of care in accordance with our Council values and policies. Material breaches of the Code of Conduct. Failure to uphold the probity of council decision-making. Any failure to avoid or appropriately manage conflicts of interest. Failure to act in a fair, honest, transparent and accountable manner. Decision-making that is not open, honest and transparent and reflects the long-term interests of the community. Failure to notify members of the Executive Leadership Team of significant incidents that may impact Council reputation within 24hrs of the incident occurring. Complaints that are not responded to in a prompt and professional manner within 10 working days.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> Failure to honour the commitments of Te Tiriti o Waitangi. Trust and confidence is tarnished. Insufficient capability and capacity to fulfil agreed commitments. Legal and political environment requires excessive resources. Capital programme falters. Financial stability is lost. Regulatory effectiveness is questioned. Climate change responsiveness is ineffective. Business continuity is compromised. Obligations with health and safety are not met. Changes to government legislation are transformational. Obligations with environmental protection are not met. 	

ENVIRONMENTAL RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
<p><i>Context :</i></p> <p><i>Council recognises the importance of conserving and enhancing our environment and understands that sustainability considerations in all council decisions is important.</i></p> <p><i>Council has a cautious appetite for environmental impacts arising from normal business activities, however, is open to innovative practices for the betterment of the environment.</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Environmental impacts offset by other activity resulting in a net environmental benefit. • Minor environmental impacts from uncontrollable or unforeseen events or being necessary to deliver enduring benefits to our community well being into the future. • Changes to procedures and practices to accommodate improved environmental outcomes • Minor cost impacts in the selection of products, services that have a significant positive impact on the environment • Minor unforeseen incidents or injuries that arise from time to time 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Decisions that do not appropriately consider the principles of ecologically sustainable development or the Council value of Sustainability. • Failure to minimise significant impacts on biodiversity and reduce our ecological footprint. • Decisions, activities and practices that result in long term or irrevocable environmental damage or negative climate impacts, threatens biodiversity, including extinction of flora and fauna, or is hazardous to human life. • Activities and practices that knowingly compromise the environment, are reasonably foreseeable and preventable. • Failure to meet environmental commitments or legal requirements resulting in EPA fines or penalties.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Obligations with environmental protection are not met. • Trust and confidence is tarnished. • Climate change responsiveness is ineffective. 	

CULTURAL RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
<p><i>Context :</i> Council recognises the importance of demonstrating respect and engaging with our Cultural partners. Council has a minimal appetite for work practices, actions or inactions that compromise the Cultural obligations of Council.</p>	
<p>Council will tolerate</p>	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Actions or behaviours that are deliberate and willingly contravene the xxxxxx. • Actions which do not align to RDC values. • Activities that result in reasonably foreseeable and preventable loss of confidence in Council by its cultural partners.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Failure to honour the commitments of Te Tiriti o Waitangi. • Trust and confidence is tarnished. 	

FINANCIAL RISK	
RISK APPETITE	Low
RISK TOLERANCE	Cautious
<p><i>Context:</i> Council recognises the financial risks involved in delivering a wide range of services, programs and capital projects Council has a cautious appetite for variation in financial performance as long as long-term financial sustainability is not threatened</p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Minor unforeseen and unavoidable budget variations for divisional budgets • Minor unforeseen and unavoidable cost variations in capital projects (as long as these are monitored on a holistic basis). • Minor losses, or capital outlays, attributable to new processes or innovation to improve services to meet community needs (as long as they are accompanied by the appropriate reporting to Elected Members). • Calculated financial risks to deliver infrastructure, improve service delivery or promote ecological sustainability. • Minor cost impacts of the implementation of weighted scoring in procurement to benefit local competent suppliers. 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Financial activities and/or investment practices that contravene legislated or policy requirements • Failure to maintain or implement effective systems, processes and controls which adequately protect Council from fraudulent activity • Fraudulent or corrupt financial transactions. • Available funds being below target for an extended period of time • A lack of strategy to provide/maintain a Balanced Budget and manageable debt levels. • A capital budget that does not reflect the needs of maintaining/developing Council's infrastructure
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Financial stability is lost. • Trust and confidence is tarnished. 	

ASSET FAILURE (INFRASTRUCTURE) RISK	
RISK APPETITE	Moderate
RISK TOLERANCE	Open
<p><i>Context :</i></p> <p><i>Council is committed to continuous improvement in order to provide good-performing, reliable infrastructure services that provide benefits to our Community.</i></p> <p><i>Council is open to taking some moderate levels of risk to enhance our District's infrastructure.</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Moderate financial and reputational impacts arising from the implementation of new or innovative technologies. • Moderate impacts leading to short term disruption to community due to implementation of construction procedures which provide value for money provided community has been informed • Moderate short-term financial impact on capital costs of projects where there are demonstrated long term sustainable gains. • Moderate impacts to infrastructure due to implementation of new technology, innovation initiatives or projects. • Unforeseen interruptions of up to 2 days to critical infrastructure from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Minor unforeseen and unavoidable cost variations in capital projects within the established contingency allocated to each project 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Failure of third-party contractors to provide services within budget and agreed timeframes. • Non-completion of a significant portion of new or renewal infrastructure projects beyond financial year (or scheduled completion period if project runs across multiple years). • Significant delays to projects that are considered within Council control • Asset failure significantly earlier than the projected lifespan of the asset • Failure to administer and manage contracts appropriately • Significant foreseeable variations in contract price due to aspects of the project within the control of Council • Failure to escalate critical infrastructure damage or issue within 2 hours. • Failure to develop plans to respond to a disruption and ensure continuity of operational infrastructure. • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Councillors or Employees.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Capital programme falters. • Trust and confidence is tarnished. 	

OPERATIONAL RISK	
RISK APPETITE	Moderate
RISK TOLERANCE	Open
<p><i>Context:</i></p> <p><i>Council delivers a range of community services, events and facilities which contribute to our District.</i></p> <p><i>Council is open to creativity and innovation and is willing to take some level of risk to deliver efficiencies, enhance capabilities and provide a service to be proud of to our community.</i></p> <p><i>Council is open to taking moderate risk to enhance service delivery in some circumstances.</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Unforeseen interruptions of up to 2 days to critical business functions from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Unforeseen interruptions to less-critical business functions of up to 7 days from uncontrollable events where Council responds and communicates promptly to impacted stakeholders. • Moderate reputational impact from community complaints relating to service quality or new initiatives to deliver enduring benefits to our community. • Moderate impacts to service delivery due to implementation of new technology, innovation initiatives or projects. • Moderate impacts arising from innovations and ideas that contribute to the continual improvement of the delivery of Council services. 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Failure to significantly meet our service commitments and community expectations • Failure to demonstrate a commitment to delivering quality services to our Community, Councillors, Customers and Employees/ • Failure to document and follow policies and procedures that impairs the quality of service delivery or results in service interruptions. • Failure to develop plans to respond to a disruption and ensure continuity of critical business functions. • Failure to escalate to a member of the Executive Leadership Team a critical business function outage within 2 hours.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Business continuity is compromised. • Insufficient capability and capacity to fulfil agreed commitments. • Trust and confidence is tarnished. 	

PEOPLE RISK	
RISK APPETITE	Minimal
RISK TOLERANCE	Avoid
<p><i>Context :</i></p> <p><i>Council demands a safe and healthy workforce that treats everyone fairly.</i></p> <p><i>Council expects employees to undertake duties in a manner that is consistent with the organisational values and performance commitments</i></p> <p><i>Council has minimal appetite for work practices, actions or inactions that compromise the wellbeing and safety of people including staff, contractors, volunteers and community or which compromise the delivery of performance commitments</i></p>	
<p>Council will tolerate</p> <ul style="list-style-type: none"> • Minor unforeseen incidents or injuries that arise from time to time while undertaking normal activities. • Minor morale issues relating to improving workforce performance, organisational changes, or relationships • Minor staff grievances that can be dealt with through normal internal mechanisms. • Practices that are not in line with best practice if safety and duty of care is not compromised. • Genuine mistakes that result in continuous improvement and learning opportunities. • Minor variations to delivery outputs, providing these are clearly communicated so that expectations continue to be met 	<p>Council will not tolerate</p> <ul style="list-style-type: none"> • Actions or behaviours that are deliberate and willingly contravene the Code of Conduct and/ or Health, Safety and Wellbeing policies and procedures. • Actions and behaviours which do not align to RDC values. • Practices that knowingly compromise staff well-being, workplace or community safety (including discrimination, harassment or bullying). • Activities that result in reasonably foreseeable and preventable fatalities, harm, serious injuries or illnesses to our Community, Customers, Councillors or Employees. • Events that occur arising from deliberately reckless actions and careless behaviour. • Knowing about unsafe infrastructure and work environments and not acting.
<p>Associated Strategic Risk/s: <i>(For more information see Strategic Risk Register)</i></p> <ul style="list-style-type: none"> • Obligations with health and safety are not met. • Trust and confidence is tarnished. 	

10.9 Audit NZ Management Letter Update (2020/21)**Author:** Gerhard Roux, Manager-Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Risk and Assurance Committee ('the Committee') with an update of progress made regarding Management Letter Points raised by Audit NZ.

2. Context

- 2.1 Officers have updated the list of outstanding Management Letter points as attached. Although the attached has not yet been fully reviewed by Executive Management it does demonstrate that progress is being made with regards to the management of these matters. We are awaiting the final 2021/22 management letter to add and track any new items for the year.
- 2.2 Reminder to the Committee - the intent of including the Management Letter Update on this agenda is for Officers to 'demonstrate proper oversight' of these issues rather than for a detailed review of the items to be undertaken.

Attachments:

1. **Audit New Zealand Management Letter points (Updated February 2023)** [↓](#)

Recommendation

That the report 'Audit NZ Management Letter Update' be received.

Updated as at February 2023							
Issue raised in:	Recommendation	Managed	Audit NZ Priority	October 2022 Update	February 2023 Update	Expected due date	
19/20 Also reported on 21/22 Interim	Identification of earthquake prone buildings Update the earthquake prone listing spreadsheet and take into account allowances for any works required to the earthquake prone buildings as part of the next valuation. May impact impairment of assets due to correction or preventative maintenance costs.	GM Assets & IS	Necessary	Based on MBIE criteria 17 Council owned buildings have been identified for detailed assessment. The assessment is in progress.	The assessments have been completed.	Feb-23	Necessary - Ready to close
18/19	Assets with no construction date Implement a process to improve the asset data on road assets with no construction date.	GM Assets & IS	Beneficial	This is in progress	This is in progress	2023	Beneficial
18/19	Condition and performance data for Infrastructure Assets Continue to implement a program to collect condition and performance data.	GM Assets & IS	Necessary	This is in progress	This is in progress	2023	Beneficial
Prior to 17/	Monitoring of Contractor Performance Implement a quality assurance (QA) programme over services contracted out to third parties. This is especially important when the performance of these contractors feed into Council's KPIs, for example responding to roading call outs.	GM Corp Services	Necessary	Other priorities and staff vacancies have prevented any significant progress with this matter. Much of the benefit of this Recommendation is being achieved via improved informal contract management practices. It is hoped to formalise such practices during the 2022/23 year.	Generally, this is essentially being achieved via a more informal 'management approach'. Specifically, regarding Roading, the GM Assets & IS is looking at various models of achieving this.	GM Assets & IS to advise	Roading - Useful/Beneficial Non Roading - Somewhat Useful/Beneficial
2018/19	Bribery and Corruption policy The District Council consider the following: · Develop an overarching bribery and corruption policy that links to related policies and procedures. · Update the related policies/procedure to ensure their scope clearly includes bribery and corruption.	GM Corp Services	Beneficial	A draft Policy has been developed. It is hoped to formalise such practices during the 2022/23 year. Other Management Letter points, with higher 'Priority Ratings' are being addressed first.	A draft Policy has been developed. It is hoped to formalise such practices during the 2022/23 year. Other Management Letter points, with higher 'Priority Ratings' are being addressed first.	2023	Beneficial
Prior to 17/	Performance measure rules Continue to review the effectiveness of the collection and reporting of data.	GM Democracy & Planning	Necessary	Effectiveness of collection and reporting has improved and will continue to be monitored via the 6 monthly updates	Effectiveness of collection and reporting has improved and will continue to be monitored via the 6 monthly updates	2023	This has now become BAU and can be Closed
Prior to 17/	Request for service Review the process and remind staff of the need to ensure that the request for service (RFS) system is updated on a timely basis.	GM Democracy & Planning	Necessary	While improvements have been made to the process and alignment between data entry and reporting functions, it has been identified that an upcoming task for the business analyst role will be to develop and record processes that support consistent entry and reporting into the future.	While improvements have been made to the process and alignment between data entry and reporting functions, it has been identified that an upcoming task for the business analyst role will be to develop and record processes that support consistent entry and reporting into the future.	2023	Beneficial
17/18	Service Performance Information Implement a regular review of information entered to ensure that the correct data is being captured for attendance times. Continue to reinforce training on requirements to ensure staff are aware of the correct processes to follow and understand the information being captured.	GM Democracy & Planning	Necessary	Information has been reviewed during preparation of statement of service performance for the 2021/22 Annual Report. Data is entered more accurately as staff have improved processes and understanding of requirements has made the reporting more efficient.	Information has been reviewed during preparation of statement of service performance for the 2021/22 Annual Report. Data is entered more accurately as staff have improved processes and understanding of requirements has made the reporting more efficient.	2023	Beneficial
20/21	Classification of capital expenditure Management performs a review of all costs currently classified as capital expenditure work in progress to ensure that they have been correctly coded. Management issues guidance to all staff that approve expenditure on what constitutes OPEX and CAPEX. The guidance should include examples of classification for common types of expenditure incurred by the Council.	Financial Services	Necessary	A guidance has been emailed to the senior leadership team in July 2022. A refresher will be sent every 6 months.	Reminder email was sent on 9 January 2023 and is scheduled to be repeated every 6 months. Financial Services will also embark on a reconciliation on confirmation of Opex and Capex (including WIP) in preparation in advance for the June 2023 yearend.	2023	This has now become BAU and can be Closed
20/21	Fraud risk Assessment Council undertakes a formal fraud assessment to assess: a) transactions, activities, or locations that may be susceptible to fraud; and controls/processes the Council has in place to mitigate those risks	Financial Services	Beneficial	This is in progress	Fraud register reported on 16 November 2022 and contained no open fraud matters to report. Awareness communication to continue in February, June, October in 2023. Formal fraud assessment - Planned in terms of Internal Audit Plan and scheduled for March and April 2023.	30-Apr-23	Beneficial

Updated as at February 2023							
Issue raised in:	Recommendation	Managed	Audit NZ Priority	October 2022 Update	February 2023 Update	Expected due date	
18/19	Changes to financial delegations The District Council review all financial delegations set up within the system to ensure these are correct. Going forward each quarter there is an independent review of any changes made to the financial delegations with the District Council's FMIS.	Financial Services	Necessary	The review has been scheduled to be conducted in the next quarter. Subsequently, the GM Corporate Services will be provided with a system-generated report showing all changes made each quarter.	The review has been rescheduled due to Annual Report commitments - it is now to be conducted in the next quarter. Subsequently, the GM Corporate Services will be provided with a system-generated report showing all changes made each quarter.	31-Mar-23	Necessary
18/19	Tracing infrastructure assets from the asset management systems to the finance system Develop a common asset identifier to ensure assets in roading asset management system (RAMM) and Assetfinda can be reconciled with the District Council's finance system.	Financial Services	Beneficial	As the previous update stated, there are common identifier for the group of assets. Roading and 3 waters assets are being revealed for 30 June 2022. Therefore the asset management system will be reconciled to the finance system as at 30 June 2022.	As the previous update stated, there are common identifier for the group of assets. Roading and 3 waters assets are being revealed for 30 June 2022. Therefore the asset management system will be reconciled to the finance system as at 30 June 2022.	31-Mar-23	Beneficial
Prior to 18/	No Regular Testing of Business Continuity and IT Disaster Recovery Plans We continue to recommend that Business Continuity and IT Disaster Recovery plans be finalised. As part of the project to implement new IT infrastructure we recommend that testing of failover to the new secondary datacentre be performed and the IT DR plan be finalised.	Mgr Info Services	Necessary	BCP will be completed by Dec 2022.	This is in process with a majority of items completed.	Mar-23	Necessary
Prior to 18/	Review of Procurement Practice As part of our 2016 audit we completed a review of the joint procurement process undertaken by Manawatu District Council, Horowhenua District Council, and the Council. Our summarised recommendations are detailed below: Conflict of interest declarations to be signed off by the appropriate authority at the time that they are signed off by the person completing the declaration · Declarations to be regularly updated, both actively and at key stages of the procurement process. · Declarations to be completed by those with the ability to influence the decision of the evaluation team, regardless of whether or not these individuals have decision making power. · A business case be prepared for all procurements of significant value and risk · A procurement strategy or plan should specify the roles and responsibilities of those involved in the process. This includes those sitting on the evaluation team and any advisors to the process. · Consider risks during the procurement planning stage. These risks relate to the procurement process rather than the contract. While the procurement strategy identified the broad scope of the procurement, we would expect to see more specificity around timing and quality of what was being procured.	GM Corporate Services / Chief Operating Officer	Necessary	During the Council meeting on 30th June 2022, staff advised that this Policy needed further review by the Project Management Team, therefore it was agreed to leave this lie on the table. The revised Policy will go to the Audit & Risk Committee meeting in December 2022, and then to full Council in February 2023.	The Project Management Team has reviewed the policy and will engage a consultant to prepare the supporting operational internal documents and guidelines. The responsibility of the policy has been changed to be a shared responsibility between the GM Corporate Services and Chief Operating Officer. The revised Policy will need to go to the Risk & Assurance Committee meeting in March or June 2023, and then to full Council after that.	2023	Necessary
Prior to 17/	Contract management Endorse an integrated policy for organisation-wide use and review the Councils current contract management system for appropriateness. Monitor service contracts between contractors and the Council against the Key Performance Indicator's (KPI's); to confirm the work performed is completed to a satisfactory standard.	PMO	Necessary	During the recent 2022/23 annual plan process the Assets and Infrastructure Group prepared a detailed business case for the addition of 5 new FTE positions as part of the PMO and the wider Assets and Infrastructure Group. The addition of the 5 new positions will allow the PMO lead role to devote more time to the management of large contracts to ensure alignment with contract KPIs. The review of the RDC procurement policy will be finalised by the end of 2022 and adopted in early 2023. This will allow for more structured procurement strategies that will lead in to more streamlined contract management.	Three FTEs were filled late 2022. The PMO Lead is working with a consultant to establish Project Management Framework (incl. contract management) to be used across the organisation.	Dec-23	Necessary
20/21	Impact of three waters reform - stimulus funding Implement a process to investigate and explain the variance between the general ledger and the quarterly reporting to the DIA. If adjustments are required to quarterly reporting the Council should notify DIA.	PMO	Necessary	No more variances between what's been reported to DIA and what's in Council's finance system.	No more variances between what's been reported to DIA and what's in Council's finance system.	2023	Beneficial

11 Discussion Items

11.1 Treasury Reporting

Author: Gerhard Roux, Manager-Financial Services

Authoriser: Dave Tombs, Group Manager - Corporate Services

1. Reason for Report

- 1.1 To provide the Risk and Assurance Committee with a report on Council's performance in relation to compliance with its Treasury Management Policy for 2022/23 and to also provide indicative figures for the 'post Three Waters' position.
- 1.2 Figures in this Report that refer to indicative 2026 figures are sourced from the attached report that was provided to Finance and Performance Committee in December 2022, specifically sections 5.7 to 5.15. Officers emphasise that these figures:
 - should be read in the context of the entire attachment; and
 - are not designed to be 'final projections' – more, they are notional figures provided to identify any 'sensitive areas' that may arise.

2. Context

- 2.1 Council's Liability Management Policy is contained within Council's Treasury Management Policy. The Liability Management Policy includes the following four borrowing covenants that Council's borrowing arrangements must comply with (there is currently no indication that these will change as a result of the proposed Three Water reforms):

Net Interest ÷ Total Revenue must not exceed 20%	≤ 20%
Net Interest ÷ Annual Rates Revenue must not exceed 25%	≤ 25%
Net Debt ÷ Total Revenue must not exceed 175%	≤ 175%
(External Debt + Committed Facilities + Liquid Investments) ÷ External Debt must be greater than 110%	≥ 110%

3. Analysis

3.1 Net Interest ÷ Total Revenue must not exceed 20%

	2022/23 Full year forecast	2025/26 3Waters transferred
	\$'000	\$000
Interest expense (22/23 based on current debt)	736	1,400
Interest income (25/26 : conservatively, zero has been used)	300	0
Net interest	436	1,400
Total revenue	44,000	36,000
Net interest ÷ Total revenue	1.0%	3.9%

3.2 Net Interest ÷ Annual Rates Revenue must not exceed 25%

	2022/23 Full year forecast	2025/26 3Waters transferred
	\$'000	\$000
Net interest	436	1,400
Annual Rates Revenue	26,998	21,100
Net interest ÷ Annual rates revenue	1.6%	6.7%

3.3 Net Debt ÷ Total Revenue must not exceed 175%

	2022/23 Full year forecast	2025/26 3Waters transferred
	\$'000	\$000
External debt	24,000	25,000
(2022/23 assume \$5m increase to current level; taken out May/June)		
Bank and deposits (notional)	5,000	5,000
Net debt	19,000	20,000
Total revenue	44,000	36,000
Net debt ÷ Total revenue	43%	55%

ITEM 11.1

- 3.4 External Debt + Committed Facilities + Liquid Investments (Available Finance) ÷ External Debt must be greater than 110%

	2022/23 Full year forecast	2025/26 3Waters transferred
	\$'000	\$000
External debt	24,000	25,000
Bank and deposits	5,000	5,000
Available finance	29,000	30,000
Available finance ÷ external debt	121%	120%

Attachments:

1. **Three Waters Financial Impact** [↓](#)

Recommendation

That the report 'Treasury Reporting' be received.

9.2 Future Treasury Position

Author: Dave Tombs, Group Manager - Corporate Services

Authoriser: Peter Beggs, Chief Executive

1. Reason for Report

- 1.1 Officers currently provide the Finance/Performance Committee with a monthly report focussing on Council's **current actual** Treasury Position.
- 1.2 Council's **future budgeted** Treasury Position is included in the LTP and Officers wish to provide some commentary regarding known impacts on the future budgeted Treasury Position.
- 1.3 This report:
 - is intended to be a standing item to Finance/Performance Committee, providing commentary regarding future Treasury figures based on 'what we currently know'; and
 - sets the scene for future reports, with updates being included to reflect various scenarios.

2. Introduction : Future Treasury Position

- 2.1 It is generally recognised that :
 - the Three Waters reforms will have a major impact on Council's future budgeted Treasury position (as per the LTP) and that the exact impact of these reforms will not be known for some time; and
 - unforeseen events can also have an impact on budgeted Treasury figures; and
 - delays in capital programs can have an impact on future budgeted Treasury figures.
- 2.2 These matters are discussed below.

3. Three Water Reforms : Overview

- 3.1 Primarily, the Three Waters reforms will have the biggest impact on Council's LTP financial figures in the following areas:

Balanced Budget Impact

- Rates income
- Direct operating expenses
- Depreciation

Other

- Debt/Treasury
- Transition funding received

3.2 This report provides initial commentary on each of these topics, for information and to help identify which areas may require further analysis/commentary.

4. Three Water Reforms : Balanced Budget Impact

Rates Income

4.1 Council's LTP includes Rates Income, for Year 4 (2024/25), is as follows:

- Whole-of-Council (page 119) \$30.08m
- Water Supply Group (page 70) \$6.98m
- Wastewater Group (page 76) \$2.99m
- Stormwater Group (page 82) \$0.77m

4.2 These figures provide a total Three Waters related LTP Rates Income figure for 2024/25 of \$10.74m.

4.3 Accordingly, the removal of the Three Waters related Rates Income in 2024/25 would reduce Council's LTP Rates Income by \$10.74m, resulting in a reduced rates income figure of \$19.34m.

4.4 The LTP also includes \$186k of Fees and Charges for the Three Waters Groups in 2024/25 that are now not expected to be received.

Direct Operating Expenses

4.5 Council's LTP includes Direct Operating Expenses, for Year 4 (2024/25), as follows (same page numbers as indicated above):

- Whole-of-Council \$20.76m
- Water Supply Group \$2.46m
- Wastewater Group \$0.85m
- Stormwater Group \$0.10m

4.6 These figures provide a total Three Waters related LTP Operating Expense figure for 2024/25 of \$3.41m.

4.7 Accordingly, the removal of the Three Waters related Direct Operating Expenses would reduce Council's LTP Direct Operating Expenses in 2024/25 by \$3.41m, resulting in a reduced figure of \$17.35m.

4.8 The LTP also includes \$1.52m of Finance Costs for the Three Waters Groups in 2024/25 that are now not expected to be incurred.

Depreciation

4.9 Council's LTP includes Depreciation costs, for Year 4 (2024/25), as follows (same page numbers as indicated above):

- Whole-of-Council \$17.07m
- Water Supply Group \$2.34m
- Wastewater Group \$1.69m
- Stormwater Group \$0.45m

4.10 These figures provide a total Three Waters related LTP Depreciation figure for 2024/25 of \$4.48m.

4.11 Accordingly, the removal of the Three Waters related Depreciation costs would reduce Council's LTP Depreciation in 2024/25 by \$4.48m, resulting in a reduced figure of \$12.59m.

Summary : Balanced Budget Impact

4.12 Sections 4.3 and 4.4 of this report show, as a result of the removal of Three Waters related income and based on LTP figures, Council would incur a reduction of Income in 2024/25 of \$10.93m.

4.13 Sections 4.7, 4.8 and 4.11 of this report show, as a result of the removal of Three Waters related expenditure and based on LTP figures, Council would incur a reduction of Operating Expenditure in 2024/25 of \$9.41m.

4.14 Sections 4.12 and 4.13 show that the removal of Three Waters from Council's 2024/25 LTP Operating Statement has in a negative *direct* impact of \$1.52m.

Important : Additional Commentary

4.15 Officers acknowledge that:

- indirect cost savings may arise from the removal of the Three Waters activities, most obviously in some of the Business Unit activities. Such savings are in the process of being determined; and
- the above analysis is provided to help set the scene for ongoing discussion – it is *not* intended to represent a final overview of the financial impact of the Three Water reforms to Council. Further commentary, including reviews of strategies to address 'stranded overheads', will be provided to the Finance/Performance Committee throughout the build-up to the Three Waters reforms.

5. Three Water Reforms : Treasury Impact

Debt : June 2024

5.1 Council's 2020/21 Annual Report includes the following debt levels for the Three Waters Groups at June 2021:

- | | |
|--------------------------|---------|
| • Water Supply (page 36) | \$17.3m |
| • Wastewater (page 41) | \$3.9m |
| • Stormwater (page 46) | \$0.9m |
| • Total | \$22.1m |

5.2 Council's LTP shows that for the following three years, these debt levels were expected to increase by:

- | | |
|--|---------|
| • Water Supply (page 70) : (-1.1m+3.8m+3.4m) | \$6.1m |
| • Wastewater (page 76) : (9.6m+6.3m+7.4m) | \$23.3m |
| • Stormwater (page 82) : (0.4m+0.1m+0.1m) | \$0.6m |
| • Total | \$30.0m |

- 5.3 This provides a notional Three Water debt figure as at June 2024 (which is Year 3 of the LTP), based on LTP figures, of \$52.1m

Note : these Debt figures are 'bottom line'. Rates will have been charged in relation to the Depreciation of existing water assets that has not yet been spent. If this figure was shown separately, the \$52.1m figure above would increase by the same amount.

- 5.4 Council's LTP shows a Whole of Council budgeted Debt figure at June 2024 of \$67.3m (page 120).
- 5.5 Accordingly, should Council be repaid the Three Water related Debt, Council's notional/LTP Debt figure at June 2024 could reduce from \$67.3m to \$15.2m.
- 5.6 Officers emphasise that this analysis simply removes budgeted Three Waters debt from the overall total to help set the scene, and emphasise that this is not a predicted level of debt.

Debt : LTP

- 5.7 Council's LTP shows that its peak debt over the course of the LTP is \$71m in years 5 and 6 of the LTP, of which \$46m is related to Three Waters.

- 5.8 This indicates that Council is budgeted to have non Three Waters Related Debt of \$25m at, say, the end of Year 5 of the LTP (2025/26).

- 5.9 Applying this level of debt to Council's four borrowing covenants indicates that a debt level of \$25m would be comfortably within Council's borrowing capacity (the borrowing covenants are not currently expected to change as a result of the Three Waters reforms):

- 5.10 Covenant 1 : Net Interest/Total Revenue must **not exceed 20%**

- Net Interest (assume interest rate of 5.5%; ignore interest received) \$1.4m
- Total Revenue (48.6m-7.7m-3.4m-0.9m) \$36.0m
- Net Interest/Total Revenue **3.9%**

- 5.11 Covenant 2 : Net Interest/Annual Rates Revenue must **not exceed 25%**

- Net Interest \$1.4m
- Total Revenue (32.8m-7.6m-3.3m-0.8m) \$21.1m
- Net Interest/Total Revenue **6.7%**

- 5.12 Covenant 3 : Net Debt/Total Revenue must **not exceed 175%**

- Net Debt (assume \$5m in Bank) \$20m
- Total Revenue (as above) \$36m
- Net Interest/Total Revenue **55%**

- 5.13 Covenant 4 : External Debt Plus Bank/External Debt must be **greater than 110%**

- External Debt \$25m
- Bank \$5m
- External Debt Plus Bank/External Debt **125%**

- 5.14 The analysis in Sections 5.11 to 5.14 is not designed to represent predicted balances as at June 2025. This analysis is intended to provide a sensitivity analysis to see – notionally – the potential impact of Three Waters on Council’s future debt levels as per the LTP.
- 5.15 This sensitivity analysis suggests that the amended budget numbers provide sufficient headroom for future budgeted debt levels.

6. Three Waters Reforms : Transition Funding

- 6.1 Since the announcement of the Three Waters reforms Council has been advised of various new Funding Streams associated with the reforms – these are not included in the LTP.
- 6.2 Council will receive \$13.3m in ‘Better Off’ funding in two tranches, between July 2022 and June/July 2024. These funds are to be used for non BAU purposes, for the long term wellbeing of the community. Tranche 1 funding (\$3.3m) is currently being confirmed.
- 6.3 Council are likely to be eligible to receive funding from the ‘No Worse Off’ program, which has a national funding amount of \$0.5b. Details of this program are still being finalised but it is thought that these funds will need to be spent during 2024/25. The formula being developed to determine how much each Council will receive is thought to include to the level of stranded overheads Councils will have after the reforms.
- 6.4 Council have been approved up to \$353k of Transition Funding in 2022/23 to assist with costs associated with the information gathering that is required to enable the reforms to proceed.

7. Other

Capital Program

- 7.1 Council’s capital program is under constant review. Like every council, variances will arise between Council’s budgeted capital program and its actual capital program for a number of reasons, including:
- Delays in completing capital projects; and
 - Scope creep and/or cost escalation with some projects; and
 - Unforeseen projects becoming necessary
- 7.2 These matters:
- all have an impact on Council’s future Treasury/Debt position; and
 - are reported to Council each month (the PMO Report).
- 7.3 Officers note that the capital program for 2022/23 is \$34.5m, which was reduced from the Annual Plan figure of \$50m as a result of deferring some budgets (\$15.5m) to 2023/24. Other deferrals to the capital programme for roading are anticipated and are to be reported to Council separately.
- 7.4 Page 75 of the 2022/23 Annual Plan shows that the initial capital program budget of \$50m would have increased Council’s budgeted Debt figure in 2022/23 by \$28.7m. Reducing this capital program figure by the \$15.5m of deferred projects would, at a high level, defer the increase in debt to a future year. In itself, this would not result in an increase in overall debt or directly cause any debt related issues.

- 7.5 Officers continue to monitor the impact of any capital project that requires a significant increase in its budget.

Balanced Budget

- 7.6 Officers advise that numerous Operating Expenses are subject to inflationary pressures greater than the figures used in the LTP. This puts pressure on Council's ability to provide a balanced budget and may require a greater volume of future Operating Expenses to be debt funded.

- 7.7 Officers are currently reviewing such pressures as part of its 2023/24 Annual Plan.

8. Impact on Strategic Risks

- 8.1 The impact of the Three Waters reforms has the potential to impact on most, if not all, of Council's Strategic Risks. Officers are assessing these impacts.

- 8.2 The other financial aspects of this report directly relate to the '*Financial Stability Is Lost*' Strategic Risk. Officers are conducting the ongoing analyses summarised in this report to help mitigate the potential impact on this Risk.

9. Mana whenua implications

- 9.1 The impact of the Three Waters reforms has the potential to have mana whenua implications. Officers continue to monitor these implications.

10. Other

- 10.1 Officers have attached a Presentation of these (and other) Three Waters related matters that were discussed in September 2022, for general information.

Attachments:

1. **3W Presentation** [↓](#)

Recommendation

That the report Future Treasury Position be received.

ITEM 9.2
ATTACHMENT 1



ITEM 11.1
ATTACHMENT 1

Introduction



Three Water Reforms – Financial Impact Summary

Many unknowns at this stage:

- Likely to be more questions than answers at the moment
- Not expected to be perfect on Day One

Not intended to be a Forecast:

- simply an analysis of LTP Figures

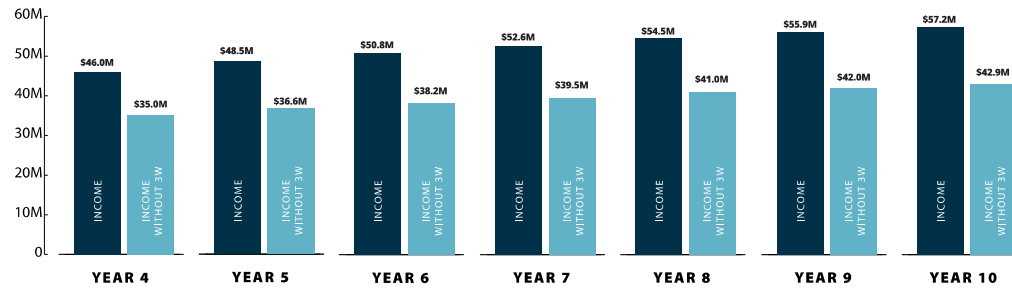
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ITEM 9.2
ATTACHMENT 1

ITEM 11.1
ATTACHMENT 1

Income Impact

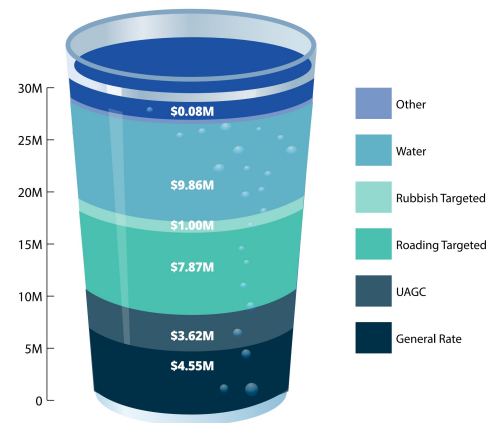


3



Rates Considerations

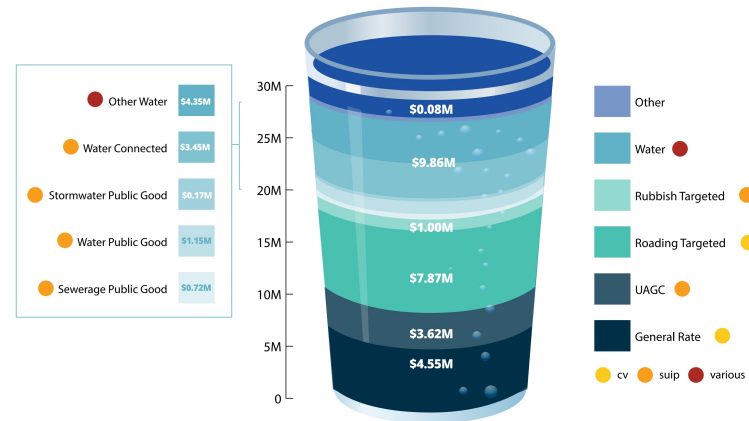
Rates Summary 2022/23: \$27M



4

Rates Considerations

Further Analysis



5



Rates Considerations

Rating Act S21: SUIP based income, excluding Water Supply and Sewage Disposal must not exceed 30% of total rate income



We are currently 18% (\$4.8m)

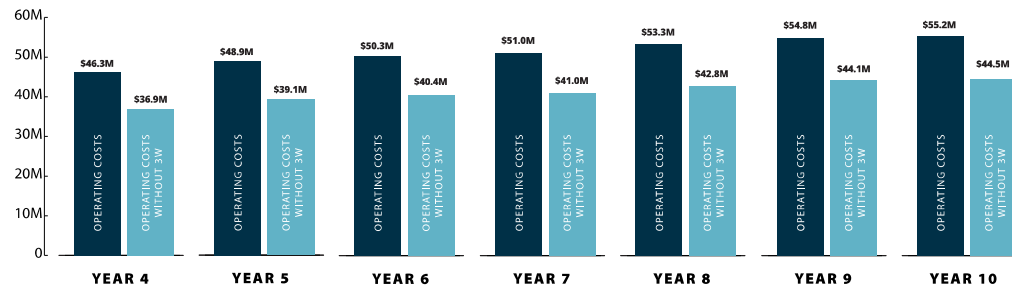


'Merge' in 3 water public goods
this becomes 25%
(means \$2m of **'water rates'**
become UAGC)

6



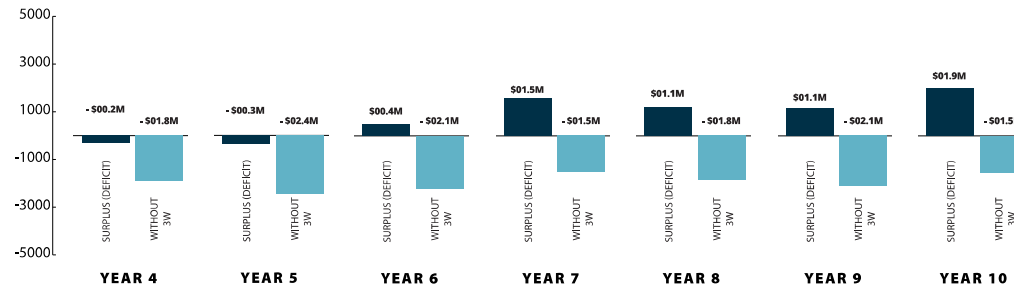
Expense Considerations



7



Balanced Budget Impact



8



Debt Impact



Assuming we are repaid our 'book 3W debt' our 'new' LTP Debt levels (years 4 to 8) : \$17m to \$27m

Covenant 1:

Debt must be < 175% of Total Revenue

- Revenue \$35m provides Debt Ceiling of \$60m

Covenant 2:

Net Interest/Rates Income must be < 25%

- Rates Income (assume no change to 3W rates) = \$17m

- Max Interest = \$4.25m

- Assume interest rate 6% provides Debt Ceiling of \$70m

9



Transition Funding



No Better Off
\$13.3m (2 tranches: 2022 and 2024)



No Worse Off
(due 2024/25; details not finalised:
around \$5m?)

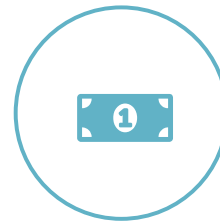


\$353k for 'office support' (2022/23)

10



Other: Consent Costs



Accounting Standard: Consent Costs can be capitalised

Costs of PPE includes costs directly attributable to bringing the asset to the necessary condition/location for it to be capable of operating in the manner intended

Directly attributable includes professional fees

11





11.2 Annual Report 21/22 Progress Update**Author:** Gerhard Roux, Manager-Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

1.1 A report providing status updates on the completion of the 2021/22 Annual Report was presented to the:

- November and December Finance and Performance Committee meetings and the
- November Audit and Risk Committee meeting.

1.2 This report provides a further update of the progress and expected timeframes associated with the completion of the Annual Report 2021/22.

2. Commentary

2.1 Officers and Audit NZ are aiming to have the audit fieldwork completed so that Council's 2021/22 Annual Report can be approved in March 2023.

2.2 Delays in relation to the finalisation of Statement of Service Performance measures, asset revaluations, staffing constraints, holidays, COVID and the unexpected need to obtain independent audit review of our compliance with drinking water standards have all contributed to this process taking longer than initially expected.

2.3 As noted at the Audit and Risk Committee November meeting, Audit NZ has indicated that, like other councils, we are likely to receive an emphasis of matter paragraph in our audit opinion. This is to highlight our Events After Balance Date note which highlights Central Government's announcement relating to the 3 Waters.

Recommendation

That the report 'Annual Report 2021/22 Progress Update' be received

11.3 Insurance Update**Author:** Gerhard Roux, Manager-Financial Services**Authoriser:** Dave Tombs, Group Manager - Corporate Services**1. Reason for Report**

- 1.1 To provide the Audit and Assurance Committee with an update on current Insurance related matters.

2. Commentary – Insurance Claims**2.1 Insurance notification for 2022/23:**

2.1.1 A new insurance notification was lodged on 3 December 2022 as a staff member did not apply the handbrake causing the vehicle to roll backwards, and the open driver's door hit a parked vehicle causing damage.

- (a) Driver and owner of other vehicle not harmed;
- (b) Vehicle needs minor panel work.

2.1.2 Council advises its insurers of all such incidents even when they are covered by Council's Excess levels.

For Noting – Motor Excess

The current Motor policy excesses are *\$500 for each and every loss other than for Fire and Theft which is NIL.*

In addition to the above there are age and inexperience excesses to be applied as follows:

- 1. Drivers Under 21 - \$1,000
- 2. Drivers agreed 21 to 25 - \$500
- 3. Drives aged 25 and over with less than two years' experience - \$500

3. Future insurance considerations

3.1 Officers recognise the key strategic and operational significance of Insurance and have commenced developing an Insurance Strategy. This will then naturally result in Officers conducting a formal review of its Insurance Program.

3.2 Some of the other current Insurance-related initiatives currently being considered by Officers include:

3.2.1 Review levels of Insurance related to Council's Community Assets

3.2.2 Review flood modelling and identify risks to key infrastructure etc

3.2.3 Consider whether No Worse Off funding can/should be used for some form self-insurance (for example, for cyber insurance as this may not actually be available in, say, 5 years' time)

3.2.4 More New Zealand insurance is being forced 'off shore' which is likely to result in higher inflationary pressures on Insurance Premiums

3.3 MWLASS representatives have recently returned from meetings with members of the London Insurance market. These meetings emphasised the importance of having quality supporting asset schedules. Generally, ours is of a good standard but Officers are aware that improvements 'can always be made' and we continue to work our insurance brokers in this regard. Pressure on insurance premiums is, for the foreseeable future, going to be 'high'. A 10% increase in Premiums has been factored into the 2023/24 Budget and Officers are working with insurance brokers to identify viable options to mitigate these premium increases (note it is expected that the insurance premiums relating to Three Waters assets will be paid in full for the next Insurance year – November 2023 to October 2024 – after which four months' worth will be repaid to Councils, should the Three Waters reforms proceed as currently planned).

3.4 Officers recently attended a forum facilitated by its Insurance Brokers and have attached, for information, their Key Points Summary.

4. Insurance Queries

4.1 In response to a query that was raised at November's Committee:

4.1.1 Earthquake prone buildings are insured just as other buildings – but the cover will only be sufficient to replace the building to its current standard.

Attachments:

1. Insurance Forum : Summary of Key Points [↓](#)

Recommendation

That the report 'Insurance Update' be received.

◀ [Back to Aon Connect \(/About-Aon/Aon-Blog/\)](#)

Local Government | A New Reality Has Arrived



New Zealand’s Local Government landscape is continuing to be challenged through regulatory and legislative changes, the increasing impact of climate change, economic downturn, inflation pressures, staffing shortages, supply chain disruptions, increasing technological and cyber risks, as well as changes to hazard modelling, and the social wellbeing of communities.

To work through this ever-evolving environment, Councils need to be better informed in order to make better decisions.

Aon’s Local Government Risk Practice Group recently hosted our annual Local Government Risk Forum, specifically for local councils. The forum brings together a collaboration of local expertise to promote an understanding of the current risk environment, provide insightful risk management practices and practical solutions to ensure New Zealand councils not just survive, but thrive in a world of evolving risk.

Below is a summary of key points:

- **Insurance markets are highly challenged.** Prior to the 27th January weather event in the Auckland/Northland and Coromandel regions, property including infrastructure was in a continued hardened phase of the insurance cycle. We saw 1 November renewals at ~10% increases on rate alone, but with the increased values associated with portfolios this saw premiums rise approximately 20%. Motor was struggling with the higher rate of claim costs vs premium collected, as technological advances have been made in automotive industry increasing costs of repairs. Liability markets in the Local Government sector were still difficult especially with building and resource consenting issues. Cyber liability is now not an “if but when” cover, which means insurers are pulling their capacity in this area, unless there are stringent protections/protocols put in place by councils to protect their systems.
- **Global markets have been impacted** by multiple natural disasters, from flooding in Queensland/NSW at an insured loss of ~AUD6.3bn and Hurricane Ian at USD70bn, amongst many others. These have impacted not only the capital available, but the selective deployment of capacity in a shrinking marketplace. Reinsurance markets as of 1 January 2023 saw increases in premium, and a change in risk appetite, within initial forecasted estimates of 10 to 15% on rates alone. A continued focus on asset management, valuations and asset selection is especially important as we move toward the next renewal, and property programmes will have to look at loss limits. Liability programmes will have an increased focus on risk mitigations measures and climate change adaptation as building consenting issues continue.
- **Post 27 January Weather Event and Cyclone Gabrielle** - this means yet another secondary natural catastrophe loss for the insurance market, with initial estimates well in excess of NZ1bn. These events have had a major impact on domestic and commercial insurers, with thousands of motor and property claims. The flow on effect from these event will be the business interruption losses and alternative accommodation expenses incurred. Once again New Zealand’s reputation for Natural Disasters will be on the forefront of global insurers minds. We can expect to see further stress on available capital, with rating increases over and above initial estimates, with an increased focus on underwriting information requirements, and possible sublimits imposed for storm/flood in some areas.
- **Better decisions can be made with better information.** Local Government have inherent information challenges, particularly around data quality. Cumulative Loss Modelling can quantify risk to inform strategic decisions around risk transfer and risk retention, through both insured and uninsured assets.
- **Risk Management recommendations according to the Auditor General.** Unpacking the OAG recommendations, it is better to put into 3 phases. If any phase is missed, it will become reactive as opposed to proactive. Initially, it is best to understand the risks, by assessing councils’ current level of risk management maturity and develop a clear pathway to achieve the desired level, by using sophisticated means to identify and management risks on key programmes, prioritising risk management resources and training. Delving into the operational side of risk management, requires formally

implementing an Enterprise Risk Management Framework, and then strategically adapting the programme of works by including BCP scenario testing, keeping a live a strategic risk register and an insurance strategy, with protocols in place in order to be prepared and mitigate risks

- **We are generating more risk, not reducing it...** We continue to make development decisions that increase current risk, or create new risk, which ultimately lead to public discontent, and unnecessary future economic and social losses. Toka Tū Ake EQC invests in research and data to drive risk reduction and better response and recovery; collaborating and sharing information about natural hazards with New Zealanders and other agencies investing in natural disaster research to help communities reduce their risks; they manages the Toka Tū Ake EQC scheme so financial resources are available to meet people's claims when they fall due; and are ready with their partners, to support impacted communities when a natural disaster strikes. The Natural Hazards Portal will be available to the public, with information on natural hazard risks and risk management. Natural hazards kill people, destroy property, and impact wellbeing.
- **Understanding risk helps to empower governance, by explaining the links between data and decision making.** Ensuring data and analytics used are current and provide the right information to adequately understand your risks and allow you to make good decisions around how the risks are managed. Queenstown Lakes District Council provided examples of how they utilised data to manage their risks, and realised that there is no big bang solution, as there are layers, and these decisions have long term effects. There are challenges ahead for Local Government knowing how to ensure long term strategic risk management is improved; what are the key risks remaining with council following the potential changes after the Three Waters Reform; understanding how climate change is going to alter insurance in the future; what can be done regarding the constantly increasing valuations that are putting pressure on loss limits and capacity, and how is the National Seismic Hazard Model changes going to affect council's risk profile?
- **Councils need to keep good records and have a duty of care in all they do.** Claims for defective and leaky buildings continue, with other building claims i.e. LIMs, building consents, subsidence issues, planning and RMA related claims, incorrect record keeping have all been disputed in court.
- **Will & Able are focusing on sustainable procurement.** By making environmentally friendly products, and creating jobs for mentally disabled Kiwis, utilising a nationwide recycling programme to complete the loop. What is needed to help provide more jobs for these people is support which fits into the Government ESG Broader Outcomes initiative.

- **The implications of the National Seismic Hazard Modelling and how changes to the Local Government landscape,** and the engineering standards and guidelines used to inform insurance risk modelling, infrastructure management, emergency planning and response need to respond accordingly. The update of the NSHM resulted in increases in shaking in the lower and eastern parts of the North Island and upper South Island. Future changes to the Engineering Standards will be advised following public consultation during 2023. The focus will be on good, robust designs that allows for the uncertainty of shaking.
- **Cyber risk is the number 1 concern for businesses since 2021 Aon Global Client Survey and predicted it would still be number 1 in 2024.** The 2016 Survey cyber was number 6. What the past few years have taught us, is that being aware of risks is not the same as being ready for them. Cyber incidents have dropped off in 2022, but still remain significantly higher than pre-ransomware times. This can be attributed to the global uplift in security controls and expectations, as well as the geopolitical events in Eastern Europe. Premium uplift for the Local Government renewal was below market expectations/trends. Cyber resilience is a cyclical process – a destination is never reached and constant assessment, mitigation, transferral and recovery planning is required. Cyber security risk needs to be recorded and monitored regularly. From data theft to data corruption, data loss, service degradation or failure, they all need to be considered and what impact they would have on your business. Top threats to your business, use of cloud services, third parties, ransomware as a service, technical debt, fear or avoidance of acknowledging the threat
- **Risk Management according to Risk NZ, requires breaking the barriers to risk.** Risk needs to be uncomplicated, transparent and relevant, and leadership in risk needs to be connected, transparent and simple.
- **The Construction Contracts Act Amendment Bill is mainly dealing with retentions and is aiming to clarify how retentions should be handled to protect all those concerned.** The Bill is currently in Parliament and is due to be passed by end of Q1 2023. From Royal Ascent all parties have 6 months to comply, with MBIE providing guidelines on expectations how the Act will be interpreted. Parties are to have either a) a nominated bank account for retentions, or b) a complying instrument is utilised. Fines for breach of the Act will be imposed. Important to understand the legislation and the implications to contracts and councils.
- **Renewal information is important to be accurate and current.** With the number of costly Natural Disasters affecting the insurance markets, there is an increased pressure on rates, a greater focus on declared values and risk information. It is imperative to differentiate between other risks that are fighting for the same capital. Relationships with London Underwriters is crucial to gaining preferential rates and coverage for your risks, which is why we take representatives from your council groups to present on your behalf. Aon is here to help you, in order to get the best out of your insurance renewal.

12 Meeting Closed