



Risk and Assurance Committee

Notice of Meeting

A meeting of the Risk and Assurance Committee will be held in the Council Chamber, 156 High Street, Dannevirke on **Tuesday 21 April 2026** commencing at **9:30 am**.

Corin Haines
Chief Executive

Agenda

- 1. Welcome and Meeting Opening**
- 2. Apologies**
- 3. Public Forum**

A period of up to 30 minutes shall be set aside for a public forum. Each speaker during the public forum section of a meeting may speak for up to five minutes.

Standing Orders may be suspended on a vote of three-quarters of those present to extend the period of public participation or the period any speaker is allowed to speak.

With the permission of the Chairperson, members may ask questions of speakers during the period reserved for public forum. If permitted by the Chairperson, questions by members are to be confined to obtaining information or clarification on matters raised by the speaker.

- 4. Notification of Items Not on the Agenda**

Major items not on the agenda may be dealt with at this meeting if so resolved by the Committee and the Chairperson explains at the meeting at a time when it is open to the public the reason why the item was not listed on the agenda and the reason why discussion of the item cannot be delayed until a subsequent meeting.

Minor matters not on the agenda relating to the general business of the Committee may be discussed if the Chairperson explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at that meeting, but no resolution, decision or recommendation may be made in respect of that item except to refer it to a subsequent meeting.

5.	Declarations of Conflicts of Interest in Relation to this Meeting's Items of Business	
6.	Confirmation of Minutes	5
	<i>Recommendation</i>	
	<i>That the minutes of the Risk and Assurance Committee meeting held on 17 February 2026 (as circulated) be confirmed as a true and accurate record of the meeting.</i>	
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Recommendation

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Confirmation of Minutes

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

<i>General subject matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under Section 48 (1) for the passing of this resolution</i>
<i>Confirmation of Minutes</i>	<i>To protect commercial activities</i>	<i><Section (1)(a)(i)</i>

This resolution is made in reliance on Section 48 (1) (a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

s7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.

9. Items not on the Agenda

10. Closure



Risk and Assurance Committee

Minutes of a meeting of the Risk and Assurance Committee held in the Council Chamber, 156 High Street, Dannevirke on Tuesday 17 February 2026 commencing at 1:00pm.

1. Welcome and Meeting Opening

Mr P Jones (Chairperson), Mayor S M Gilmore, Crs S M Wards (Deputy Mayor), E F Kennedy, P M Naylor, and S A Wallace.

In Attendance

Cr C Corlett

Cr P Johns

Mr M Alexander	- Interim Chief Executive
Mrs K Tani	- Group Manager – Strategy and Information
Ms S Lowe	- Group Manager – People, Capability and Customer Engagement
Ms T McDonald	- Chief Financial Officer
Mr H Featonby	- Group Manager – Operations
Mr D Erard	- Alliance Manager
Mr S Dunn	- Risk and Assurance Advisor
Mrs G Anderson	- Health and Safety Coordinator
Mrs S Anthony	- Democracy Support Officer

2. Apologies

Nil

3. Public Forum

Nil

4. Notification of Items Not on the Agenda

Nil

5. Declarations of Conflicts of Interest in Relation to this Meeting's Items of Business

Nil

6. Confirmation of Minutes

6.1 *That the minutes of the Risk and Assurance Committee meeting held on 25 November 2025 (as circulated) be confirmed as a true and accurate record of the meeting.*

Gilmore/Wallace

Carried

7. Reports

7.1 Draft Audit New Zealand Report to Management 2024/25

The Risk and Assurance Committee considered the report from the Finance Manager dated 05 February 2026 that provided an update on the 2024/25 Annual Report audit findings and report to management.

The audit was positive, with only a small number of recommendations to address before the 2026 year-end report.

Sensitive Expenditure Policy is currently under review. The audit was positive, with only a small number of recommendations to address before the 2026 year-end report.

Severance and other employment disclosures - one disclosure lacked the internal controls desired. Recommendation: establish independent general ledger accounts to ensure Finance has full visibility, instead of relying on standalone spreadsheets.

IT system access - strengthening access controls and login permissions. A second review/sign-off for invoices in the accounts payable system is being implemented. This is in the final testing stage and awaiting a software upgrade to improve compliance and internal controls.

Remuneration record keeping - greater transparency is needed within finance folders for audit clarity. HR and Finance processes were not aligned as well as required. These processes are now being cleaned up and made more consistent.

The Assurance recommendations that are reported through to Audit NZ will be visible for sign off and be available to 2026 auditors.

It was noted that four written recommendations and two verbal recommendations were added following the annual report process. These

represent a further level of refinement to strengthen internal controls and procedural improvements, and do not indicate any risks to internal control integrity or data accuracy.

A concern was raised regarding the corruption of a water invoice. This remains under investigation. A system search showed a corruption, this is still sitting with IT to determine the cause and it is believed to be an isolated incident.

That the report from the Finance Manager dated 05 February 2026 concerning the Draft Audit New Zealand Report to Management 2024/25 (as circulated) be received and adopted.

Wallace/Naylor

Carried

7.2 Assurance Management Report

The Risk and Assurance Committee considered the report from the Risk and Assurance Advisor dated 13 January 2026 that provided an update on matters relating to Assurance.

It was advised that the water rates issue raised by Audit NZ will be presented in a report which will come to the committee once complete.

A concern was raised regarding the adjustment of due dates. While it is positive that the system records these changes, it was requested that all dates be reviewed and updated to realistic timeframes. This will enable effective monitoring of project slippage and allow for deeper analysis of the underlying causes. The committee has a responsibility to oversee and monitor any such slippage. It was advised that there is commentary in the report to indicate reasons for date adjustments. Staff were reminded to consider the consequences of the date slippage as it arises and clear reasoning.

The slippage in the Direct Debit Error process timelines was noted as a concern due to the significant impact of the original error. It was requested that the report include additional narrative to provide greater assurance to the community regarding the actions taken. Recruitment to fully resource this process has not yet been completed, and building resilience and succession coverage is essential to ensure ongoing stability. As the recruitment process is being finalised, two temporary contractors currently provide support in the interim. It was requested that all aspects of the process covered are explicitly reported, including the level of risk and that the only outstanding matter is the completion of permanent recruitment.

The Chief Financial Officer outlined the full range of tasks undertaken by staff in this area, noting that responsibilities extend well beyond managing the direct debit process. The function has been under-resourced, creating greater potential for error and impacting staff morale. While additional resourcing has been approved and contractors are in place, the next steps are to rebuild confidence, strengthen processes, and ensure staffing levels are aligned with operational

demands. Recruitment remains challenging due to the competitive market for suitably qualified candidates. It was noted that any future consideration of shared services will require a fully scoped business case, with a clear focus on affordability and operational efficiency.

That the report from the Risk & Assurance Advisor dated 13 January 2026 concerning the Assurance Management Report (as circulated) be received and adopted.

Wards/Naylor

Carried

7.3 Risk Management Report

The Risk and Assurance Committee considered the report from the Risk and Assurance Advisor dated 13 January 2026 that provided an update on matters relating to risk management.

It was noted that in Section 3, risks related to upcoming legislative changes have been consolidated. The next meeting will include a report informed by the Taituarā legislation tracker to support ongoing monitoring. Members were also reminded that terminology within the tables is not consistent across all tables and to remain mindful of this when reviewing the content.

A concern was raised around length of time Iwi and Māori Partnerships has been left to lie overdue.

It was noted that the Direction – political/governance/legislative – is no longer a risk, as the new water entity has now been approved by the government. This risk can therefore be closed. Water reform is now considered low risk, and the institutional arrangements are expected to follow accordingly.

The Chair noted that the expectations for the LTP will be fundamentally different from previous years, and the project needs to reflect this shift. There must be a solid understanding of rates capping and the formula that applies. The ‘Simplifying Local Government’ proposal remains a work in progress, but Council will need to stay agile.

Regarding the transition of Three Waters, the CCO will be accountable from day one. While the CCO will hold responsibility for revenue, it may choose to utilise councils’ rating powers. Charges will be issued as a bill rather than a rate. If the CCO requests councils to bill on its behalf, this arrangement is limited to a five-year period. A competent CCO Board would be expected to prioritise moving toward fully self-managing the service.

That the report from the Risk & Assurance Advisor dated 13 January 2026 concerning the Risk Management Report (as circulated) be received and adopted.

Wallace/Gilmore

Carried

7.4 Risk Appetite

The Risk and Assurance Committee considered the report from the Risk and Assurance Advisor dated 03 February 2026 that provided an update on matters relating to risk management.

Feedback was sought on whether the existing framework remains appropriate or requires adjustment. It was originally developed by the previous Elected Members and the Executive Leadership Team.

There was a general view that the framework is in a reasonable place and should be used as a tool to guide the LTP process—applying it as a lens, testing assumptions, and making adjustments as the process progresses. It provides a useful measure for direction and supports decision-making.

Community relations are currently moderate; while not risk-averse, recent improvements in social media communication have strengthened this area. This continues to evolve, and further developments are expected.

That the report from the Risk & Assurance Advisor dated 03 February 2026 concerning the Risk Appetite (as circulated) be received and adopted.

Gilmore/Wards

Carried

7.5 Health, Safety, and Wellbeing Management Report

The Risk and Assurance Committee considered the report from the Health and Safety Coordinator dated 13 January 2026 that provided an update on health, safety, and wellbeing matters.

It was noted that for SafePlus Assessment item 8.3, the timeframe for developments has been updated to July 2026.

A concern was raised regarding chlorine gas vapour at Pahiatua. It was advised that this risk is actively being managed and is reviewed annually due to its high-risk nature.

With respect to contractor inductions, consistency across all sites remains a priority, and the recording process is a particular focus. Full standardisation has not yet been achieved. Potential indicators to strengthen assurance could include tracking the number of contractors who pass or fail inductions, providing clearer visibility of contractor compliance.

That the report from the Health and Safety Coordinator dated 13 January 2026 concerning the Health, Safety, and Wellbeing Management Report (as circulated) be received.

Jones/Naylor

Carried

7.6 **Health, Safety & Wellbeing Policy**

The Risk and Assurance Committee considered the report from the Health and Safety Coordinator dated 03 February 2026 that provided the recently updated operational Health, Safety, & Wellbeing Policy for information.

That the report from the Health and Safety Coordinator dated 03 February 2026 concerning the Health, Safety & Wellbeing Policy (as circulated) be received.

Gilmore/Naylor

Carried

7.7 **Statutory Delegations**

The Risk and Assurance Committee considered the report from the Manager - Democracy Services dated 28 January 2026 that provided information on the Council’s Statutory Delegations Register and Policy, and the current review process.

A request was made for a copy of the current delegations register to be emailed to all elected members and the Chair following the meeting, to support the report and provide clearer understanding.

That the report from the Manager - Democracy Services dated 28 January 2026 concerning the Statutory Delegations be received.

That the Risk and Assurance Committee note the review being undertaken of the Council’s Statutory Delegations Register and Policy, and the process to be followed for review prior to consideration by the Tararua District Council.

Wallace/Jones

Carried

8. **Public Excluded Items of Business**

That the public be excluded from the following parts of the proceedings of this meeting, namely:

Confirmation of Minutes

Tararua Alliance Quarterly Report

Insurance Update

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

<i>General subject matter to be considered</i>	<i>Reason for passing this resolution in relation to each matter</i>	<i>Ground(s) under section 48(1) for the passing of this</i>
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		<i>resolution</i>
<i>Insurance Update</i>	<i>To protect commercial and industrial negotiations</i>	<i><Section (1)(a)(i)</i>
<i>Tararua Alliance Quarterly Report</i>	<i>To protect commercial activities</i>	<i><Section (1)(a)(i)</i>
<i>Confirmation of Minutes</i>	<i>To protect the privacy of natural persons</i>	<i><Section (1)(a)(i)</i>

This resolution is made in reliance on Section 48 (1) (a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by Section 6 or Section 7 of that Act or Section 6 or Section 7 or Section 9 of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

- s7(2)(a) The withholding of the information is necessary to protect the privacy of natural persons, including that of a deceased person.*
- s7(2)(h) The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities.*
- s7(2)(i) The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).*

Jones/Gilmore

Carried

The meeting went into public excluded session at 2:28pm and resumed open session at 3:13pm.

9. Items not on the Agenda

9.1 Nil

There being no further business the Chairperson thanked those present for their attendance and contributions, and declared the meeting closed at 3:13pm.



Report

Date : 14 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Sarah Walshe
Finance and Revenue Manager
Subject : **Draft Treasury Risk Management Policy**
Item No : **7.1**

1. Recommendation

- 1.1 *That the report from the Finance and Revenue Manager dated 10 April 2026 concerning the Draft Treasury Risk Management Policy be received.*
- 1.2 *That the Committee Reviews the updated Draft Treasury Risk Management Policy April 2026:*
- 1.3 *Notes the reform-related uncertainty impacting Council's debt forecasts*
- 1.4 *Endorses the Policy as providing an appropriate framework for managing treasury risk during the Local Water Done Well transition*
- 1.5 *Recommends the Policy to Council for approval*

Executive Summary

The Treasury Risk Management Policy has been reviewed and updated to ensure it remains current, compliant with legislation, and appropriate with emerging treasury risks.

Officers are seeking approval to bring the updated Policy at this time to ensure Council's treasury risk management framework remains appropriate and effective in light of uncertainty in Council's debt forecasts arising from Local Water Done Well reforms.

The updated Policy provides a clear framework for recognising, managing, and reporting any resulting reform-driven temporary non-compliance, while maintaining overall prudence and transparency.

No permanent change to Council's treasury risk appetite is proposed.

2. Reason for the Report

2.1 To seek the Risk and Assurance Committee's review and endorsement of the updated Treasury Risk Management Policy (including Liability Management and Investment Policies), prior to recommendation to Council for approval.

3. Background

3.1 Under the Local Government Act 2002, Council is required to manage its finances prudently and adopt policies that support effective treasury risk management.

3.2 The Treasury Risk Management Policy was last substantively reviewed in June 2023. Since that time:

- Interest rate and funding markets have remained volatile;
- Treasury risk management practices across the local government sector have continued to evolve;
- Local Water Done Well reforms have introduced material uncertainty into Council's longer-term debt forecasts;
- Specifically, Council's projected debt levels and maturity profile are impacted by the proposed transfer of water-related debt to a new Water CCO effective 1 July 2027. At this stage, the detailed debt transfer mechanism has not been agreed between the parties, creating uncertainty around the timing, structure, and composition of the remaining Council debt portfolio.

4. Rationale for Policy Update at This Time

4.1 Officers are seeking approval to update and confirm the Treasury Risk Management Policy now in order to appropriately manage the risks arising from the water reform transition period.

4.2 Council's debt forecasts may change depending on:

- The final water-debt transfer amount
- The agreed transfer mechanism
- The mix of fixed and floating rate debt transferred versus retained by Council

- The impact on Council’s longer-term funding maturity profile and hedging strategy
- 4.3 As a result, Council may be required to temporarily operate outside certain funding and interest rate policy limits where such positions arise directly from Local Water Done Well related changes, rather than discretionary treasury decisions.
- 4.4 The updated Policy:
- Explicitly recognises these circumstances
 - Sets clear expectations for transparency, reporting, and governance oversight
 - Confirms that reform-related temporary non-compliance is managed, monitored, and retrospectively reported to Council where required
 - Preserves Council’s overall prudent approach to funding and interest rate risk
- 4.5 Bringing the Policy forward now ensures that Council has an agreed and documented risk management framework in place before any such impacts crystallise.

5. Discussion

- 5.1 The revised Treasury Risk Management Policy (attached with tracked changes):
- Retains conservative borrowing, liquidity, and investment principles
 - Continues to align with LGFA covenants and external lender requirements
 - Strengthens clarity around policy departures and reporting obligations
 - Explicitly acknowledges the impact of Local Water Done Well on debt forecasting and risk management strategy
 - Importantly, the Policy does not relax core prudential limits on a permanent basis. Instead, it provides a structured and transparent approach to managing unavoidable, reform-driven volatility during the transition period.

6. Risk and Assurance Considerations

- 6.1 From a risk and assurance perspective, the Policy:
- Clearly distinguishes between operational treasury risk decisions and external structural changes

- Ensures any policy temporary non-compliance arising from water reform impacts is visible, controlled, and reported
- Maintains accountability through Council approval and retrospective reporting where required
- Supports continuity of prudent treasury management during a period of uncertainty
- The key risk mitigated by this Policy update is the risk of operating without an appropriate governance framework while Council's debt profile is subject to reform-related change.

7. Financial Implications

7.1 There are no direct financial implications arising from adoption of the updated Policy.

7.2 The Policy supports:

- Ongoing covenant compliance where practicable
- Continued access to cost-effective funding
- Active management of reform-related treasury risks

8. Legal and Legislative Compliance

8.1 The updated Policy remains consistent with:

- Local Government Act 2002
- Local Government (Financial Reporting and Prudence) Regulations 2014
- Trusts Act 2019
- LGFA and external lender requirements

9. Consultation

9.1 The Policy review was undertaken internally with reference to sector best practice and treasury advisory guidance; as a result, no external consultation is required.

10. Conclusion

10.1 The updated Treasury Risk Management Policy ensures Council continues to operate within a clear, prudent, and transparent treasury risk management framework during a period of heightened uncertainty arising from Local Water Done Well reforms.

- 10.2 The Policy does not increase Council’s overall treasury risk appetite, nor does it permanently relax existing prudential limits. Instead, it strengthens governance, reporting, and oversight arrangements to appropriately manage reform-driven impacts on Council’s debt forecasts and risk profile.
- 10.3 Endorsement of the updated Policy will provide assurance that Council has an appropriate and documented framework in place to manage treasury risks during the transition period and to support informed decision-making as further details of the water-debt transfer mechanism are confirmed.

Attachments

- 1 [↓](#). DRAFT - Tararua District Council Treasury Risk Management Policy April 2026

TARARUA DISTRICT COUNCIL

Treasury Risk Management Policy

Including Liability Management and Investment Policies

Effective: ~~1 July 2024~~ 1 May 2026

Approved by: Chief Executive

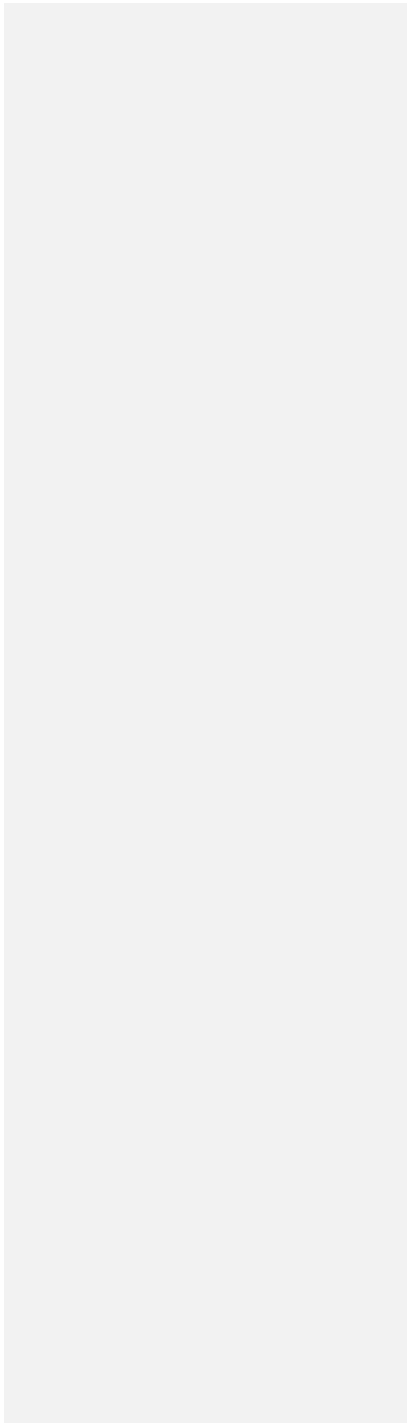
Next review date: 30 September 2026

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DRAFT



1.0 INTRODUCTION

1.1. Policy purpose

The purpose of the Treasury Risk Management Policy ("Policy") is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Tararua District Council ("Council"). The formalisation of such policies and procedures will enable Council's treasury risks to be prudently managed.

As circumstances change, the policies and procedures outlined in this Policy will be modified to ensure that treasury risks within Council continue to be well managed. In addition, regular reviews will be conducted to test the existing Policy against the following criteria:

- Industry "best practices" for a similar sized Council.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on Council's financial exposure to market interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.
- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Enable Council to achieve its strategic objectives in the LTP.

It is intended that the Policy be distributed to all personnel involved in any aspect of the Council's financial management. In this respect, all staff must be completely familiar with their responsibilities under the Policy at all times.

2.0 SCOPE AND OBJECTIVES

2.1 Scope

- This document identifies the policy and objectives of Council in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of Council's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of Council cover these matters.

2.2 Treasury management objectives

The objective of this Policy is to control and manage costs and investment returns that can influence operational budgets, public equity and set debt levels.

All external borrowing, investments, incidental financial arrangements (e.g. use of interest rate hedging financial instruments) and treasury management will meet requirements of:

- Local Government Act 2002, in particular Part 6 including sections 101,102,104, 105, 112 and 116.

- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trusts Act 2019 (effective 30 January 2021). Details of relevant sections can be found in the Trusts Act 2019 Part 4 Investments. When acting as a trustee or investing money on behalf of others, trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.
- The Liability Management Policy and the Investment Policy as outlined within this document.

2.3 General Policy Objectives

Objective	Applicable Policy Statements
To prudently manage Council’s liability management and/investment policies (Treasury Risk Management Policy), and all identified treasury risks within policy limits and parameters	4.0/5.0/6.0
Manage costs and risks in the management of Council’s borrowing through flexibility and spread of debt maturities	6.2
Maintain appropriate liquidity levels and manage cash flows within Council to meet known and reasonable unforeseen funding requirements	6.2/8.0
Develop and maintain relationships with financial institutions, the LGFA, and Trustee	4.0/5.0
Ensure adequate internal controls exist to protect Councils financial assets, mitigate against financial loss, opportunity cost and other inefficiencies	3.0/6.5
Ensure compliance with all risk control limits, financial ratios, and external lender requirements	4.2/6.0/6.6
Monitor and report on treasury performance, financial covenants, and security arrangements within the Policy	7.0/9.0

3.0 GOVERNANCE AND MANAGEMENT RESPONSIBILITIES

3.1 Overview of management structure

Policy statements

Council will ensure effective controls over treasury management and segregation of duties controls are in place.

Council may, by way of a resolution, depart from the Treasury policy where it considers that the departure would advance the broader well-being of the district or other policy objectives.

Detailed management positional responsibilities are outlined within the treasury procedures manual.

All management delegated limits are authorised by the CEO.

4.0 LIABILITY MANAGEMENT POLICY

4.1 Introduction

Council's liabilities comprise of borrowings and various other liabilities. Council maintains borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Raise finance leases for fixed asset purchases.
- Fund assets whose useful lives extend over several generations of ratepayers.

4.2 Borrowing Limits

Policy statement

Council will manage its debt in accordance to Council's borrowing limits and external lender financial covenants.

Debt will be managed within the following limits:

Item	Council Borrowing Limit	LGFA Covenants
Net external debt as a percentage of total revenue	<175%	<175%
Net Interest on external debt as a percentage of total revenue	<10%	<20%
Net Interest on external debt as a percentage of annual rates income (debt secured under debenture)	<15%	<30%
Liquidity (External debt + unutilised committed debt facilities + cash and cash equivalents to existing external debt)	>110%	>110%

- Total Revenue is defined as cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g. developer contributions and vested assets).
- Net external debt is defined as total external debt less cash investments.
- Liquidity is defined as external debt plus unutilised committed debt facilities plus cash and cash equivalent divided by existing external debt. The liquidity ratio excludes encumbered cash investments, such as cash held within trust funds. It also excludes cash held for the prefunding for upcoming debt maturities. For liquidity purposes, cash/cash equivalents are defined as being:
 - Overnight bank cash deposits
 - Wholesale/retail bank term deposits no greater than 30 days
 - Bank issued RCDs less than 181 days.

- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Financial covenants are measured on Council only not consolidated group. Council borrows from creditworthy banks that have a long-term credit rating by S&P (or equivalent) of A or better.
- Disaster recovery requirements are to be met through the liquidity ratio.

In approving new external debt, Council considers the impact on its borrowing limits as well as the economic life of the asset that is being funded and its overall consistency with Council's LTP and Financial Strategy.

4.3 Borrowing mechanisms

Policy statement

New external borrowings and refinancing existing external debt should be evaluated for cost effectiveness and compliance with policies.

Council is able to externally borrow through a variety of market mechanisms including issuing stock/bonds, commercial paper (CP) and debentures, direct bank borrowing, the LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or internal borrowing of reserve and special funds.

Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong financial standing and manage its relationships with the LGFA, and financial institutions.

4.4 Security

Policy statement

Council offers a Debenture Trust Deed on the security arrangement for its external borrowing and risk management activities.

Council assets may be pledged as security where it is advantageous and cost effective to do so.

Council's external borrowings and interest-rate risk management instruments will generally be secured by way of a charge over rates and rates revenue offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. The security offered by Council ranks equally or pari passu with other lenders.

From time to time, and with Council approval, security may be offered by providing a charge over one or more of Councils assets.

Physical assets will be charged only where:

- There is a direct relationship between the debt and the purchase or construction of the asset, which it funds (e.g. an operating lease, or project finance).
- Council considers a charge over physical assets to be appropriate.
- Any pledging of physical assets must comply with the terms and conditions contained within the Deed of Charge.

4.5 Debt repayment

Policy statement

Debt will be repaid as it falls due in accordance with the applicable loan agreement.

Subject to the debt limits in section 4.2, a loan may be rolled over or re-negotiated as and when appropriate.

Council will manage debt on a net portfolio basis and will only externally borrow when it is commercially prudent to do so.

4.6 Guarantees/contingent liabilities and other financial arrangements

Policy statement

Council may act as guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business Units, when the purposes of the loan are in line with Council’s strategic objectives.

Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed NZ\$1 million in aggregate.

Guarantees provided will have to be approved by Council and reported on quarterly.

Council Controlled Organisations

Council may act as a financial guarantor to a Council Controlled Organisation (CCO). Guarantees provided to a CCO are not subject to the aggregate limit. A guarantee provided to a CCO must be approved by Council.

Council Controlled Trading Organisations

Council is not allowed to guarantee loans to Council Controlled Trading Organisations under Section 62 of the Local Government Act.

4.7 Internal borrowing of special and general reserve funds

Policy statement

Council may authorise use of special funds to reduce the requirement for external debt where there is financial benefit to borrow internally.

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Council may authorise the funding of capital expenditure with existing special and general reserve funds. Accordingly Council will maintain its funds in short term maturities emphasising counterparty credit worthiness and liquidity. Any internal borrowing of special funds used must be reimbursed for interest revenue lost. Interest on internally-funded loans is charged annually in arrears, on year-end loan balances.

4.8 On-lending to Council Controlled Organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any on-lending arrangement to a CCO or CCTO must be approved by Council. In recommending an arrangement for approval the GM, Corporate & Regulatory considers the following:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council's credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements to CCTO must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement.

All on-lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

4.9 Capital works funding and debt period

Policy statement

Capital works will be funded through raising new debt or by utilising depreciation reserves when such reserves exist for the classes of assets.

The use of long-term loan funds will be restricted to capital items only.

Capital works will be funded through raising new debt or by utilising depreciation reserves where such exist for the classes of assets.

Term debt greater than one year will not be used to fund annual operational expenditure.

4.10 New Zealand Local Government Funding Agency Limited

Despite anything earlier in the Liability Management Policy, the Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA in the form of Borrower Notes;

- (b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself;
- (c) Commit to contribution additional equity (or subordinated debt) to the LGFA if required;
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA, and the performance of the other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

4.11 Departures from Policy

The Council may, in its discretion, depart from the Liability Management Policy where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an external debt instrument under this provision shall note that it departs from the Council's ordinary policy and the reasons justifying that departure.

5.0 INVESTMENT POLICY AND LIMITS

Policy statements

The Council may hold financial, property, forestry, and equity investments if there are strategic, economic or other valid reasons.

The Council will keep under review its approach to all major investments and the credit rating of approved financial institutions.

5.1 Introduction

Council generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective. Investments and associated risks are monitored and managed, and regularly reported to Council.

Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's Long Term Plan and Annual Plans;
- To reduce the current ratepayer burden;
- The retention of vested land;
- Holding short term investments for working capital requirements;
- Provide ready cash in the event of a natural disaster. Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves;
- Invest proceeds from the sale of assets.

5.2 Objectives

In its financial investment activity, Council's primary objective when investing is the protection of its investment capital and that a prudent approach to risk/ return is always applied within the confines of this Policy. Accordingly, only approved credit worthy counterparties are acceptable. The Council will act effectively and appropriately to:

- Protect the Council's investments and ensure they are risk averse and secure.
- Ensure the investments benefit the Council's ratepayers.

- Maintain a prudent level of liquidity and flexibility to meet both planned and reasonably unforeseen cash requirements.

5.3. Acquisition of new investments

With the exception of financial investments, new investments are acquired if an opportunity arises and approval is given by Council, based on advice and recommendations from Council officers. Before approving any new investments, Council gives due consideration to the contribution the investment will make in fulfilling Council's strategic objectives, and the financial risks of owning the investment.

The authority to acquire financial investments is delegated to the GM, Corporate & Regulatory.

5.4. Investment mix

Council maintains the following mix of investments:

5.4.1 Equity investments

Equity investments includes investments held in CCO/CCTO and other shareholdings.

Council's equity investments fulfil various strategic, economic development and financial objectives as outlined in the LTP.

Council seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment.

Any purchase or disposition of equity investments requires Council approval.

Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment.

Council recognises that there are risks associated with holding equity investments and to minimise these risks, Council monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. Council seeks professional advice regarding its equity investments when it considers this appropriate.

5.4.1.1 New Zealand Local Government Funding Agency Limited

Despite anything earlier in this Investment Policy, the Council may invest in shares and other financial instruments of the LGFA, and may borrow to fund that investment.

The Council's objective in making any such investment will be to:

- (a) Obtain a return on the investment; and
- (b) Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for Council.

Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

5.4.2 Property investments

Property investments includes all land and buildings.

Council's overall objective is to only own property that is necessary to achieve its strategic objectives. As a general rule, Council will not maintain a property investment where it is not

essential to the delivery of relevant services, and property is only retained where it relates to a primary output of Council.

Council reviews the performance of its property investments on a regular basis. Properties for sale are to be marketed in accordance with statutory requirement.

5.4.3 Forestry investments

Forestry assets are held as long term investments on the basis of net positive discounted cashflows, factoring in projected market prices and annual maintenance and cutting costs.

Any disposition of these investments requires Council approval. The proceeds from forestry disposition are used firstly to repay related borrowings and then included in the relevant reserves.

5.4.4 Financial investments

Objectives

Council may invest in approved financial instruments as set out in section 6.1.2. These investments are aligned with Council's objective of investing in high credit quality (as covered in section 6.3) and highly liquid assets.

Council's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due.

Special funds and reserve funds

Council holds special and reserve funds for specific Council objectives. Liquid cash investments are required to be held against special funds and reserve funds unless otherwise approved by Council for internal borrowing.

Trust funds

Where Council hold funds as a trustee, or manages funds for a Trust then such funds must be invested on the terms provided within the trust, therefore these funds are excluded from Council's liquidity ratio. If the Trusts investment policy is not specified then this policy should apply.

5.5 Loan Advances

Council may provide advances to CCOs, CCTOs, charitable trusts and community organisations for strategic purposes only. New loan advances are by Council resolution only.

Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable to the CCO or CCTO than those that would apply if Council were borrowing the money or obtaining the financial accommodation. Further Council will not transact with a CCTO on terms more favourable than that of Council if Council, was not providing rates as security.

Council will assess risk, and reviews performance of its loan advances on a regular basis to ensure strategic and economic objectives are being achieved.

5.6. Investment management and reporting procedures

To maintain liquidity, Council's short and long-term investment maturities are matched with Council's known cash flow requirements.

The performance of Council investments is regularly reviewed to ensure Council's strategic objectives are being met. Both performance and policy compliance are reviewed.

5.7. Departures from Policy

The Council may, in its discretion, depart from the Investment Policy where it considers that the departure would advance its broader social or other policy objectives. Any resolution authorising an investment under this provision shall note that it departs from the Council's policy and the reasons justifying that departure.

6.0 RISK RECOGNITION/IDENTIFICATION/MANAGEMENT

Policy statements

Total amount of debt should be spread across a range of maturity dates.

Variable or floating rate debt compared to fixed rate debt is managed over the long term debt forecast within prescribed minimum and maximum fixed rate limits.

Incidental arrangements or hedging instruments can be used in the management of wholesale market interest rate exposure, but should not increase but manage Council's overall risk.

Council's portfolio shall be arranged to provide, at all times, sufficient funds for planned expenditure and to allow for payment of its obligations as they fall due.

The risk of default in respect to any individual investment will be minimised by the selection of creditworthy investments.

The definition and recognition of liquidity, funding, investment, interest rate, counterparty credit, operational and legal risk of Council is detailed below and applies to both the Liability Management Policy and Investment Policy.

6.1 Interest rate risk

6.1.1 Risk recognition

Interest rate risk on borrowing, is the risk that funding costs (due to adverse movements in market wholesale interest rates) will materially exceed projections included in the LTP and Annual Plan, so as to adversely impact cost control and capital investment decisions/returns/feasibilities.

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing/hedging of wholesale interest costs. Certainty around funding costs is to be achieved through the active management of underlying interest rate exposures.

6.1.2 Approved financial instruments

Approved financial instruments are as follows:

Category	Instrument
Cash management and borrowing	Bank overdraft
	Committed cash advance and debt facilities (short term and long term debt facilities)
	Uncommitted money market facilities
	Retail and Wholesale Bond and Floating Rate Note (FRN) issuance
	Committed standby facilities offered by the LGFA
	Commercial paper (CP)/Promissory notes
Investments	Bank term deposits linked to pre-funding maturing debt up to 18 months
	Call and short term bank deposits

	Bank registered certificates of deposit (RCDs) LGFA borrower notes/CP/bills
Interest rate risk management	Forward rate agreements ("FRAs") on: <ul style="list-style-type: none"> ▪ Bank bills Interest rate swaps/collars including: <ul style="list-style-type: none"> ▪ Forward start swaps/collars (start date <36 months, unless linked to existing maturing swaps/collars) ▪ Swap extensions and shortenings Interest rate options on: <ul style="list-style-type: none"> ▪ Bank bills (purchased caps and one for one collars) ▪ Interest rate swaptions (purchased swaptions and one for one collars only)
Foreign exchange management	<ul style="list-style-type: none"> ▪ Spot foreign exchange ▪ Forward exchange contracts
Liquidity management	<ul style="list-style-type: none"> ▪ Wholesale/retail bank call and term deposits no greater than 30 days ▪ Bank registered certificates of deposit (RCDs) maturing less than 181 days ▪ Unutilised committed debt facilities

Any other financial instrument must be specifically approved by the Council on a case-by-case basis.

The following investment securities are expressly excluded;

- Structured debt where issuing entities are not a primary borrower/ issuer
- Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and debt/equity hybrid notes such as convertibles.

6.1.3 Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's gross forecast external debt should be within the following fixed/floating interest rate risk control limits.

The GM, Corporate & Regulatory can consider alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing the interest rate strategy.

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)		
Debt Period Ending	Minimum Fixed Rate	Maximum Fixed Rate
Current	40%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	20%	70%
Year 6	0%	65%

Year 7	0%	60%
Year 8	0%	50%
Year 9	0%	50%
Year 10	0%	50%
Year 11+	0%	25%

“Fixed Rate” is defined as all known interest rate obligations on gross forecast external debt, including where hedging instruments have fixed movements in the applicable reset rate.

“Floating Rate” is defined as any interest rate obligation subject to movements in the applicable reset rate. Gross forecast external debt is the amount of total external debt for a given period. This allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the GM, Corporate & Regulatory), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the policy minimum and maximum limits.

Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average gross forecast external debt amounts for the given period (as defined in the table above).

In complying with the above Interest Rate Limits, consideration must be given to Local Water Done Well and the impact on the longer-term debt forecasts, interest rate risk position and strategy.

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Any policy limit non-compliance, that does not self-correct within 90 days must be approved by Council. Where the non-compliance relates specifically to Local Water Done Well matters, the breach is accepted, and retrospectively reported to Council.

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Interest rate swap maturity is limited by the maximum offered LGFA bond maturity, beyond this approval is required by Council.

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- The forward start period on swaps and collar strategies to be no more than 36 months unless linked to the expiry date of an existing instrument and has a notional amount which is no greater than that of the existing instrument.
- Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable whereby the sold option is matched precisely by amount and maturity, to the simultaneously purchased option.
- During the term of the option, the sold option can be closed out by itself (i.e. repurchased). The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation (i.e. an ineffective hedge).

6.1.4 Financial investment risk

Council manages short-term cash investment risk ensuring availability and access to financial investments held.

6.2. Liquidity risk/funding risk

6.2.1 Risk recognition

Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

6.2.2 Liquidity/funding risk control limits

- External debt plus unutilised committed debt facilities plus cash and cash equivalents must be maintained at an amount greater than 110% of existing external debt.
- Term deposits linked to prefunding activity are excluded from the liquidity ratio.
- Council can pre-fund up to 18 months forecast debt requirements including new and re-financed debt. Re-financings that have been pre-funded, will remain included within the funding maturity profile until their maturity date.
- The maturity profile of the total committed funding in respect to all external debt and committed debt facilities, is to be controlled by the following system.

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

- [In complying with the above Funding Limits, consideration must be given to Local Water Done Well, the impact on the longer-term debt forecasts, the agreed debt transfer mechanism and the ongoing debt funding risk position and strategy.](#)
- [Any policy limit non-compliance, that does not self-correct within 90 days must be approved by Council. Where the non-compliance relates specifically to Local Water Done Well matters, the breach is accepted, and retrospectively reported to Council.](#)
- Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount will net off the maturing debt amount from the funding maturity profile percentage calculation.
- ~~To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a councils LGFA borrowings will mature in a 12 month period.~~

6.3. Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where the Council is a party. The credit risk to the Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit risk will be regularly reviewed by the Council. Treasury related transactions would only be entered into with organisations specifically approved by the Council.

Counterparties and limits can only be approved on the basis of long-term Standard & Poor's, (S&P) credit ratings (or equivalent Fitch or Moody's rating) being A and above and/or short term rating of A-1 or above.

The following matrix guide will determine limits for financial instruments:

Counterparty/Issuer	Minimum S&P long term / short	Investments maximum per counterparty	Interest rate risk management	Total maximum per counterparty
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	term credit rating	(\$m)	instrument maximum per counterparty (\$m)	(\$m)
NZ Government	N/A	Unlimited	none	Unlimited
Local Government Funding Agency (LGFA)	AA-/A-1	10.0	none	10.0
NZ Registered Bank	A/ A-1	20.0		20.0

Risk management

To avoid undue concentration of exposures, financial instruments should be used with as wide a range of approved counterparties as possible. Maturities should be well spread. The approval process must take into account the liquidity of the market and prevailing market conditions the instrument is traded in and repriced from.

6.4. Foreign currency

Council has minor foreign exchange exposure through the occasional purchase of foreign exchange denominated services, plant and equipment.

Generally, all individual amounts of NZD100,000 or greater for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and the currency amount, and timing are known. Both spot and forward foreign exchange contracts can be used by Council.

Council will not hold investments denominated in foreign currency.

6.5. Operational risk

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls. Operational risk is very relevant when dealing with financial instruments given that:

- Financial instruments may not be fully understood.
- Too much reliance is often placed on the specialised skills of one or two people.
- Most treasury instruments are executed over the phone.
- Operational risk is minimised through the adoption of all requirements of this Policy.

Council's systems of internal controls over treasury activity include adequate segregation of duties among the core treasury functions of deal execution, confirmation, settling and accounting/reporting.

There are a small number of people involved in treasury activity. Accordingly strict segregation of duties is not always achievable.

Detailed operational processes are outlined within the treasury procedures manual.

6.6. Legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may be exposed to such risks.

Council will seek to minimise this risk by adopting policy regarding:

- The use of standing dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contacts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow-up of anomalies.
- The use of expert advice.

6.6.1 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council.

Council’s legal counsel must sign off on all documentation for new loan borrowings, re-financings and investments.

6.6.2 Financial covenants and other obligations

Council must not enter into any transactions where it would cause a breach of financial covenants under existing contractual arrangements.

Council must comply with all obligations and reporting requirements under existing funding facilities and legislative requirements.

7.0 MEASURING TREASURY PERFORMANCE

In order to determine the success of Council’s treasury management function, the following benchmarks and performance measures have been prescribed.

Those performance measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a quarterly basis

Management	Performance
Operational performance	<ul style="list-style-type: none"> • All policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits. • All treasury deadlines are to be met, including reporting deadlines.
Management of debt and interest rate risk (borrowing costs)	<ul style="list-style-type: none"> • The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be below the budgeted YTD/annual borrowing cost amount. • Actual wholesale interest costs must be benchmarked to market interest rates. The applicable market interest rate is determined by finding the mid-point policy benchmark rate.

8.0 CASH MANAGEMENT

Cash management is the process used for managing cash effectively and efficiently, using Council’s short term cash and liquidity resources to sustain its ongoing activities, mobilise funds and optimise liquidity. The most important elements are:-

- The systematic planning, monitoring, and management of Council’s cash receipts, payments and bank accounts.
- The gathering and management of information to use available funds effectively and identify funding gaps.
- Optimal usage of transactional banking services to streamline efficiencies of cash payments and receipts.

9.0 REPORTING

Council and management reporting on treasury activities is based on comprehensive and regular communication of the following areas to ensure high standards of governance and control:-

- Policy compliance
- Risk/exposure position
- Performance

Council ensures reporting of the Liability and Investment Management Policies is consistent with the requirements of the LGA 2002.

10.0 POLICY REVIEW

The Policy is to be formally reviewed on a triennial basis, and annually for internal purposes.

The GM, Corporate & Regulatory has the responsibility to prepare the annual review report that is presented to the Council. The report will include:

- Recommendation as to changes, deletions and additions to the Policy.
- Overview of the treasury function in achieving the stated treasury objectives and performance benchmarks.
- Summary of breaches of Policy and one-off approvals outside Policy.

The Council receives the report, approves Policy changes and/or rejects recommendations for Policy changes.

Policy Owner :	GM, Corporate & Regulatory
Original date :	27 May 2020
Approved by :	Chief Executive
Effective date :	27 May 2020
Next Revision date :	30 September 2026
Last revision date :	June 2023



Report

Date : 13 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Sarah Walshe
Finance and Revenue Manager
Subject : **2026 Audit Fee Proposal - Audit New Zealand**
Item No : **7.2**

1. Recommendation

- 1.1 *That the report from the Finance and Revenue Manager dated 10 April 2026 concerning the 2026 Audit Fee Proposal - Audit New Zealand be received.*
- 1.2 *That the Risk and Assurance Committee recommends:*
- That the Tararua District Council authorise the Mayor to sign the 2026 Audit Fee Proposal from Audit New Zealand on behalf of the Council.*

Executive Summary

Under the Public Audit Act 2001, the Auditor-General is the auditor of all public entities, including the Tararua District Council. The Auditor-General has appointed Audit New Zealand to carry out the Council's annual audit.

Audit New Zealand has provided the attached Audit Proposal Letter setting out the proposed audit approach, audit hours, assumptions relating to the fee, and audit fee for the year ending 30 June 2026. Audit New Zealand has also outlined that given the ongoing changes in the sector they will agree the fees for the 2027 and 2028 financial years at a future date.

Consistent with sector practice and the approach taken for previous audit cycles, the Risk and Assurance Committee's role is to consider and endorse the proposed audit fee.

2. Reason for the Report

- 2.1 The purpose of this report is to seek the Risk and Assurance Committee's endorsement of the Audit New Zealand Audit Proposal Letter for the audit of the Tararua District Council for the financial year ending 30 June 2026, and recommendation to Council that the Mayor be authorised to sign the Audit Proposal Letter on behalf of the Council.
- 2.2 The report also provides, for information, background material previously presented to Council in relation to audit fees

3. Background

- 3.1 The Council is required to prepare an annual report which must be audited under section 15 of the Public Audit Act 2001. The audit provides independent assurance over the Council's financial statements and service performance information.
- 3.2 Audit fees for public entities are set under section 42 of the Act and are required to be reasonable, having regard to the audit scope, complexity, and effort required to complete a quality public sector audit.
- 3.3 Audit New Zealand has provided the Audit Proposal Letter dated 31 March 2026, which sets out:
- the statutory basis for the audit;
 - the proposed audit hours and team mix;
 - the proposed audit fee for the year ending 30 June 2026; and
 - the assumptions on which the proposed fee has been based.
- 3.4 A memo previously presented to Audit and Risk Committee in October 2023 in relation to audit fees is attached for information purposes.

4. Audit Fee Proposal

- 4.1 The proposed audit fee for the audit of the year ending 30 June 2026 is \$256,056 (excluding GST and disbursements), as detailed in the Audit Proposal Letter.
- 4.2 The proposed audit fee reflects:
- the audit hours and team mix required to complete a quality audit;
 - changes in auditing standards and sector-wide developments; and
 - updated cost assumptions, including salary cost movements and the Office of the Auditor-General Audit Standards and Quality Support (ASQS) charge.

4.3 The Audit Proposal Letter also notes that fees for the years ending 30 June 2027 and 30 June 2028 will be agreed on at a later date, reflecting ongoing sector changes and uncertainties.

5. Financial Implications

5.1 Provision for the proposed audit fee is included within the approved annual budget. No unbudgeted expenditure is anticipated as a result of this proposal.

Attachments

1. [Tararua District Council Audit Fee Proposal Letter 2026](#)

2. [Memo - Audit Fee Proposal Letter - Audit and Risk Workshop 25 October 2023](#)



AUDIT NEW ZEALAND

Mana Arotake Aotearoa

Level 2, 100 Molesworth Street
Thorndon
PO Box 99, Wellington 6140

31 March 2026

Scott Gilmore
Mayor
Tararua District Council
PO Box 115
Dannevirke 4942

Ref: EN/LCA/03-0022 / P242
Copy: Director Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Dear Scott Gilmore

Proposal to conduct the audit of Tararua District Council on behalf of the Auditor-General for the 2026, 2027 and 2028 financial years

1 Introduction

The Auditor-General proposes to appoint me to carry out the audit of your organisation for the next three years. As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit for the three financial years ending 30 June 2026, 2027, and 2028. The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial year ending 30 June 2026 and reasons for any change. ***Given the ongoing changes in the sector, we will agree the fees for the financial years ending 30 June 2027 and 30 June 2028 at a future date;***
- assumptions relating to the proposed audit fees, including what we expect of your organisation;
- what the OAG Audit Standards and Quality Support (ASQS) fee provides;
- certification required by the Auditor-General; and
- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of your organisation is carried out under Section 15 of the Public Audit Act 2001, which states that “the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited”.

Fees for audits of public entities are set by the Auditor-General under section 42 of the Public Audit Act 2001. The Auditor-General has asked auditors to ensure that the audit hours included in their proposals reflect the time that is required to complete a quality public sector audit efficiently, and that the fees proposed are reasonable.

Your Risk and Assurance Committee and I have the opportunity to reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

There is much that the Council can itself do to ensure the efficiency and effectiveness of the audit. This includes being well prepared for audit, having good systems and controls, and ensuring staff are available to assist the auditors as they carry out their audit work.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

Entities covered by this proposal

This proposal covers the audits of Tararua District Council.

A separate Engagement Letter and audit fee proposal will be provided for the Debenture Trust and Deed audit.

3 Key members of the audit team

Appointed Auditor	Fiona Elkington
Audit Manager	Bilal Ahmad

In accordance with normal professional practice, the key members of the audit team named in this proposal are subject to change. For example, a change made to comply with the Auditor-General’s independence requirements.

4 Estimated audit hours

We have prepared a one-year fee budget with the budgeted fees for the two outer years of this proposal to be prepared and negotiated with you following completion of the 2026 audit.

7.2 2026 Audit Fee Proposal - Audit New Zealand
Attachment 1 Tararua District Council Audit Fee Proposal Letter 2026

We estimate that the following hours will be required to carry out the audits (compared to budgeted and actual data from the previous financial year):

Audit team member	2025 budget	2025 actual *	2026
Appointed Auditor	100	113	90
Audit Manager	141	181	150
Audit Staff	667	928	780
Other Specialists	43	28	6
Total audit hours	951	1,250	1026

***Note** – actual hours have been adjusted to eliminate any hours that were due to auditor inefficiencies. The actual hours that remain are the reasonable hours that were attributable to the audit in that year.

Actual audit hours for 2025 exceeded budget due to:

- increased audit effort arising from revised auditing standards (AS 1) and sector-specific developments such as Local Water Done Well, which necessitated additional technical discussions, disclosures, and emphasis of matter considerations;
- additional audit input and time required in relation such as revaluation reconciliations, funding impact disclosures, payroll and classification disclosures, and rates matters; and
- base team hours required to complete to complete a quality audit being higher than the current budgeted hours.

We note that the council's performance has continued to improve and we will continue to liaise with council management to make further improvements/efficiencies over the 2026 audit.

The increase in audit hours reflects the team mix and hours required to complete a quality audit and has taken into consideration reduction in audit effort for introduction of the new audit standards and expected improvements/efficiencies in the audit process for 2026.

4.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation's audit are:

Reasons for increased or decreased audit hours compared to previous period <i>budgeted</i> hours:	2026
Increase in audit team hours reflects the additional time and team mix to complete a quality audit.	75
Total increase in audit hours	75

5 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2025 budget fees	2025 actual fees charged (*)	2026
	\$	\$	\$
Net audit fee (excluding OAG ASQS charge and disbursements)	227,693	227,693	234,756
OAG ASQS charge	19,752	19,752	21,300
Total audit fee (excluding disbursements)	247,445	247,445	256,056
Estimated disbursements	13,000	8,588	10,000
Total billable audit fees including ASQS and disbursements	260,445	256,033	266,056
GST	39,067	38,405	39,908
Total (including GST)	299,512	294,438	305,964

* **Note** – 2025 actual audit fees charged were \$256,033, compared to our 2025 audit costs of \$295,758 (after eliminating costs that were due to auditor inefficiencies). We have shown in table 5 and the paragraph below that table where the additional audit effort was required, and any expected effect on the audit hours required in future years.

The audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge. We have also estimated the reasonable cost of disbursements (including travel and accommodation where necessary). Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

As part of your 2026 audit, we are expecting to undertake additional work in relation to Local Water Done Well. This work is not included in the above fee. At the conclusion of our audit, we will discuss any recovery of the reasonable costs for this work with you.

5.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

Reasons for increased or decreased audit fees compared to previous period <i>budgeted</i> fees.	2026
Actual and predicted staff salary cost movements and changes in team mix	5,515
OAG Audit Standards and Quality Support charge	1,548
Total increase (decrease) in audit fees	7,063

6 Assumptions relating to our audit fee

You are responsible for the production of your financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your Council’s annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your Council’s financial statements will include all relevant disclosures;
- we will review **up to two** sets of draft annual reports, **one** printer’s proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website). In the past we had to review more than 2 sets of draft annual reports;
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to the accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);
- there are no significant changes to auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements that change the scope of, timing of, or disbursements related to, this audit.

Our fee specifically excludes the following:

- Costs associated with the impact of changes resulting from the Government’s Local Water Done Well programme.

If the scope and/or amount of work changes significantly, we will discuss the issues and any implications for our audit costs and your audit fees with you and the OAG at the time.

7 What the OAG ASQS fees provides

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG ASQS fees) to be funded by public entities.

The OAG ASQS fees partially fund a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;
- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG ASQS fees portion of the total audit fee, to the OAG.

8 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

9 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. This letter will then form the basis for a

recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated into my audit engagement agreement with the Auditor-General to carry out the audit of your organisation as the agent of the Auditor-General.

Yours sincerely

Fiona Elkington
Appointed Auditor

I accept the audit fees for the audit of the three financial years as stated above.

Full name:	<u>Scott Gilmore</u>	Position:	<u>Mayor</u>
Authorised signature:	<u></u>	Date:	<u></u>
Entity name:	<u>Tararua District Council</u>		

Actions to take when agreement has been reached:

- 1 Make a copy of this signed proposal and keep it for your file.
- 2 Send the original to: Fiona Elkington
Fiona.elkington@auditnz.parliament.nz



Memo

Date : 20 October 2023

To : Audit and Risk Chair
Mayor and Councillors

From : **Raj Suppiah**
Group Manager Corporate and Regulatory Services

Subject : **Audit Fee Proposal Letter**

1 Background

- 1.1 Every 3 years Council agrees the audit fees with our Appointed Auditor for the audit of our Annual Report. The proposed fees are for the 2023, 2024 and 2025 financial years.
- 1.2 Intent of this memo is to provide context and additional info for discussion.

2 Fees Proposal Letter

- 2.1 Fees for audits of public entities (including Councils) are set by the Auditor-General under section 42 of the Public Audit Act 2001. Refer to para 2 of the Audit Proposal Letter.
- 2.2 We will walk through the Audit Proposal Letter particularly the proposed fees and basis for the increase, and the comparison with other Councils and other Audit Firms.

3 Fee Increase

- 3.1 The historical audit fees for the annual report are:
- 2019- \$123K
 - 2020 - \$139K
 - 2021 - \$121K (\$215K in total as includes the LTP)
 - 2022 - \$148K
- 3.2 Audit fees as per Fee Proposal Letter
- 2023 -\$193K (current year)
 - 2024 - \$223K
 - 2025 - \$261K

4 Rational for fee increase

- 4.1 Mark Maloney, Assistant Auditor-General Local Government, from the OAG did a series of webinar with CEs and Council staff to discuss the sectors concerns re the fee increase. Para 2 of the Audit Proposal Letter explains the rational for the significant fee increase.

From our Audit Director

As you will be aware there is a significant increase in audit fees from previous years, this is a result of a combination of factors such as changes in auditing standards, which require more detailed work (particularly around accounting estimates and auditing valuations); changes in accounting standards, ongoing auditor shortages, which has seen the rising costs of attracting and retaining the specialised knowledge and skills required to perform a high quality public sector audit, as well as inflationary pressures. We have constrained our fees over many years, however the audit fees no longer cover the costs of providing the audit.

5 Fee moderation process

Explanation from our Audit Director

The Audit Proposal Letter has been through a moderation process through the Office of the Auditor-General (OAG) to review the reasonableness of the audit fees set. As part of this moderation the OAG compare the costs and fees proposed comparing to similar sized Councils. Given the scale of the increase for your audit I have phased in the increases by providing a discount over the first two years. Please look through these documents and let me know if you have any queries.

6 Comparison of hours

- 6.1.1 A comparison of hours with other Councils also helps us understand the basis for the increase. We would expect that Councils of a similar size, risk and structure (eg subsidiaries) to have comparable hours.

- Tararua DC - 951 hours
- Rangitikei DC - 975 hours
- Stratford DC - 971 hours (audited by Deloitte)
- Ruapehu DC - 1,150 hours
- Manawatu DC - 1,079 hours

7 Other reports

- 7.1 Have attached a 2023 report published by KPMG – Audit Quality Transparency Report: Audit Fees – The Cost Issue
- 7.2 This report provides more context on the drivers for audit costs.

Appendix 1

Extract from the 2019/29 LTP

ii. Depreciation funding

Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached. Depreciation is a method of allocating the cost of an asset over its useful life.

Depreciation represents the charge to the current ratepayers for the use of the asset during each year. This means that today's generation does not pay for future generation's use of Council's assets.

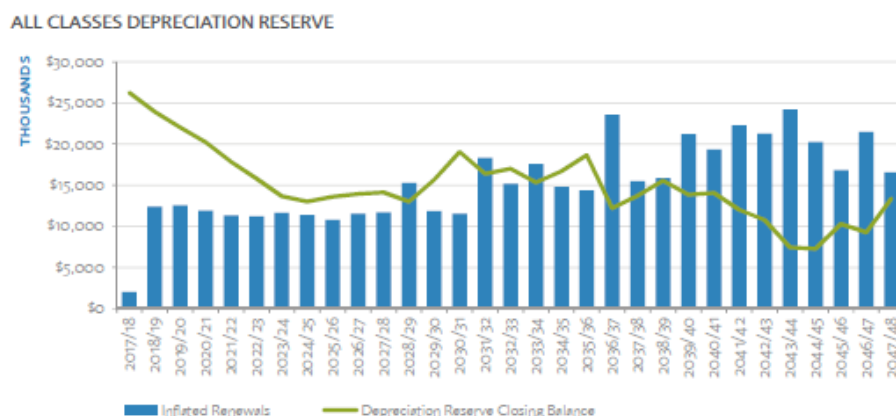
The objective of depreciation funding is to ensure that those who receive the benefit of Council's assets, pay a fair share towards the eventual replacement cost of the asset. The Council will review the amount of funded depreciation each Long Term Plan to ensure that we are funding for our future renewals in a sustainable and prudent manner. The assumptions that are made when undertaking the depreciation modelling are conservative, and are reviewed every three years.

As a result of depreciation modelling, Council has chosen to not fund 100% of depreciation expense. When deciding to not fund 100% of depreciation, the following considerations are made:

- **Optimisation:** Some assets will not be replaced with like assets. Examples of this are where a bridge will be replaced with a culvert, or a two storey building is replaced with a single storey building.
- **Compounding interest:** Depreciation reserves are available for internal borrowing and earn interest. The compounded interest earned on depreciation funds over the long term life of assets needs to be considered to ensure that we do not over fund for the future renewal of the asset.

External debt repayment is currently funded from the depreciation reserve funding. Depreciation modelling shows that for the 10 years of the Long Term Plan we will continue to have sufficient depreciation reserves. However, funding debt repayment from depreciation reserves is not sustainable in the long term. We will increase the depreciation reserve funding starting in 2025/26 with gradual increases to 2030/31 to account for debt repayment, ensuring adequate depreciation reserves continue to be available to fund asset renewals long term.

The following graph shows the impact of Council's decisions in relation to the funding of depreciation for the next 30 years.



Appendix 2

Extract from the 2021/31 LTP

4.6 Key Direction 6: Depreciation funding

Most assets lose their value over time as they wear out (in other words, they depreciate), and must be replaced once the end of their useful life is reached.

Depreciation is a method of allocating the cost of an asset over its useful life.

The objective of depreciation funding is to ensure that those who receive the benefit of Council's assets, pay a fair share towards the eventual replacement cost of the asset. The Council will review the amount of funded depreciation each Long Term Plan to ensure that we are funding for our future renewals in a sustainable and prudent manner. The assumptions that are made when undertaking the depreciation modelling are conservative and are reviewed every three years.

As a result of depreciation modelling, Council has chosen to not fund 100% of depreciation expense. When deciding to not fund 100% of depreciation, the following considerations are made:

- **Optimisation** - some assets will not be replaced with like assets. Examples of this are where a bridge will be replaced with a culvert, or a multi-story building is replaced with a single story building.
- **Compounding interest** - depreciation reserves are available for internal borrowing and earn interest. The compounded interest earned on depreciation funds over the long term life of assets need to be considered to ensure that we do not over fund for the future renewal of the asset.

The depreciation modelling completed showed that for the 10 years of the Long Term Plan we will continue to have sufficient depreciation reserves.



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

31 Amesbury Street
PO Box 149, Palmerston North 4440

22 August 2023

Ref: EN/LCA/03-0022 / P242

Tracey Collis
Mayor
Taranua District Council
PO Bix 115
Dannevirke 4942

Copy: Manager, Auditor Appointments
Office of the Auditor-General
PO Box 3928
Wellington 6140

Dear Helen

Proposal to conduct the audit of Taranua District Council on behalf of the Auditor-General for the 2023, 2024, and 2025 financial years

1 Introduction

As required by the Office of the Auditor-General (OAG), I set out below information relating to the audit of Taranua District Council for the three financial years ending 30 June 2023, 2024, and 2025.

The purpose of this proposal is to provide information on:

- the statutory basis for the audit and how audit fees are set;
- the entities covered by this proposal;
- key members of the audit team;
- the hours we plan to spend on the audit and reasons for any change in hours;
- our proposed fees for the audit for the financial years ending 30 June 2023, 2024, and 2025;
- assumptions relating to the proposed audit fees, including what we expect of your Council;
- what the OAG Audit Standards and Quality Support charge provides;
- certification required by the Auditor-General; and

- our commitment to conduct the audit in accordance with the Auditor-General's Auditing Standards.

2 Statutory basis for the audit and how audit fees are set

The audit of Tararua District Council is carried out under section 15 of the Public Audit Act 2001, which states that "the Auditor-General must from time to time audit the financial statements, accounts, and other information that a public entity is required to have audited".

Fees for audits of public entities (including Councils) are set by the Auditor-General under section 42 of the Public Audit Act 2001. However, your Council and I can reach agreement first and recommend those fees for approval. The Auditor-General, with assistance from the OAG, will set audit fees directly only if we fail to reach agreement.

The Public Audit Act 2001 requires the Auditor-General to make sure that audit fees are "reasonable" for the auditors and for each of the entities audited. Parliament has indicated that it expects the cost of annual audits under the Act (which include an OAG Audit Standards and Quality Support charge) to be funded by public entities.

Over recent years, audit fees for many public entities have not kept pace with the real costs of the audit for a range of reasons, including the effect of new accounting and auditing standards and the changing scale and complexity of many public entities' activities. A general concern about low fees impacting on auditors' ability to maintain consistent audit quality has also been raised by regulatory bodies here in New Zealand and overseas.

Low fees are unsustainable and need to be rectified. The Auditor-General has decided to allow fee increases to a level that reflects the real time and cost of the audit. The size of increases will vary depending on the reasonableness of the current fee paid by each entity and any changes that have occurred since the last fees were agreed. We acknowledge that in many instances significant increases will be required, and in those instances we are open to discuss how to phase in the increases in a manner that is fair for both parties.

Our fees will take account of the nature and extent of the audit requirements for each Council. The audit hours in this proposal reflect the time required to complete a high-quality public sector audit efficiently.

The fees are based on charge-out rates that will ensure we can maintain the capacity needed to complete your audits. The global and local auditor shortage is having a continuing impact and has resulted in significant salary inflation. The current economic uncertainty and general inflation have also contributed to charge out rates increasing significantly.

Our proposed audit fees are set out in this letter and include an estimate of the reasonable cost of disbursements (including travel and accommodation where necessary).

The Office of the Auditor-General will be monitoring the outcome of the negotiations to ensure that fees are reasonable.

Councils can take actions to ensure the efficiency of their audit. This includes being well prepared for audit, ensuring complex judgement issues are addressed early, regularly communicating with your auditor about any changes that might impact your reporting or the audit, , having tidy systems and controls, and ensuring that relevant people are available to assist the auditors as they carry out their audit work. I welcome further discussion with you on opportunities for reducing the time and costs of your audit.

3 Entities covered by this proposal

This proposal covers the audit of Tararua District Council.

A separate Engagement Letter and fee proposal will be provided for the Debenture Trust Deed audit.

4 Key members of the audit team

Appointed Auditor	Debbie Perera
Audit Manager	Freddie Quilongquilong
Tax Director	Jason Biggins
Information Systems Director	Dieter Röhms

5 Estimated audit hours

We estimate that the following hours will be required to carry out a quality public sector audit for your Council efficiently. We have also included some information to help you understand how this compares with budgeted and actual data from the previous financial year):

Audit team member	2022 budget	2022 actual *	2023	2024	2025
Appointed Auditor	55	130	100	100	100
Audit Manager	84	303	141	141	141
Other CA qualified staff	160	556	242	242	242
Non-CA qualified staff	360	1,053	425	425	425
Other specialists	29	81	43	43	43
Total audit hours	688	2,123	951	951	951

***Note** – the actual hours incurred for 2022 were significantly greater than the budgeted hours to complete the audit due to the delays in the annual report and revaluation of infrastructure assets.

5.1 Reasons for changes in audit hours

The major reasons for the changes in hours for your organisation’s audit are:

Reasons for increased or decreased audit hours compared to previous period <i>budgeted</i> hours:	2023	2024	2025
Changes within your Council, or in its environment: Increase in the time to assess revaluations and fair value assessments of land, building and infrastructure assets. The requirements around auditing these have significantly increased.	63	-	-
Changes to applicable accounting or financial reporting standards which result in additional audit work, including. <ul style="list-style-type: none"> • PBE FRS 48 <i>Service Performance Reporting</i> • ISA (NZ) 315 (Revised 2019) <i>Identifying and Assessing the Risks of Material Misstatement</i> 	81	-	-
Other hours required to perform a quality audit	119	-	-
Total increase in audit hours	263	-	-

5.2 Other matters that may impact the scope of the audit and actual audit hours

There are several emerging reporting and auditing challenges in the sector that will potentially require additional audit effort and cost over the next three years. At this point the impact of these on your Council is unknown, so we have not included any allowance in our audit hours or fees. They include:

- The impact of extreme weather events;
- The impact of implementation of new legislation, including that relating to three waters reform, and/or Resource Management Act reforms;
- The impact of any climate reporting requirements, or Greenhouse Gas (GHG) performance measures;
- CCO performance measures related to climate change or GHG that are material to a group;

- Out of cycle, additional revaluations, including as a result of continued movements in property values and infrastructure construction costs;
- The impact of future growth of your Council, including changes within your Council's group structure; and/or
- Changes in the number of material measures, for example, new water loss measures.

Where costs related to these issues cannot be absorbed within the agreed fee, we will inform management and seek additional fee recoveries through our normal processes.

6 Proposed audit fees

Our proposed fees for the next three audits (compared to budgeted and actual data from the previous financial year) are:

Structure of audit fees	2022 budget	2022 actual *	2023	2024	2025
	\$	\$	\$	\$	\$
Net audit fee (excluding OAG Audit Standards and Quality Support charge and disbursements)	118,518	118,518	195,270	210,864	227,693
OAG Audit Standards and Quality Support charge (ASQS)	10,348	10,348	18,087	18,901	19,752
Total audit fee before discount	128,866	128,866	213,357	229,765	247,445
Less discount					
- Audit fee	-	-	(36,609)	(18,304)	-
- OAG ASQS charge	-	-	(3,391)	(1,696)	-
Total billable audit fee (excluding disbursements)	128,866	128,866	173,357	209,765	247,445
Estimated disbursements**	10,000	12,697	12,800	13,000	13,000
Total billable audit fees and charges (excluding GST)	138,866	141,563	186,157	222,765	260,445
GST	20,830	21,234	27,924	33,415	39,067
Total (including GST)	159,696	162,797	214,081	256,180	299,512

* **Note** – Our 2022 audit costs were \$373,535 (ex GST), compared to the 2022 budgeted audit fees of \$118,518. We will be having a separate discussion around recovering a portion

of this overrun. In 2021 actual audit costs were \$215,8881 (ex GST) compared to the amount charged of \$129,567.

These audit fees allow for the audit team to carry out specific tasks identified in the OAG Sector Brief and for the OAG Audit Standards and Quality Support charge.

**We have estimated the reasonable cost of disbursements (including travel and accommodation where necessary).

Disbursement costs are indicative only and will be charged on an actual and reasonable basis.

6.1 Reasons for changes in audit fees

In table 5.1 we showed the factors that have resulted in a change of audit hours. The cost impacts of those changes are shown in the table below.

Reasons for increased or decreased audit fees compared to previous period <i>budgeted</i> fees.	2023 \$	2024 \$	2025 \$
Changes within your Council, or in its environment: <ul style="list-style-type: none"> Increase in the time to assess revaluations and fair value assessments of land, building and infrastructure assets. The requirements around auditing these have significantly increased. 	14,040	-	-
Changes to applicable accounting or financial reporting standards which result in additional audit work, including. <ul style="list-style-type: none"> PBE FRS 48 <i>Service Performance Reporting</i> ISA (NZ) 315 (Revised 2019) <i>Identifying and Assessing the Risks of Material Misstatement</i> 	24,218	-	-
Additional cost required to perform a quality audit	27,085	-	-
Actual and predicted staff salary cost movements (based on the prior hours budgeted only)	11,409	15,485	16,715
OAG Audit Standards and Quality Support charge	7,739	923	965
Movement in discount to phase in the fees	(40,000)	20,000	20,000
Total increase in audit fees	44,491	36,408	37,680

7 Assumptions relating to our audit fee

You are responsible for the production of Tararua District Council's financial statements and anything else that must be audited. Our proposed audit fees are based on the assumption that:

- you will provide to us, in accordance with the agreed timetable, the complete information required by us to conduct the audit;
- your staff will provide us with an appropriate level of assistance;
- your Council's annual report and financial statements (including Statements of Service Performance) will be subject to appropriate levels of quality review by you before being submitted to us for audit;
- your Council's financial statements will include all relevant disclosures;
- we will review **up to two** sets of draft annual reports, **one** printer's proof copy of the annual report, and one copy of the electronic version of the annual report (for publication on your website);
- there are no significant changes to the structure and/or scale of operations of the entities covered by this proposal (other than as already advised to us);
- there are no significant changes to mandatory accounting standards or the financial reporting framework that require additional work (other than as specified in tables 5.1 and 6.1);
- there are no significant changes to mandatory auditing standards that require additional work other than items specifically identified in the tables above; and
- there are no significant changes to the agreed audit arrangements (set out in the audit plan) that change the scope of, timing of, or disbursements related to, this audit.

If the scope changes and/or the amount of work we do increases, we will discuss this with you and potentially seek additional fees from you. The Office of the Auditor-General will be monitoring these recoveries to ensure that they are reasonable.

8 What the OAG Audit Standards and Quality Support charge provides

Parliament has indicated that it expects the cost of annual audits under the Public Audit Act (including an OAG Audit Standards and Quality Support charge) to be funded by public entities.

The OAG Audit Standards and Quality Support charge partially funds a range of work that supports auditors and entities, including:

- development and maintenance of auditing standards;

- technical support for auditors on specific accounting and auditing issues;
- ongoing auditor training on specific public sector issues;
- preparation of sector briefs to ensure a consistent approach to annual audits;
- development and maintenance of strategic audit plans; and
- carrying out quality assurance reviews of all auditors, and their audits and staff on a regular (generally, three-year) cycle.

Appointed Auditors are required to return the OAG Audit Standards and Quality Support charge portion of the audit fee, to the OAG.

9 Certifications required by the Auditor-General

We certify that:

- the undertakings, methodology, and quality control procedures that we have declared to the OAG continue to apply;
- our professional indemnity insurance policy covers this engagement; and
- the audit will be conducted in accordance with the terms and conditions of engagement set out in the audit engagement agreement and schedules.

10 Conclusion

As the Appointed Auditor, I am committed to providing you and the Auditor-General with the highest level of professional service. I intend to work with you, the OAG, and the Auditor-General in a partnership environment to resolve any issues that may arise.

If you require any further information, please do not hesitate to contact me.

Please counter-sign this letter (below) to confirm that you, and the governing body of your organisation, agree with its contents. Please return a copy of the signed letter for our records to confirmationscentral@auditnz.parliament.nz and cc me at debbie.perera@auditnz.parliament.nz

This letter will then form the basis for a recommendation to the Auditor-General on the audit fee that should be set. The schedules of audit hours and fees will also be incorporated



Audit Quality Transparency Report 2023



Audit fees – The cost issue



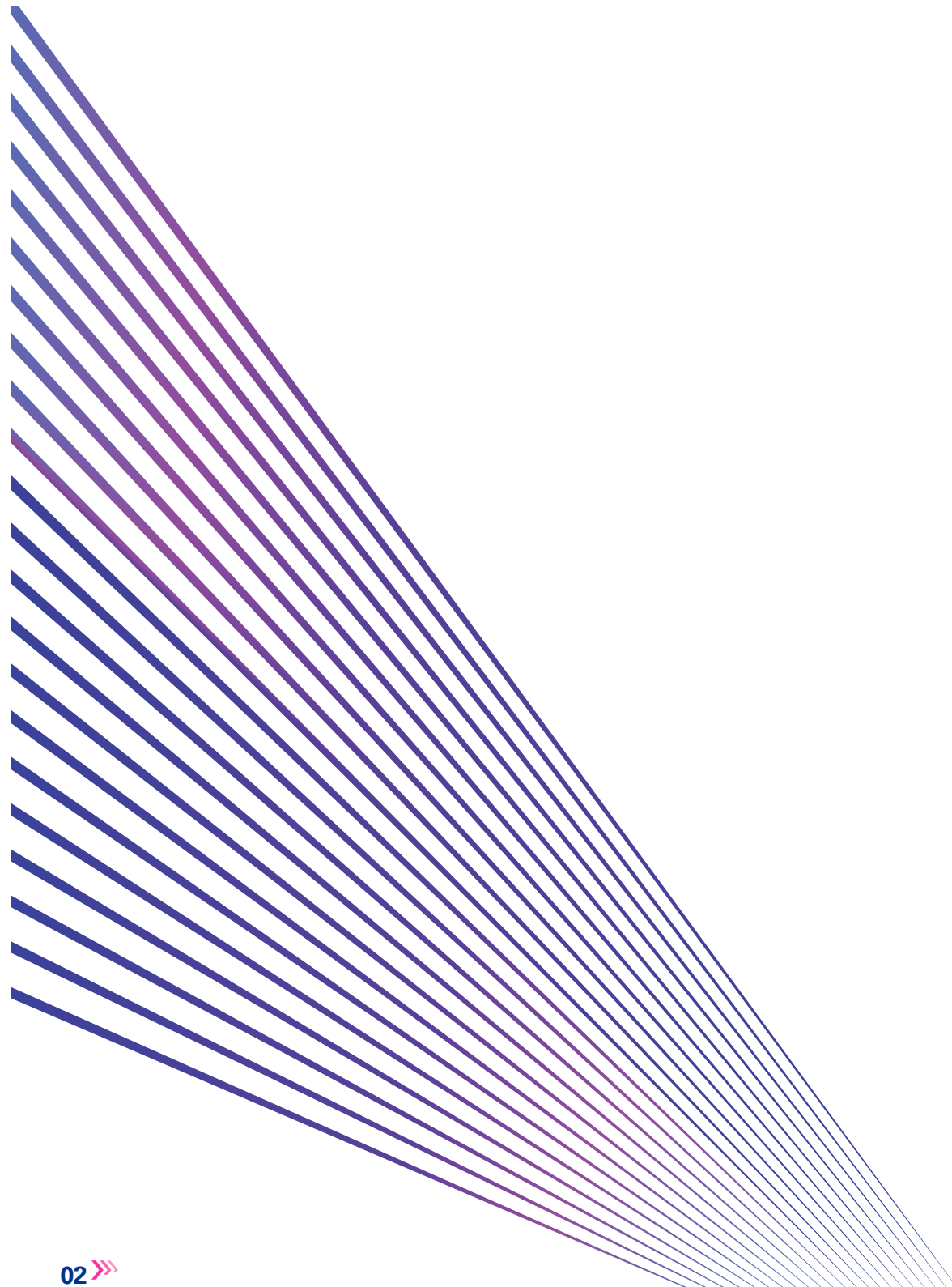
Foreword

Our purpose is fuelling the prosperity of New Zealand, **for all New Zealanders.**

Tītokona tō tātou tōnuitanga,
mō Aotearoa, mō tātou.

Stakeholder confidence in New Zealand businesses is essential to our prosperity.

High quality, independent audit is the cornerstone of that confidence.



The past year has been challenging on a number of fronts. Many of our clients have been dealing with their own unique business issues, whether it be the economic downturn, pivoting to a new business model or Covid-19 still disrupting the way we work. The auditing profession faced similar challenges with declining numbers entering the profession, immigration settings limiting the international inflow of talent and the wider industry still grappling with “the great resignation”.

Brent Manning
National Managing
Partner, Audit
KPMG New Zealand

Despite all these challenges the expectations of the auditor have only increased, and every opinion we issue must be backed by a robust audit. An auditor’s role is to instil trust in the capital markets, and I’m proud of the hundreds of KPMG auditors across the country who deliver on that trust every day.



When deciding what to write about this year, we asked a number of stakeholders what was being discussed in the industry, and the loudest common theme was rising audit fees. We debated writing about this topic, for fear that it could be seen as self-serving or a sales pitch. However, it’s important to me that KPMG is a part of the conversation that’s occurring around audit fees. We want to be transparent, giving you clarity on what’s really been happening to the cost of your audits.

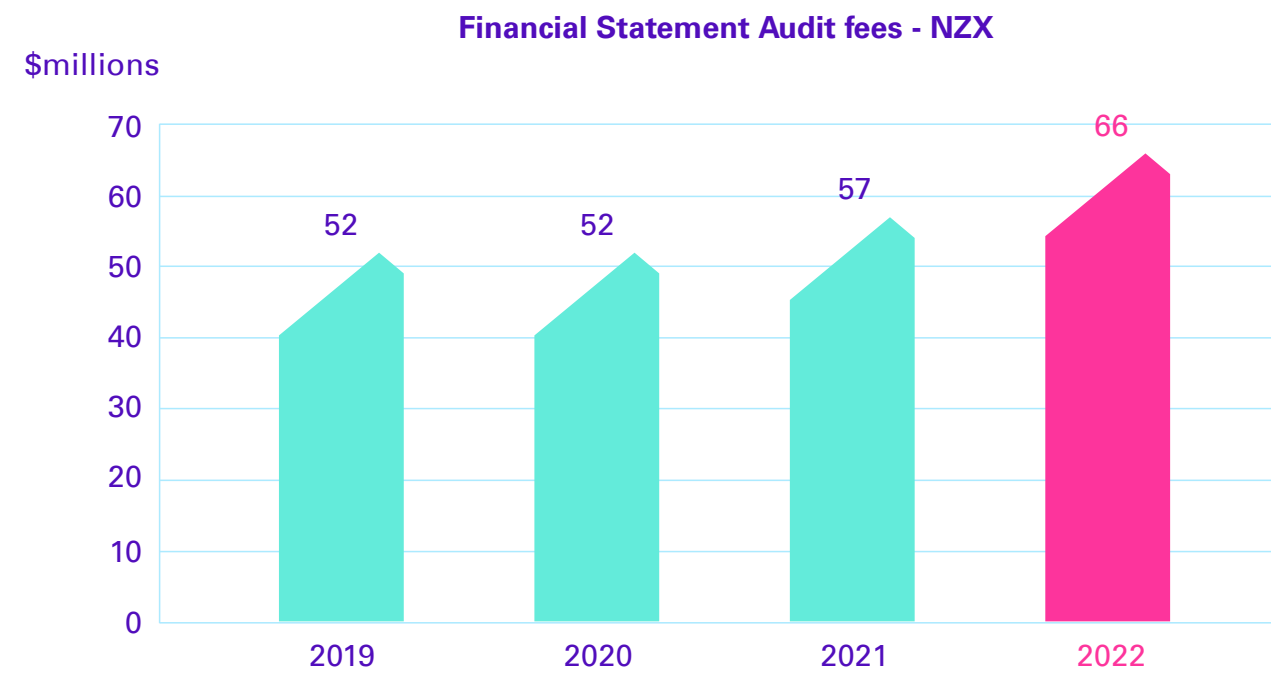
In this issue, we lay bare the ‘big five’ drivers of audit costs over recent years and how the audit profession is responding to them, to arm the director community and other stakeholders with the facts to judge the value you’re getting for your rising audit costs.

Darby Healey
Partner, Risk and
Audit Quality
KPMG New Zealand

Audit fees – the cost issue >>>

It won't have escaped most CFOs' or audit committee chairs' attention that audit fees across New Zealand have risen materially over the past four years.

The response has been complicated, with not much transparency and a concern from CFOs and directors about rising costs in uncertain economic times. **Jacco Moison, Head of Audit and Reporting at the Financial Markets Authority (FMA)** told us:



Data from KPMG analysis

>> We've done trend analysis in the past, but it's hard to know what is really happening across the industry due to the many factors impacting the audit fees. Examples include change in scope, billing of overruns and or a competitive tender which make the information unable to be compared based on the disclosures in the financial statements. >>>

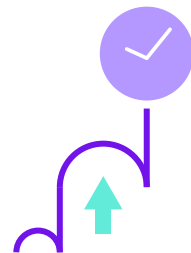
Introduction >>>

When we analysed the drivers of audit costs, we identified 'the big five' that have combined to drive up audit costs over that period as:

Professional services salary inflation – the need to pay our people more to attract and retain talent



Increased total audit hours – driven mainly by new compliance requirements



A new deal with our people – the answer can no longer be that our people just work harder



Technology – bringing about dramatic quality benefits, rather than cost reductions



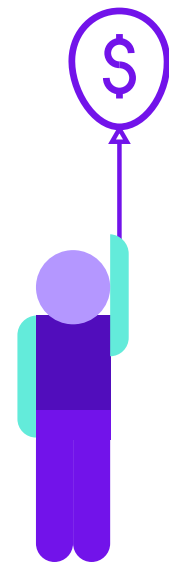
Other cost inflation – the combination of additional compliance costs, underlying inflation and a weak NZD



>> **Whilst shareholders want management and directors to control costs, audit fees are seen as 'good costs'. They are there to serve a purpose, and an important one.** >>

Oliver Mander, CEO of the New Zealand Shareholders' Association

In this context, large multi-disciplinary firms initially saw audit margins tighten. But the degree of these cost pressures quickly reached a point where it is unsustainable and difficult 'fair fees' conversations have become the norm between audit leaders, CFOs and audit committee chairs.

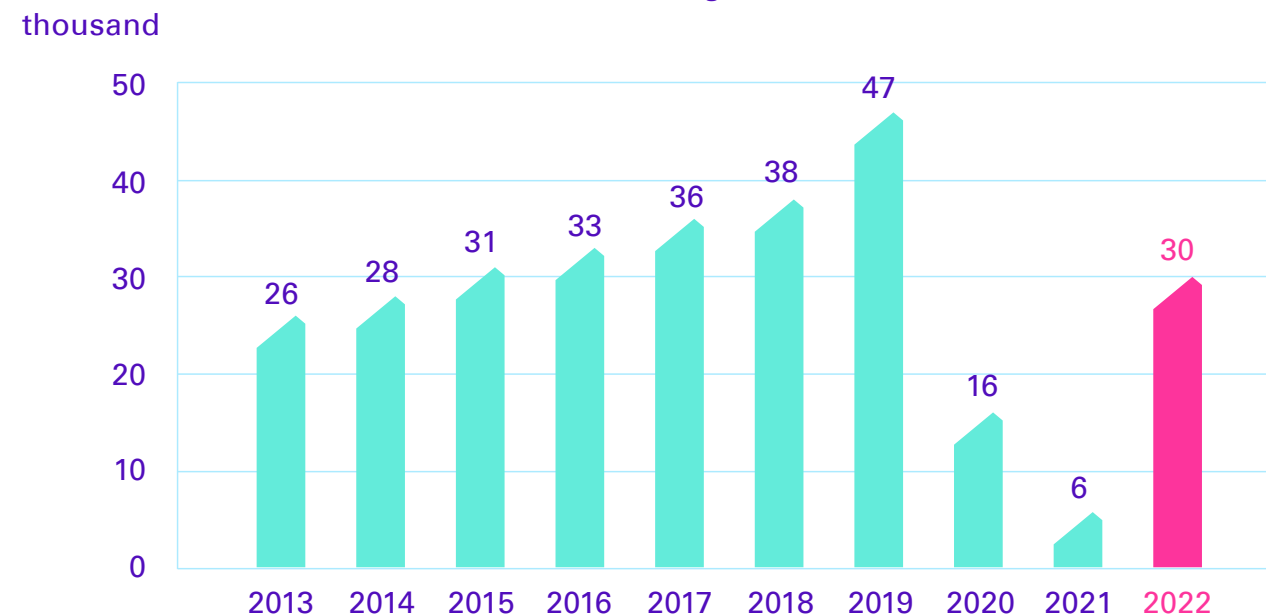


Professional services >>> salary inflation

Auditors have faced the same underlying cost of living inflation as other New Zealanders over the past four years. We've moved from an environment where inflation was largely irrelevant, to one where it dominates pricing decisions, particularly salary and wage setting.

In the same period, New Zealand first closed its borders to protect us against a global pandemic, then effectively kept them closed through immigration policies that restricted the flow of highly skilled talent into our audit and other labour markets.

Estimated migrant arrivals



Data obtained from Statistics New Zealand – Tatauranga Aotearoa

This shortage severely affected the supply of audit talent. Its impact was demonstrated most dramatically by the Auditor General reallocating

50,000

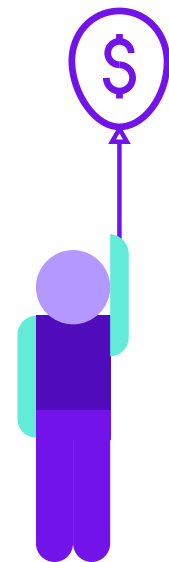
hours of audit work to other audit service providers because, despite the extension given to statutory reporting deadlines, the Auditor General's office did not have the personnel needed to complete the engagements on time.

In 2022 Chartered Accountants Australia and New Zealand successfully lobbied the New Zealand Government to add 180 audit roles to the 'green list' for preferential immigration entry.

>> **The most significant challenge facing the profession is a severe and enduring global shortage of auditors at a time when audit work is increasing in volume and complexity.¹** >>

John Ryan, Controller and Auditor-General

1. The Auditor-General's challenge to get audits done on time (www.nbr.co.nz)

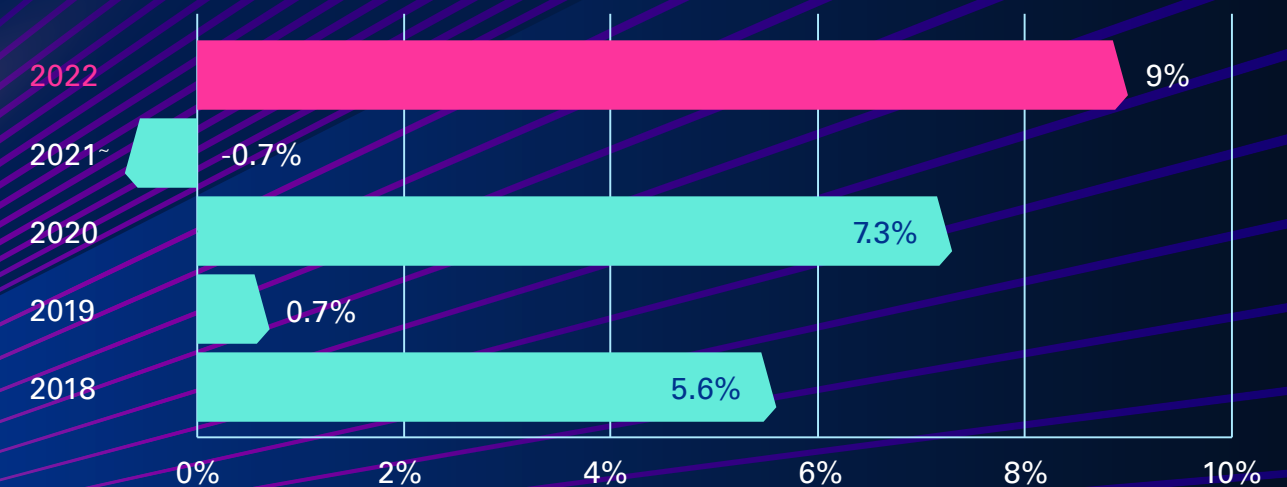


Professional services >>> salary inflation

Our New Zealand audit profession had never before operated in these circumstances. It had always been the case that our Kiwi auditors left New Zealand to gain valuable experience in other markets, and we had always been capable of attracting overseas talent through our global networks, and bring them and their families into our country and into our talent pool. As the world opened up post-pandemic, and the outflow pressure started to build, we were unable to respond with compensating inflow of global talent. The obvious result was additional salary inflation pressure.

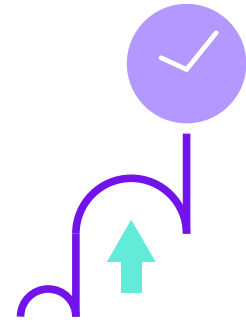
Unfortunately, with inflation, what goes up does not come down. Although we expect to see some easing of the rate of professional services salary inflation, we do not predict underlying cost of living deflation, nor do we expect audit salaries to drop, making this extraordinary period a permanent feature of the New Zealand audit industry's cost base.

Professional and administrative services -
 Average hourly earnings increase per year



KPMG analysis of data obtained from Statistics New Zealand – Tatauranga Aotearoa

- Covid-19 cost protection measures such as wage freezes resulted in little movement in the average hourly earnings for 2021.



Increased total audit hours >>>

The hours required to perform each audit engagement is increasing. Auditors are bound by their professional membership to adhere to standards, whether it is the auditing, accounting, professional and ethical standards, or local regulations. Changes to those standards only tend to go in one direction, being to add to audit procedures or other compliance obligations on auditors.

Recent auditing standard changes such as ISA NZ 315 (Revised) *Identifying and Assessing the Risks of Material Misstatements* require more prescriptive procedures and documentation on all audits. Upcoming changes to ISA NZ 600 *Special Considerations – Audits of Group Financial Statements* will have a significant impact to group audits from 2024. Changes to accounting standards that will be familiar to many include NZ IFRS 15 *Revenue* and NZ IFRS 16 *Leases*. The transition to these standards often impacts in the years leading up to a change in an accounting standard, as we're seeing this year with NZ IFRS 17 *Insurance Contracts*. Auditors often bear an indirect burden of lifting company understanding of the consequences of these new standards.

Every audit firm operates a System of Quality Management which underpins the delivery of quality audits. The introduction of the International Standard on Quality Management 1 (ISQM1) is a significant step-up in the requirements for all audit firms. Executives or directors who lived through the step up to Sarbanes Oxley compliance will understand the scale of change required for this regime. Over the past two years KPMG New Zealand people have spent over

35,000

hours to design, implement and and monitor compliance with the new standard.

These changes, and the increasing expectations from regulators, have contributed to an increase in the time and cost of regulatory oversight which in turn, adds additional time to the total cost of an audit.



A new deal with >>> our people

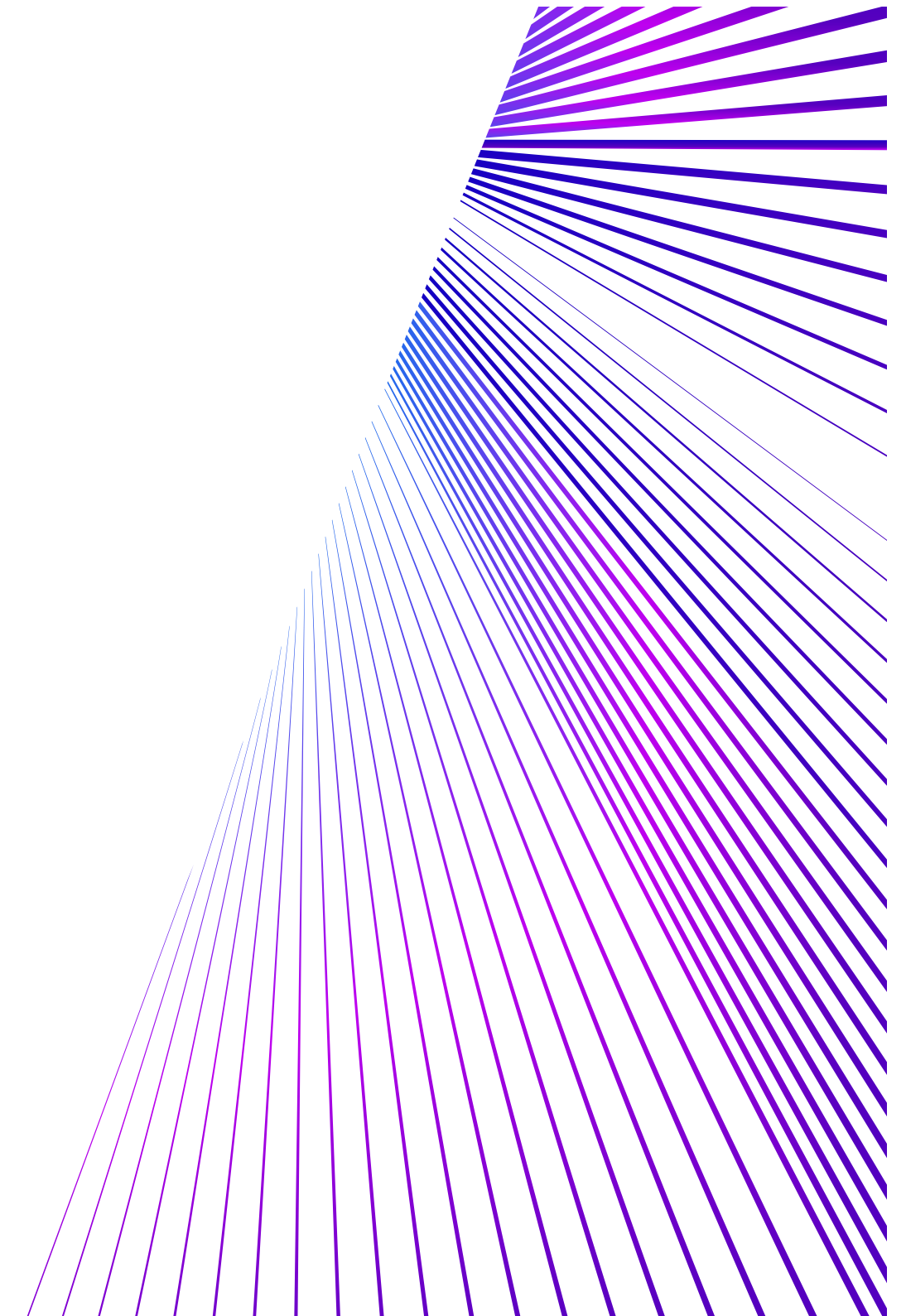
Stealthily, through the second half of the last decade, frontline auditors took on the burden of increased audit requirements by working longer hours. That had to change.

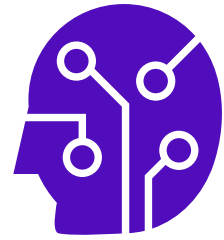
A lot had already been done to shift the timing of work, to even out the peaks and troughs of audit cycles and reduce the intensity of the final work leading up to the signing of an audit report. New Zealand's spread of balance dates already supported that distribution of work throughout the year, and most large audits have significant work undertaken prior to balance date to form the base of the assessment of the control environment and 'hard-close' some balances.

Late in the 2010s, the industry woke up to the impact of increased hours on our front-line teams. Young, intelligent students have more career options than ever before. The battle for talent crosses industry lines, and other industries have competed hard for the best people. At the same time, auditing was becoming a tougher workplace – 'work hard, play hard' wasn't an attractive sales pitch anymore (maybe it never had been). The result meant that accounting graduate numbers were declining, and still are. We needed to respond.

>> **The most meaningful response has been to recruit more auditors, and reverse the increasing weekly hours load on our people. We've done that, and it has started to work. >>**

We have more to do to protect the wellbeing of our people and make the audit profession a more attractive career choice for our most talented people.





Technology >>> driving quality

You might think that technology should have delivered efficiency to offset other cost pressures. Instead, what the audit profession and audit clients have seen is huge benefits to the quality of an audit from the use of technology.

Old-tech audits relied on statistically valid, but relatively weak testing and sampling. Selecting a pre-determined number of invoices, or manually testing the effectiveness of a control were the best we could do to identify errors or weaknesses.

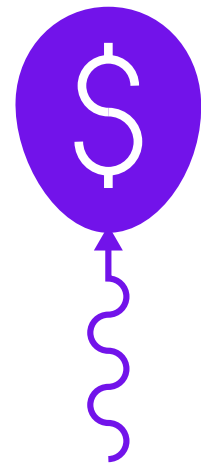
New-tech has revolutionised our approach across a range of auditing tasks. Instead of randomly selected samples, our audit tools can now ingest full populations and identify risk factors that produce a smart sample of transactions where there is an indication of fraud or error. This smarter approach dramatically enhances the quality of the audit test, however will most often result in a larger set of transactions that then need to be investigated by a human auditor.

Likewise, smart tools can now be deployed across some client systems to test the effectiveness of automated controls. Where previously an auditor may have tested a single instance or small sample of the control, these smart tools can identify all transactions that did not pass through the expected control routes. Again, this smarter approach dramatically enhances the quality of the audit test but will more often identify a weakness in controls that must be investigated, and often additional audit evidence sought to compensate for the weakness.

We've also seen big improvements in audit methodology tools. Where historically audit partners exercised broad judgement within the professional standards to determine whether sufficient audit evidence had been gathered to support an assertion, regulatory pressures and the use of these tools have driven much more global standardisation and consistency in the audit tests undertaken to support a particular balance. Inevitably, that has leaned towards more work being done.

Emerging technologies promise more of the same. Artificial intelligence and machine learning are being applied to be smarter hunters of things that might indicate fraud or error. In all but the most rigorous company control environments, this will undoubtedly identify more matters for human auditors to investigate and judge.

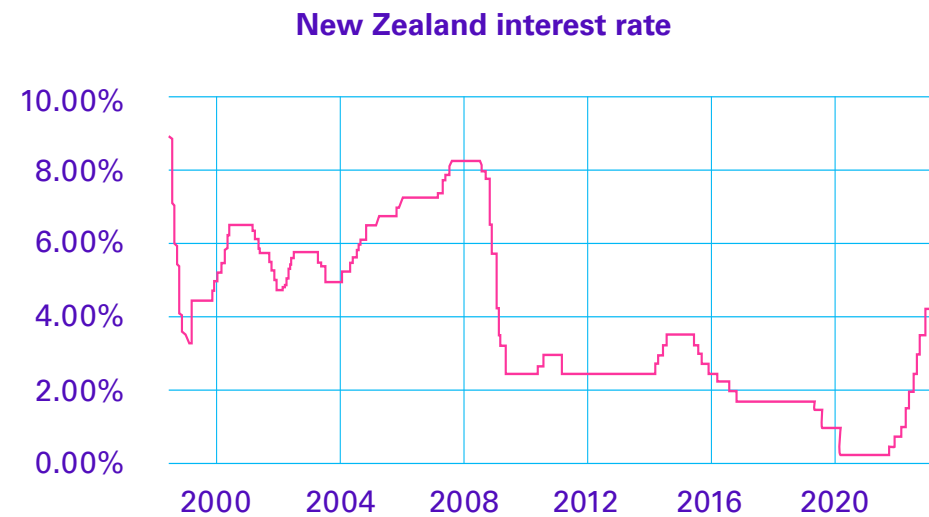
>> These technologies have driven big increases in the quality of audits, and the robustness of audit opinions. That, in turn, should drive higher confidence in company reporting and financial markets that rely on it. Inevitably though, that quality improvement has increased audit costs, not reduced them. >>



Other cost >>> inflation

Whilst labour is the largest cost of delivering quality audits in New Zealand, other costs have also faced inflationary pressure. Most significantly affected have been the cost of capital, and the global insurance, technology and compliance costs that are subject to both underlying global inflation and the weak New Zealand Dollar.

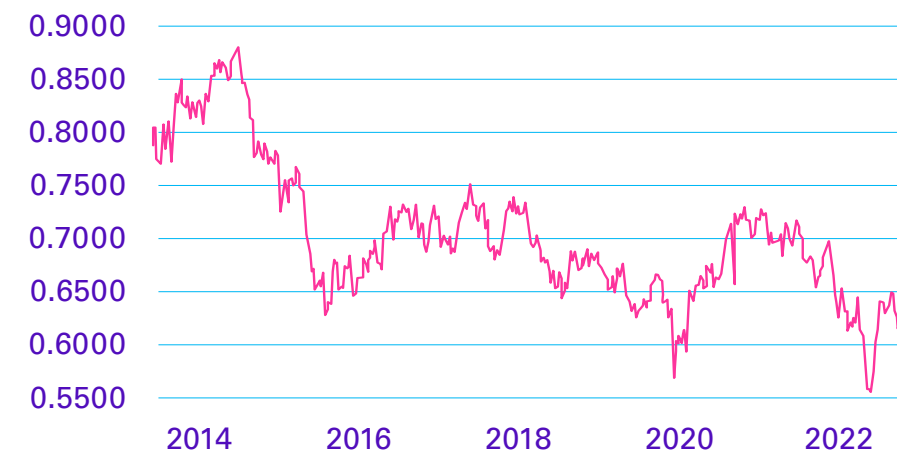
Audit businesses require capital like every other business. With our Reserve Bank struggling to control inflation, the cost of that capital has been driven to levels not seen since the Global Financial Crisis.



Data is obtained from tradingeconomics.com – Reserve Bank of New Zealand

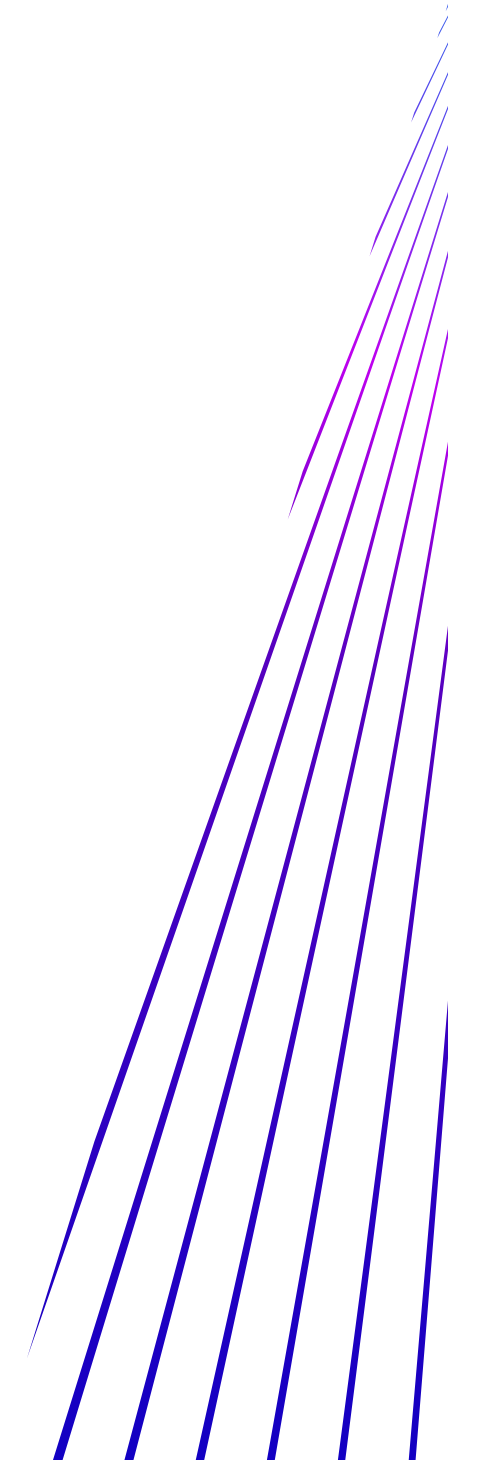
Technology, insurance and compliance costs for major audit firms are largely USD denominated costs, which have been subject to both global inflationary pressures and the weakness of the New Zealand Dollar.

New Zealand Dollar (to USD)



Data is obtained from tradingeconomics.com

Combined, these global inflationary cost pressures and a New Zealand Dollar around 0.6000 rather than 0.7000 have a dramatic impact on those imported costs for the New Zealand audit industry.



Marking the year >>>

Audit quality is multi-faceted.

There are numerous inputs that are needed to try and ensure the output is as robust as possible, however no one metric is necessarily more important than the other. There is no right number or statistic which guarantees audit quality as an automatic output, it is just a statement of fact.

As the industry collaborates on providing comparable metrics for our stakeholders, and these metrics evolve in the same way our clients evolve in their reporting, we will be able to continuously enhance the picture of what makes audit quality.

Ultimately we need to focus on continuing to invest and improve to ensure we deliver audit quality – that is what fuels New Zealand’s prosperity.

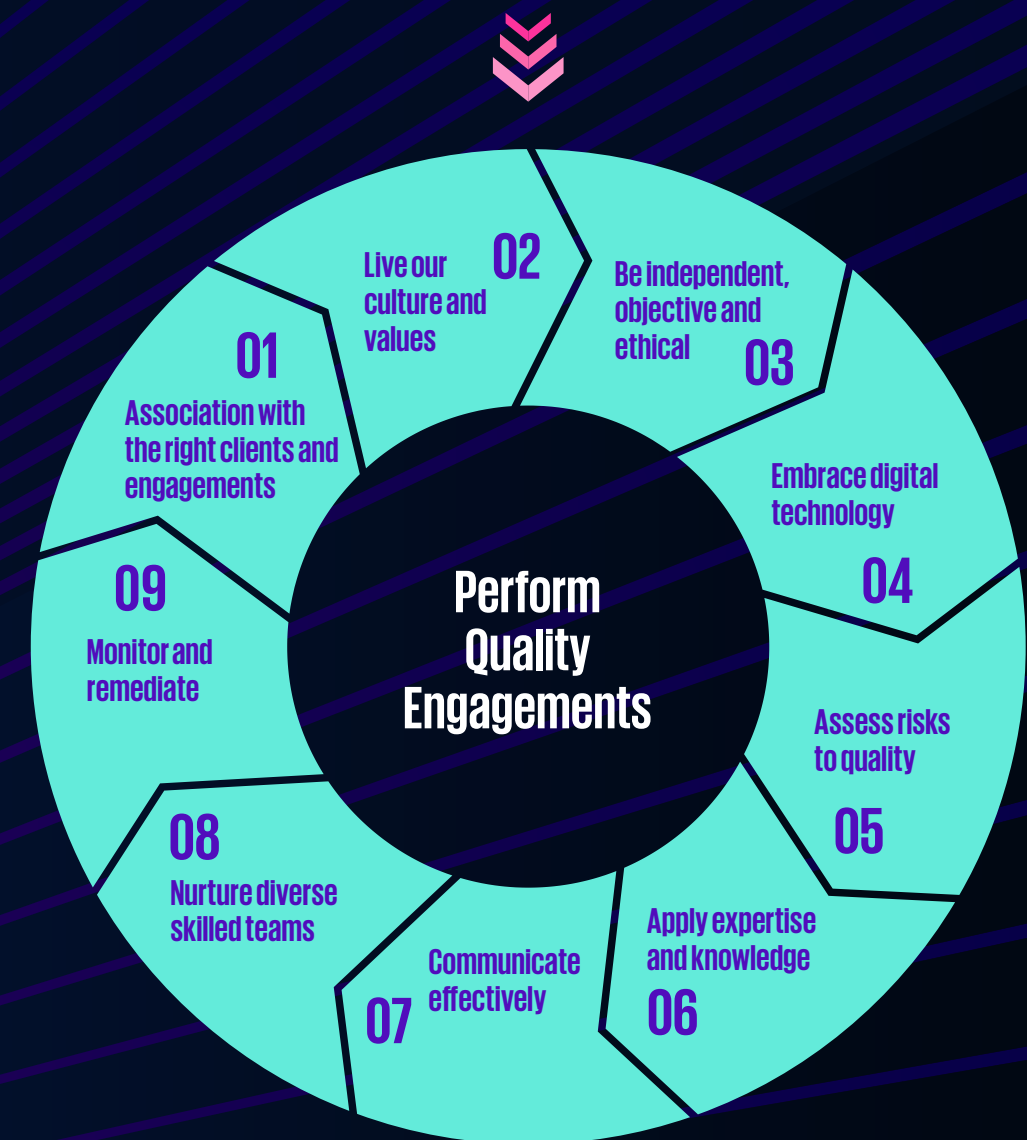
ISQM1

We have continued working during the year, in collaboration with KPMG International (“KPMGI”), to implement the new International Standard on Quality Management (ISQM1), which supersedes ISQC1.

ISQM1 was issued by the International Auditing and Assurance Standards Board (IAASB) and became effective on 15 December 2022. KPMGI has established globally consistent quality objectives, quality risks and responses. The objective of this centralised approach is to drive consistency, robustness, and accountability of responses for processes implemented across our global organisation. Where necessary, we have supplemented the KPMGI requirements with additional quality objectives, quality risks and responses identified through our own member firm risk assessment process.

The Global Quality Framework outlines how we deliver quality at KPMG. The principle of ‘Perform quality engagements’ sits at its core along with our commitment to continually monitor and remediate our processes as necessary. Under ISQM1 we are required to evaluate the effectiveness of our system of quality management on an annual basis. Our first evaluation will be performed as at 30 September 2023.

Click each segment to see more



This interactive section discloses our measurement of the nine key components in our Global Quality Framework to outline how we deliver quality at KPMG.

All metrics disclosed are for the 12 months ended 31 December unless otherwise noted

Ngā Matapono - Our Values >>>

Our values represent what we believe in and what is important to us as a firm. They guide our behaviours day-to-day, informing how we act, the decisions we make, and how we work with each other, our clients, companies that we audit, and all of our stakeholders.

Our values are the foundation of everything we do and every action we take. They are at the heart of our [Code of Conduct](#) and are designed to work interdependently. Our values:

- guide us to do the right thing, especially when under pressure
- bind us together, across our different backgrounds and cultures, and are common to each of us
- represent the foundation of our culture and how we show up for each other and the organisations we work with.



Integrity | Ngākau Tōtika

We do what is right. | Ka mahia kia tika.



Excellence | Whai Hiranga

We never stop learning and improving. | E kore e oti te ako, te whakawhanake.



Courage | Kia Māia

We think and act boldly. | He māia te whakaaro, he māia te korero, he māia te mahi.



Together | Kotahitanga

We respect each other and draw strength from our differences. |
Ka whakautea ngā rerekētanga hei painga mō te katoa.



For Better | Kaitiakitanga

We do what matters. | Ka mahia ngā mahi whai take.



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Report

Date : 15 April 2026

To : Chairperson and Committee Members
Risk and Assurance Committee

From : Beth Fowler
Senior Finance Business Partner

Subject : **Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan**

Item No : **7.3**

1. Recommendation

1.1 *That the report from the Senior Finance Business Partner dated 02 April 2026 concerning the Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan be received, and*

1.2 *That the Risk and Assurance Committee recommends:*

That the Tararua District Council authorises the Mayor to sign the Audit Engagement Letter on behalf of the Tararua District Council.

2. Reason for the Report

2.1 To review and recommend the Audit New Zealand's Debenture Trust Deed Engagement and Audit Plan letter for approval by Council.

3. Background

3.1 Definition and Purpose of a debenture and debenture trust deed

A debenture is a legal certificate representing a company's promise to repay a borrowed sum with interest over a specified period. It allows companies to raise long-term capital without issuing shares or pledging specific assets, thus avoiding dilution of equity and keeping physical assets free for other financing needs.

Debentures are recorded as liabilities on the company's balance sheet and are a form of debt capital

A debenture trust deed (DTD) is a critical instrument in corporate debt financing, providing a structured framework that protects investors, ensures issuer accountability, and aligns with regulatory requirements.

The primary purpose of a DTD is to protect debenture holders by:

- Ensuring the issuer adheres to the terms of the debenture issue.
- Monitoring timely payment of interest and principal.
- Providing legal recourse in case of default by the issuer

3.2 What a **debenture** means for a council (Debenture issuer)

When a council borrows money long-term (for example, to fund infrastructure like water, roads, or community facilities), it often does so by issuing debentures rather than taking out a traditional bank loan.

A debenture is simply the written promise by the council to:

- Pay lenders interest each year, and
- Repay the borrowed money at an agreed future date

Importantly, this borrowing is not secured against a specific council asset (like a building or road). Instead, it is backed by the council's overall financial strength and its ability to raise revenue, mainly through rates.

On the council's books, this borrowing shows up as debt, just like any other loan.

3.3 What a **Debenture Trust Deed (DTD)** means for a council

A Debenture Trust Deed (DTD) is the formal legal agreement that sits behind this borrowing.

From a council's point of view, it:

- Sets out the rules we must follow as a borrower
- Appoints a trustee to independently represent the interests of lenders
- Provides comfort to lenders that the council is well-governed and accountable

In practice, the DTD helps ensure councils can borrow at lower interest rates by giving lenders confidence that strong controls and oversight are in place.

3.4 **What does a Debenture Trust Deed (DTD) mean to Tararua District Council**

To enable Council to source funding and meet its obligations with the Local Government Funding Agency (LGFA) under the Multi-Issuer Deed, Council uses the business “Trustees Executors” (trustee) to support its funding applications. Our debenture trust deed for this funding purpose is required to be audited by Audit New Zealand. This provides surety to bond investors that supply funding through LGFA to Council.

3.5 Trustees Executors oversees the fund administration and supervision of total client investment assets in excess of \$200 billion New Zealand dollars.

3.6 For this purpose, the Auditor-General is the auditor of all “public entities” under section 14 of the Public Audit Act 2001 (the Act).

3.7 The Auditor-General has appointed Audit New Zealand under sections 32 and 33 of the Act, to carry out the annual audits of the District Council’s financial statements and performance information.

3.8 Fiona Elkington is the Appointed Audit Director.

3.9 The documents attached to this report:

3.9.1 Audit Engagement Letter

This letter confirms the terms of the Limited Assurance Engagement and the nature of, and limitations to the services provided by Audit New Zealand, and the respective responsibilities for both Council and the Appointed Auditor for the audit ending 30 June 2026.

Management has reviewed this letter and is agreeable with the content.

3.9.2 Audit Plan – Audit for the Year Ending 30 June 2026

This document outlines the audit plan for the audit of the Tararua District Council Annual Report for the year ending 30 June 2026.

The areas of focus are detailed on pages 2 to 5. These areas differ from year to year and are determined based on what the Appointed Audit Director has assessed as the key business risks and issues facing Council.

Management has reviewed this document and will confirm with the Appointed Audit Director the dates for the proposed timeline for revaluation work.

Attachments

1 [↓](#). Audit Engagement Letter

2 [↓](#). Draft Audit Plan for the 2026 Audit



AUDIT NEW ZEALAND
Mana Arotake Aotearoa

25 February 2026

Level 2, 100 Molesworth Street
Thorndon
PO Box 99, Wellington 6140

Scott Gilmore
Mayor
Tararua District Council
P O Box 115
Dannevirke 4942

Dear Scott

Audit Engagement Letter

This audit engagement letter is sent to you on behalf of the Auditor-General who is the auditor of all “public entities”, including the Tararua District Council (the Council), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Fiona Elkington, using the staff and resources of Audit New Zealand, under sections 32 and 33 of the Act, to carry out the annual audits of the Council’s financial statements and performance information. We will be carrying out these annual audits on the Auditor-General’s behalf, for the years ending 30 June 2026 to 30 June 2028.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of the governing body (the council) and me, as the Appointed Auditor, for the financial statements and performance information.

The objectives of the annual audit are:

- to provide an independent opinion on the Council’s financial statements and performance information; and
- to report on other matters that come to our attention as part of the annual audit (typically those matters will relate to issues of financial management and accountability).

We will carry out the audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): The Audit of Service Performance Information issued by the New Zealand Auditing and Assurance Standards Board (collectively the Auditing Standards). The Auditing Standards require that we comply with ethical requirements, and

plan and perform the annual audit to obtain reasonable assurance about whether the Council's financial statements and performance information are free from material misstatement. The Auditing Standards also require that we remain alert to issues of concern to the Auditor-General. Such issues tend to relate to matters of financial management and accountability.

The council's responsibilities

Our audit will be carried out on the basis that the council, as the governing body, acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and Schedule 10 of the Local Government Act 2002;
- having such internal control as determined necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error; and
- providing us with:
 - access to all information relevant to preparing the financial statements and performance information such as records, documentation, and other information;
 - all other information, in addition to the financial statements and performance information, to be included in the annual report;
 - additional information that we may request from the Council for the purpose of the audit;
 - unrestricted access to council members and employees that we consider necessary; and
 - written confirmation concerning representations made to us in connection with the audit.

In addition, the council is responsible for:

- the preparation of the summary financial statements and summary performance information;
- making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- including our audit report on the summary financial statements and summary performance information in any document that contains that information and that indicates that we have reported on that information.

7.3 Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan Attachment 1 Audit Engagement Letter

The council's responsibilities extend to all resources, activities, and entities under its control. We expect that the council will ensure:

- the resources, activities, and entities under its control have been operating effectively and efficiently;
- it has complied with its statutory obligations including laws, regulations, and contractual requirements;
- it has carried out its decisions and actions with due regard to minimising waste;
- it has met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector in that it has carried out its decisions and actions with due regard to probity; and
- its decisions and actions have been taken with due regard to financial prudence.

We expect the council and/or the individuals within the Council with delegated authority, to immediately inform us of any suspected fraud, where there is a reasonable basis that suspected fraud has occurred – regardless of the amount involved. Suspected fraud also includes instances of bribery and/or corruption.

The council has certain responsibilities relating to the preparation of the Council's financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 1 also contains some additional responsibilities relating to the health and safety of audit staff. We expect members of the council to be familiar with those responsibilities and, where necessary, have obtained advice about them.

The council should have documented policies and procedures to support its responsibilities. It should also regularly monitor performance against its objectives.

Our responsibilities

Carrying out the audit

We are responsible for forming an independent opinion on whether the financial statements of the Council:

- present fairly, in all material respects:
 - its financial position; and
 - the results of its operations and cash flows for the financial year; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

7.3 Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan Attachment 1 Audit Engagement Letter

We are also responsible for forming an independent opinion on whether the performance information of Council:

- provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand;
- fairly presents, in all material respects, the actual levels of service for each group of activities, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
- complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

In addition to the above we are also responsible for forming an independent opinion whether:

- the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act;
- the funding impact statement for each group of activities of Council, has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act; and
- the funding impact statement of Council, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act.

We are also required to report on whether the Council has:

- complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act; and
- included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements and performance information. How we obtain this information depends on our judgement, including our assessment of the risks of material misstatement of the Council's financial statements and performance information, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the Council's financial statements and performance information.

7.3 Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan Attachment 1 Audit Engagement Letter

We do not examine every transaction, nor do we guarantee complete accuracy of the Council's financial statements and performance information. Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with the Auditing Standards.

During the audit, we obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal controls. However, we will communicate to you in writing about any significant deficiencies in internal control relevant to the audit of the financial statements and performance information that we identify during the audit.

During the audit, the audit team will:

- be alert for issues of effectiveness and efficiency – in particular, how the council and the Council have carried out their activities;
- consider laws and regulations relevant to the audit;
- be alert for issues of waste – in particular, whether the council obtained and applied the resources of the Council in an economical manner, and whether any resources are being wasted;
- be alert for issues of a lack of probity – in particular, whether the council and the Council have met Parliament's and the public's expectations of appropriate standards of behaviour in the public sector; and
- be alert for issues of a lack of financial prudence.

Our independence

It is essential that the audit team and Audit New Zealand remain both economically and attitudinally independent of Council; including being independent of management personnel and members of the council. This involves being, and appearing to be, free of any interest that might be regarded, whatever its actual effect, as being incompatible with the objectivity of the audit team and the Audit New Zealand.

To protect our independence, specific limitations are placed on us in accepting engagements with the council other than the annual audit. We may accept certain types of other engagements, subject to the requirements of the Auditing Standards. Any other engagements must be the subject of a separate written arrangement between the Council and me or Audit New Zealand.

Reporting

We will issue an independent audit report that will be attached to the Council's financial statements and performance information. This report contains our opinion on the fair presentation of the financial statements and performance information and whether they comply with the applicable

7.3 Audit New Zealand Letter for Debenture Trust Deed Engagement and Audit Plan Attachment 1 Audit Engagement Letter

reporting requirements. The audit report may also include comment on other financial management and accountability matters that we consider may be of interest to the addressee of the audit report.

In addition, we will issue an audit report that will be attached to the summary financial statements and summary performance information. This audit report will include our opinion about whether:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

We will also issue a report that will be sent to the council. This report communicates any matters that come to our attention during the audit that, in our opinion, are relevant to the council. Typically, those matters will relate to issues of financial management and accountability. We may also provide other reports to Council from time to time. We will inform the council of any other reports we have issued.

Please note that the Auditor-General may publicly report matters that are identified in the annual audit, in keeping with section 21 of the Public Audit Act 2001.

Next steps

Please acknowledge receipt of this letter and the terms of the audit engagement by signing the letter in the space provided and returning a copy to me. The terms will remain effective until a new Audit Engagement Letter is issued.

If you have any questions about the audit generally, or have any concerns about the quality of the audit, you should contact me as soon as possible. If after contacting me you still have concerns, you should contact the Director of Auditor Appointments at the Office of the Auditor-General on (04) 917 1500.

If you require any further information, or wish to discuss the terms of the audit engagement further before replying, please do not hesitate to contact me.

Yours sincerely



Fiona Elkington
Appointed Auditor
On behalf of the Auditor-General

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I acknowledge the terms of this engagement and that I have the required authority on behalf of the council.

Signature: _____ Date: _____
Name: Scott Gilmore
Title: Mayor

Appendix 1: Respective specific responsibilities of the council (as the governing body) and the Appointed Auditor

Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for the financial statements and performance information	
<p>You are required by legislation to prepare financial statements and performance information in accordance with legal requirements and financial reporting standards. You are also responsible for preparing and reporting the information required by the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and Schedule 10 of the Local Government Act 2002.</p> <p>You must also ensure that any accompanying information in the annual report is consistent with that reported in the audited financial statements and performance information.</p> <p>You are required by legislation to prepare the financial statements and performance information and provide that information to us before the statutory reporting deadline. It is normal practice for you to set your own timetable to comply with statutory reporting deadlines. To meet the reporting deadlines, we are dependent on receiving the financial statements and performance information ready for audit and in enough time to enable the audit to be completed. "Ready for audit" means that the financial statements and performance information have been prepared in accordance with legal requirements and financial reporting standards, and are supported by proper accounting records and complete evidential documentation.</p>	<p>We are responsible for carrying out an annual audit, on behalf of the Auditor-General. We are responsible for forming an independent opinion on whether the Council's financial statements:</p> <ul style="list-style-type: none"> • present fairly, in all material respects: <ul style="list-style-type: none"> ○ the financial position; and ○ the results of the operations and cash flows for the financial year; and • comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> • provides an appropriate and meaningful basis to enable readers to assess the actual service provision for each group of activities; determined in accordance with generally accepted accounting practice in New Zealand; • fairly presents, in all material respects, the actual levels of service for each group of activities, including: <ul style="list-style-type: none"> ○ the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved; and ○ the reasons for any significant variation between the levels of service achieved and the intended levels of service; and • complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>In addition to the above we are also responsible for forming an independent opinion whether:</p> <ul style="list-style-type: none"> • the statement comparing actual capital expenditure to budgeted capital expenditure for each group of activities of the Council, has been prepared, in all material respects, in accordance with clause 24 of Schedule 10 to the Act; • the funding impact statement for each group of activities of the Council, has been prepared, in all material respects, in accordance with clause 26 of Schedule 10 to the Act; and • the funding impact statement of the Council, has been prepared, in all material respects, in accordance with clause 30 of Schedule 10 to the Act. <p>We are also required to report on whether the Council has:</p> <ul style="list-style-type: none"> • complied with the information disclosure requirements of Part 3 of Schedule 10 to the Act; and • included complete and accurate disclosures about its performance against benchmarks required by Part 2 of the Regulations. <p>We will also read the other information accompanying the financial statements and performance information and consider whether there are material inconsistencies with the audited financial statements and performance information.</p> <p>Materiality is one of the main factors affecting our judgement on the areas to be tested and on the timing, nature, and extent of the tests and procedures performed during the audit. In planning and performing the annual audit, we aim to obtain reasonable assurance that the financial statements and performance information do not have material misstatements caused by either fraud or error. Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence the audit report addressee's overall understanding of the financial statements and performance information.</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>If we find material misstatements that are not corrected, they will be referred to in the audit opinion. The Auditor-General's preference is for you to correct any material misstatements and avoid the need for them to be referred to in the audit opinion.</p> <p>An audit also involves evaluating:</p> <ul style="list-style-type: none"> • the appropriateness of accounting policies used and whether they have been consistently applied; • the reasonableness of the significant accounting estimates and judgements made by those charged with governance; • the appropriateness of the content and measures in any performance information; • the adequacy of the disclosures in the financial statements and performance information; and • the overall presentation of the financial statements and performance information. <p>We will ask you for written confirmation of representations made about the financial statements and performance information. In particular, we will seek confirmation that:</p> <ul style="list-style-type: none"> • the adoption of the going concern basis of accounting is appropriate; • all material transactions have been recorded and are reflected in the financial statements and performance information; • all instances of non-compliance or suspected non-compliance with laws and regulations have been disclosed to us; and • uncorrected misstatements noted during the audit are immaterial to the financial statements and performance information. <p>Any representation made does not in any way reduce our responsibility to perform appropriate audit procedures and enquiries.</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>We will ensure that the annual audit is completed by the reporting deadline or, if that is not practicable because of the non-receipt or condition of the financial statements and performance information, or for some other reason beyond our control, as soon as possible after that.</p> <p>The work papers that we produce in carrying out the audit are the property of the Auditor-General. Work papers are confidential to the Auditor-General and subject to the disclosure provisions in section 30 of the Public Audit Act 2001.</p>
Responsibilities for the accounting records	
<p>You are responsible for maintaining accounting and other records that:</p> <ul style="list-style-type: none"> • correctly record and explain the transactions of the Council; • enable you to monitor the resources, activities, and entities under your control; • enable the Council's financial position to be determined with reasonable accuracy at any time; • enable you to prepare financial statements and performance information that comply with legislation (and that allow the financial statements and performance information to be readily and properly audited); and • are in keeping with the requirements of the Commissioner of Inland Revenue. 	<p>We will perform sufficient tests to obtain reasonable assurance as to whether the underlying records are reliable and adequate as a basis for preparing the financial statements and performance information.</p> <p>If, in our opinion, the records are not reliable or accurate enough to enable the preparation of the financial statements and performance information and the necessary evidence cannot be obtained by other means, we will need to consider the effect on the audit opinion.</p>
Responsibilities for accounting and internal control systems	
<p>You are responsible for establishing and maintaining accounting and internal control systems (appropriate to the size of the Council), supported by written policies and procedures, designed to provide reasonable assurance as to the integrity and reliability of financial and performance information reporting.</p>	<p>The annual audit is not designed to identify all significant weaknesses in your accounting and internal control systems. We will review the accounting and internal control systems only to the extent required to express an opinion on the financial statements and performance information.</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>We will report to you separately, on any significant weaknesses in the accounting and internal control systems that come to our notice and that we consider may be relevant to you. Any such report will provide constructive recommendations to assist you to address those weaknesses.</p>
Responsibilities for preventing and detecting fraud and error	
<p>The responsibility for the prevention and detection of fraud and error rests with you, through the implementation and continued operation of adequate internal control systems (appropriate to the size of the Council) supported by written policies and procedures.</p> <p>We expect you to formally address the matter of fraud, and formulate an appropriate policy on how to minimise it and (if it occurs) how it will be dealt with. Fraud also includes bribery and corruption.</p> <p>We expect you to consider reporting all instances of actual, suspected, or alleged fraud to the appropriate law enforcement agency, which will decide whether proceedings for a criminal offence should be instituted. We expect you to immediately inform us of any suspected fraud where you, and/or any individuals within the Council with delegated authority have a reasonable basis that suspected fraud has occurred – regardless of the amount involved.</p>	<p>We design our audit to obtain reasonable, but not absolute, assurance of detecting fraud or error that would have a material effect on the financial statements and performance information. We will review the accounting and internal control systems only to the extent required for them to express an opinion on the financial statements and performance information, but we will:</p> <ul style="list-style-type: none"> • obtain an understanding of internal control and assess its ability for preventing and detecting material fraud and error; and • report to you any significant weaknesses in internal control that come to our notice. <p>We are required to immediately advise the Office of the Auditor-General of all instances of actual, suspected, or alleged fraud.</p> <p>As part of the audit, you will be asked for written confirmation that you have disclosed all known instances of actual, suspected, or alleged fraud to us.</p> <p>If we become aware of the possible existence of fraud, whether through applying audit procedures, advice from you, or management, or by any other means, we will communicate this to you with the expectation that you will consider whether it is appropriate to report the fraud to the appropriate law enforcement agency. In the event that you do not report the fraud to the appropriate law enforcement agency, the Auditor-General will consider doing so, if it is appropriate for the purposes of protecting the interests of the public.</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
Responsibilities for compliance with laws and regulations	
<p>You are responsible for ensuring that the Council has systems, policies, and procedures (appropriate to the size of the Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the Council are complied with. Such systems, policies, and procedures should be documented.</p>	<p>We will obtain an understanding of the systems, policies, and procedures put in place for the purpose of ensuring compliance with those legislative and regulatory requirements that are relevant to the audit. Our consideration of specific laws and regulations will depend on a number of factors, including:</p> <ul style="list-style-type: none"> • the relevance of the law or regulation to the audit; • our assessment of the risk of non-compliance; and • the impact of non-compliance for the addressee of the audit report. <p>The way in which we will report instances of non-compliance that come to our attention will depend on considerations of materiality or significance. We will report to you and to the Auditor-General all material and significant instances of non-compliance.</p> <p>We will also report to you any significant weaknesses that we observe in internal control systems, policies, and procedures for monitoring compliance with laws and regulations.</p>
Responsibilities to establish and maintain appropriate standards of conduct and personal integrity	
<p>You should at all times take all practicable steps to ensure that your members and employees maintain high standards of conduct and personal integrity. You should document your expected standards of conduct and personal integrity in a “Code of Conduct” and, where applicable, support the “Code of Conduct” with policies and procedures.</p> <p>The expected standards of conduct and personal integrity should be determined by reference to accepted “Codes of Conduct” that apply to the public sector.</p>	<p>We will have regard to whether you maintain high standards of conduct and personal integrity – particularly in matters relating to financial management and accountability. Specifically, we will be alert for significant instances where members and employees of the Council may not have acted in accordance with the standards of conduct and personal integrity expected of them.</p> <p>The way in which we will report instances that come to our attention will depend on significance. We will report to you and to the Auditor-General all significant departures from expected standards of conduct and personal integrity that come to our attention during the audit.</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
	<p>The Auditor-General, on receiving a report from us, may, at his discretion and with consideration of its significance, decide to conduct a performance audit of, or an inquiry into, the matters raised. The performance audit or inquiry will be subject to specific terms of reference, in consultation with you. Alternatively, the Auditor-General may decide to publicly report the matter without carrying out a performance audit or inquiry.</p>
Responsibilities for conflicts of interest and related parties	
<p>You should have policies and procedures to ensure that your members and employees carry out their duties free from bias.</p> <p>You should maintain a full and complete record of related parties and their interests. It is your responsibility to record and disclose related-party transactions in the financial statements and performance information in accordance with generally accepted accounting practice.</p>	<p>To help determine whether your members and employees have carried out their duties free from bias, we will review information provided by you that identifies related parties, and will be alert for other material related-party transactions. Depending on the circumstances, we may enquire whether you have complied with any statutory requirements for conflicts of interest and whether these transactions have been properly recorded and disclosed in the financial statements and performance information.</p>
Responsibilities for publishing the audited financial statements on a website	
<p>You are responsible for the electronic presentation of the financial statements and performance information on the Council's website. This includes ensuring that there are enough security and controls over information on the website to maintain the integrity of the data presented.</p> <p>If the audit report is reproduced in any medium, you should present the complete financial statements, including notes, accounting policies, and any other accountability statements.</p>	<p>Examining the controls over the electronic presentation of audited financial statements and performance information, and the associated audit report, on your website is beyond the scope of the annual audit.</p>
Responsibilities under the Health and Safety at Work Act 2015	
<p>We expect you to work with us to ensure the health and safety of our audit staff.</p> <p>You must ensure, so far as is reasonably practicable, the health and safety of our audit staff while they are on your premises, or</p>	<p>The Auditor-General and Audit New Zealand take seriously their responsibility to provide a safe working environment for audit staff. Under the Health and Safety at Work Act 2015, as a person conducting a business or undertaking (PCBU), we will make arrangements with you to keep our audit staff safe</p>

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Responsibilities of the council	Responsibility of the Appointed Auditor
<p>otherwise engaging with you on their audit work. We expect you to provide a safe and healthy work environment, which includes, but is not limited to, providing:</p> <ul style="list-style-type: none"> • information, training instruction, and supervision to protect them from work related health and safety risks, including inductions on workplace emergency evacuation procedures; • suitably designed workstations that support and maintain an ergonomically correct body posture, including adequate lighting and ventilation; • adequate welfare facilities, such as appropriate bathroom and washing amenities, suitable drinking water, and rest facilities; • appropriately labelled and equipped first-aid kits; • personal protective equipment (PPE) when all other control measures can't adequately eliminate or minimise risks to a worker's health and safety; and • protection from offence conduct such as aggressive slurs and/or behaviours, physical assaults or threats, intimidation, ridicule or mockery, insults, or put-downs. <p>We expect you to work with us to resolve any health and safety concerns related to our audit staff.</p>	<p>while they are working at your premises or otherwise engaging with you on their audit work.</p> <p>We will obtain an understanding of health and safety systems, policies, and procedures put in place for the purpose of ensuring compliance with legislative and regulatory requirements.</p> <p>We will take reasonable care of our own health and safety, and we will take reasonable care that what we do or do not do does not adversely affect the health and safety of other people.</p> <p>We will co-operate with the workplace health and safety policies and procedures of the Council and comply with any reasonable instructions given.</p> <p>We will monitor the health and safety of our audit staff (in particular, to ensure you are providing the things listed under your responsibilities to ensure a safe and healthy work environment for our audit staff when they are on your premises), and we may advise someone at your premises (such as a Chief Financial Officer and/or a health and safety representative) if we have a health and safety concern related to our audit staff. We will work with you to resolve any health and safety concerns related to our audit staff.</p>



Executive Summary

I am pleased to present our audit plan for the audit of Taranua District Council (the District Council) for the year ending 30 June 2026. Our role as your auditor is to give an independent opinion on the financial statements and service performance information. We also recommend improvements we identified during the audit.

The contents of this plan provide a basis for discussion with you. We are happy to elaborate further on the matters raised. If there are additional matters that you think we should include or any matters requiring clarification, please discuss these with me.

Nāku noa, nā

Fiona Elkington

Appointed Auditor

Draft- 25 February 2026

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Focus areas: Audit risks and issues

Based on the planning work and discussions we have completed to date, we set out the main audit risks and issues in the table below. These will be the main focus areas during the audit. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Audit risk/issue	Our audit response
<p>Valuation of infrastructure assets and land and buildings</p> <p>The District Council revalue its infrastructure assets held at fair value annually. The last revaluation was performed as at 30 June 2025. We understand that the Council intends to revalue its Infrastructure assets as at April 2026.</p> <p>The District Council also revalue its land and buildings every three years. Its land and building assets were last revalued on 30 June 2023 and are being revalued in 2026.</p> <p>The reasonableness of the valuation depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense.</p> <p>One of the key assumptions in a depreciated replacement cost valuation is the unit rate adopted for significant components. When developing the unit rates, the Council should have a documented methodology and database of cost information to support the unit rate applied in the valuation.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, Property, Plant and Equipment, have been met; • assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; • obtain an understanding of and test the underlying source data used in the valuation; • perform fair value assessment to ensure revalued amounts are materially consistent with audit expectation; • where applicable, review the methodology used to develop unit rates and test those rates back to the District Council's analysis of recent contract costs; • engage with the valuers as part of assessing the reasonableness of the assumptions used as well as the reasons for movements in key asset components;



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Audit risk/issue	Our audit response
<p>Valuations prepared by a firm external to the Council should be subject to quality reviews by the valuation firm and suitably experienced members of the Council's management team. When a valuation is completed internally this should be peer reviewed by a suitably experienced and qualified person, for example an external valuation firm would be considered appropriate.</p> <p>The District Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p> <p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, lengths and volumes), unit rates and any other significant adjustments.</p>	<ul style="list-style-type: none"> review the accounting entries and the fixed asset register to ensure the values are correctly updated; and review the appropriateness of the disclosure, including any narrative.
<p>Local Water Done Well</p> <p>The District Council will need to decide on the appropriate accounting and reporting response to the changes in the management of their water assets under the Government's Local Water Done Well (LWDW) programme. The response will depend on the timing and nature of the changes and the agreements in place or expected to be in place.</p> <p>Given the potential accounting and reporting changes the District Council could consider getting professional advice to help develop their response to the accounting and reporting implications of the agreements.</p>	<p>We will review the District Council's proposed response to the accounting and reporting implications of the LWDW programme including any advice obtained about the reporting implications.</p>



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Audit risk/issue	Our audit response
<p>Accounting for impairment, capitalisation of costs and recognition of completed assets</p> <p>Impairment</p> <p>Assets are required to be assessed for indicators of impairment at each reporting date. In addition, work in progress (WIP) values on projects that span an extended period of time should be assessed regularly for impairment over the period of the project.</p> <p>Capitalisation of costs</p> <p>The District Council should ensure appropriate policies and processes are in place to identify and capitalise costs that are capital in nature. This includes both direct and indirect capital costs.</p> <p>Completed projects</p> <p>The District Council also needs to ensure that, as phases of a project are completed, and assets become operational, capitalisation of the WIP balance is performed in a timely manner. This will ensure that depreciation on these assets starts when the asset is complete and ready for use.</p> <p>If the District Council had a significant WIP balance at 30 June 2026 there is a risk that some projects within the balance may have been abandoned and should be written off. The District Council should analyse the aging of WIP balances by year and consider whether any old balances should be written off or impaired.</p>	<p>We will:</p> <ul style="list-style-type: none"> • assess the processes used by management to assess for impairment, including all significant WIP balances and review the analysis of WIP aging; • update our understanding of the District Council policy and processes to identify and capitalise both direct and indirect capital costs; and • review management's processes to ensure that the capitalisation of WIP costs is performed in a timely manner.

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Audit risk/issue	Our audit response
<p>The risk of management override of internal controls</p> <p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Auditing standards require us to treat this as a risk on every audit.</p>	<p>Our audit response to this risk includes:</p> <ul style="list-style-type: none"> • testing the appropriateness of selected journal entries; • reviewing accounting estimates for indications of bias; and • evaluating any unusual or one-off transactions, including those with related parties.





Our audit approach for the group is designed to obtain sufficient assurance on the group's financial statements and Service Performance Information. The assessed the risks of material misstatement and our approach for each component of the group is detailed below.

We will report any significant internal control deficiencies to the District Council and management of the group, and In particular, deficiencies related to:

- group-wide internal controls; or
 - internal controls at each component.
- Deficiencies reported may be identified by the group engagement team or brought to our attention by a component auditor.

We will also communicate any fraud identified by the group engagement team or brought to our attention by a component auditor.

Component	Our audit approach
Taranua Aquatic Community Trust (TACT)	The Office of the Auditor-General (OAG) believes that the Taranua Aquatic Community Trust (TACT) is controlled by the Council and should be included in the Council's group financial statements. The Council disagrees with this view based on advice it has received. We will obtain the latest financial results for TACT and evaluate the impact of not preparing consolidated financial statements.

This table shows the work we have planned for each component where we are asking component auditors to perform work for the group audit.

Materiality

Materiality refers to information that, if omitted, misstated, or obscured, could reasonably be expected to:

- influence readers' overall understanding of the financial statements and service performance information; and
- influence readers in making decisions about the stewardship and allocation of resources or assessing your performance.

This definition of materiality is broader than the one used in the private sector.

It is a matter of judgement whether information is material considering the surrounding circumstances and its impact. Qualitative considerations are just as important as quantitative considerations.

The District Council and management needs to make their own assessment of materiality from a preparer's perspective. The District Council and management should not rely on our materiality assessment as a basis for making its own judgements about the integrity of the financial statements and service performance information.

Financial statements materiality

Overall materiality - used for asset revaluations	\$108,200,000
Specific materiality - used for all other items	\$1,900,000
Clearly trivial threshold	\$95,000

This materiality is subject to change once the actual results for the current year are available.

We design our audit procedures to detect misstatements at a lower level than overall materiality. This takes account of the risk of cumulative misstatements and provides a safety net against the risk of undetected misstatements. We will report all uncorrected misstatements to the District Council other than

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and Service Performance Information. We assess the effects of any detected and uncorrected misstatements, individually and in aggregate, against materiality and qualitative considerations.



those that are **clearly trivial** with no relevant qualitative considerations. Where management does not wish to correct a misstatement, we will seek written representations from the District Council on the reasons why the corrections will not be made.

Materiality for service performance information

At an overall level, we assess whether the service performance information is suitable, given your purpose and the nature of your activities, and whether the reporting allows for an informed assessment of the District Council's performance. In doing this, we consider whether the information is relevant, complete, reliable, neutral, and understandable.

We set materiality for service performance information at an individual measure level based on what we expect would influence readers' overall understanding, decision-making, or assessment of Tararua District Council's performance. We normally express this materiality as a percentage of the reported result.

Outlined below are the measures we assessed as material and our materiality for planning purposes. We will reassess this during the audit.

Material measure	Materiality
Water	
Safety of drinking water	0% of reported result

Material measure	Materiality
100% compliance with requirements of the Water Services (Drinking Water Services for New Zealand) Regulations 2022.	
Customers are satisfied with supplied water Percentage of customers rating water management as "fairly satisfactory" or "very satisfactory" in the community survey	8% of reported result
Wastewater	
Customers are satisfied with wastewater systems Percentage of residents rating wastewater management as "fairly satisfactory" or "very satisfactory" in the community survey.	8% of reported result
Wastewater - Discharge compliance/ management of environmental impacts Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, received by the territorial authority in relation to those resource consents.	5% of reported result



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Material measure	Materiality
<p>Stormwater</p> <p>Stormwater - resource consents</p> <p>Compliance with the territorial authority's resource consents for discharge from its stormwater system, measured by the number of:</p> <ul style="list-style-type: none"> (a) abatement notices (b) infringement notices (c) enforcement orders, and (d) convictions, <p>received by the TA in relation to those resource consents.</p>	8% of reported result
Roading	
<p>Road maintenance</p> <p>The percentage of the sealed local road network that is resurfaced</p>	8% of reported result
<p>Our roads are maintained to an appropriate standard</p> <p>Percentage of Residents rating Rural roads as “quite satisfactory” or “very satisfactory” in community survey</p> <p>Percentage of Residents rating Urban roads as “quite satisfactory” or “very satisfactory” in community survey</p>	8% of reported result



Expectations

For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet. Our respective responsibilities are set out in our audit engagement letter. Your responsibilities, with appropriate assistance from management, include:

- preparing the financial statements and performance information in accordance with legal requirements and financial reporting standards;
- providing us with access to all relevant records and providing information in a timely manner;
- providing access to staff, who will provide an appropriate level of assistance;
- providing draft financial statements and performance information, including all relevant disclosures, in accordance with the agreed timetable;
- maintaining accounting and other records supporting the information in the financial statements and providing us with access to those records; and
- subjecting the annual report, financial statements, and Service Performance Information to appropriate levels of quality review before they are provided to us.

Our responsibilities include carrying out the audit, maintaining our independence, and providing you with an audit report.

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the audit. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

Draft financial statements and performance information

We expect that we will need to perform a detailed review of three versions of the annual report:

- A good quality draft set of financial statements and performance information (including notes) that is reasonably complete, received before or at the start of the final audit visit.
- A final set of financial statements and performance information incorporating all changes identified during the audit, received at the end of the audit.
- A final signed annual report or printers proof version.

We do not intend performing a detailed check of additional versions. If this becomes necessary, we will discuss this with you first and there will be an additional cost.

Year-end processes

The year-end financial statement close process and the preparation of the annual report require significant time and effort to complete them effectively. We want the audit process to run smoothly, and we

will work with management to achieve this through bringing forward the timing of audit procedures.

Bringing forward audit procedures

A lot of audit work is traditionally performed after the financial year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on year-to-date transactions for revenue, expenditure and performance information. Completion of these tests earlier in the year enables more timely identification and resolution of errors and reduces the time your management needs to support the audit process at year-end, when the annual report is being prepared.

We will work with management to ensure the required information is available at the right time. We will communicate with management if information is not available as agreed, including any impact on the year-end audit.



Timetable

Our proposed timetable is:

Interim (2 weeks)	16 March
Prefinal / Revaluation work (2 weeks)	15 June 2026
Draft annual report available for audit with financial statements (including notes) with actual year-end figures and performance information	7 September 2026
Final audit begins	21 September 2026
Final annual report available, incorporating all agreed amendments and including any Chair and Chief Executive's overview or reports	19 October 2026
Verbal audit clearance given	23 October 2026
Report to Council issued	By 28 October 2026
Audit opinion issued	By 28 October 2026

We will advise Management if there are any changes to scheduled visit timings.

Reporting

Communication with the District Council and management

We will meet with the District Council and management throughout the audit. We will maintain ongoing, proactive discussion of issues as and when they arise to ensure there are "no surprises".

Reports to the Council

At the end of the audit, we will report to the Council on:

- our findings on the audit risks identified in this plan;
- any other significant matters found during our audit, including significant deficiencies in internal controls;
- the level of prudence in key judgements made by management in preparing the financial statements; and
- the quality and timeliness of information provided for audit by management.

At our discretion, we may also provide an interim report to the Council and separate reports to management on less significant findings arising from our audit. We will advise the Council if we issue a report to management.

Our team

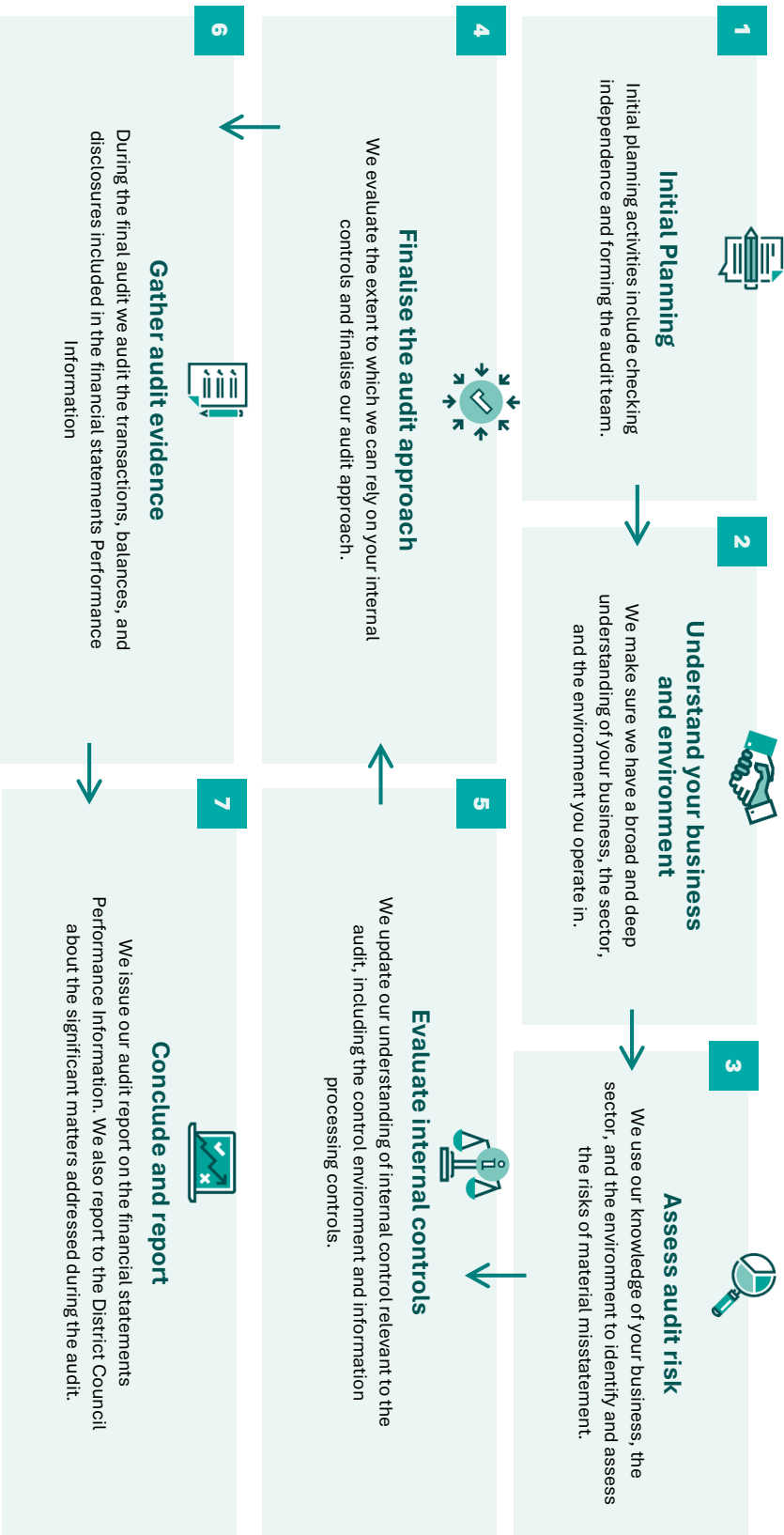
Our engagement team is selected to ensure we have the right subject-matter expertise and sector knowledge. Each member of the audit team has received tailored training to develop their expertise.

Our senior audit team members are:

Fiona Elkington	Appointed Auditor
Bilal Ahmad	Audit Manager
Memory Fambisayi	Team Supervisor



Our audit process



Fraud risks

Misstatements in the financial statements and Performance Information can arise from either fraud or error. The distinguishing factor between fraud and error is whether the underlying action is intentional or unintentional. Our consideration of fraud risk covers both misstatements resulting from fraudulent reporting and misstatements resulting from misappropriation of assets.

Your responsibility

The primary responsibility for the prevention and detection of fraud and error rests with the District Council, with assistance from management.

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and Service Performance Information are free from material misstatement, including any resulting from fraud. Our approach to obtaining this assurance is to:

- identify fraud risk factors and evaluate areas of potential risk of material misstatement;
- evaluate the effectiveness of internal controls in mitigating the risks;
- perform audit testing to address the risks identified; and
- remain alert for indications of potential fraud in evaluating audit evidence.

The Auditor-General has published useful information on fraud that can be found at oag.parliament.nz/reports/fraud-reports.

Professional judgement and professional scepticism

Auditing standards require us to maintain professional scepticism throughout the audit. Professional scepticism is an attitude that includes a questioning mind and a critical assessment of audit evidence. Professional scepticism is fundamentally a mindset that leads to a questioning approach when considering information and forming conclusions. It means not accepting information at face value, being alert for inconsistencies or anomalies, and considering the possibility of fraud or error.

Exercising professional scepticism means that we will not accept everything you tell us at face value. We will ask you and management to provide evidence to support what you tell us. We will also challenge your judgments and assumptions and weigh them against alternative possibilities.

It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.

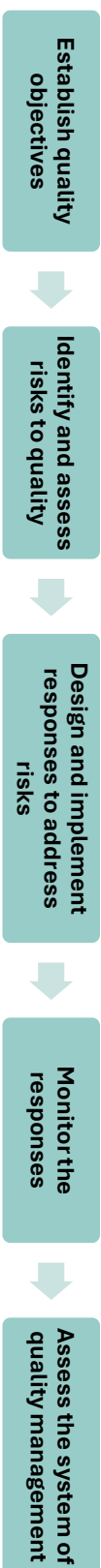
Wider public sector considerations

A public sector audit also examines whether:

- the District Council carries out its activities effectively and efficiently;
- waste is occurring or likely to occur as a result of any act or failure to act by the District Council;
- there is any sign or appearance of a lack of probity as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees; and
- there is any sign or appearance of a lack of financial prudence as a result of any act or omission by the District Council or by one or more of its members, office holders, or employees.



How we manage quality



We apply a risk-based approach to designing, implementing, and operating the components of our system of quality management (SOQM) in an interconnected and coordinated manner to proactively manage the quality of our audits.

Quality objectives

Quality objectives are the desired outcomes for each component of the SOQM.

Audit quality encompasses the key elements that create an environment which maximises the likelihood that we perform quality audits on a consistent basis. Audit quality is about more than issuing the right audit opinion, it is also about how we reach that opinion. We maintain a persistent focus on audit quality and on continuing improvement to audit quality over time.

Quality objective	What this involves
Governance and leadership	Establishing an environment that supports the system of quality management.
Relevant ethical requirements	All staff understand and fulfil their responsibilities regarding ethical requirements.
Acceptance and continuance	Making judgments about accepting or continuing engagements and our ability to perform each engagement.
Engagement performance	Performing a quality engagement, including directing and supervising the team, exercising professional judgment, consulting on difficult or contentious matters, and ensuring appropriate engagement documentation.
Resources	Having sufficient and appropriate human, technological, and intellectual resources.
Information and communication	Maintaining and communicating information regarding the quality management system both internally and externally.



Risk identification and key responses included in our SOQM

We perform an annual risk assessment to identify any risks to achieving our quality objectives. We then implement responses to address these risks. The combination of responses ranges from specific controls to developing policies and procedures for our audit teams. Some of these operate at a firm level, while others are applied to each individual audit.

Of these numerous responses, there are two notable responses that we would like to share as examples:

Independence

Our independence and conflicts of interest policy requires all employees to be scrupulous about identifying and managing any conflicts of interest or independence risks. We manage this through our ethics and independence declarations for every staff member, including a compulsory annual review, supplemented by individual independence declarations for each engagement.

Internal and external inspections

All our Appointed Auditors are subject to internal and external inspections on a cyclical basis to ensure that our engagements comply with standards. The Office of the Auditor-General, the Financial Markets Authority, and the New Zealand Institute of Chartered Accountants perform the external inspections. We perform a root cause analysis on selected findings from these

reviews and develop action plans to address the identified root causes.

Monitoring and assessing the SOQM

Monitoring and assessment of the SOQM is ongoing. We perform regular monitoring which informs our annual assessment of whether we are achieving our quality objectives and therefore complying with professional requirements. Our most recent assessment to June 2025 noted that our system was effective, with some improvements needed around the timeliness of completing some monitoring activities.

Independent quality reviews are integral to our assessment of our SOQM. Our most recent FMA review in 2022, which focused only on FMC entities, assigned an overall grade of “compliant” on a scale of good, compliant, and non-compliant.

The NZICA review, also conducted in 2022, raised relatively few findings from the files they inspected and made the following observation:

It was evident from our review that Audit New Zealand seeks to apply a high standard of quality in its audits, which is comparable with the major commercial audit firms. Since Audit New Zealand does not have the resources of a global network behind it, maintaining this standard requires significant investment in local technical resources to keep the audit methodology up to date. A high level of technical competence was apparent both from our file reviews and the FMA’s review of the quality control system.



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Report

Date : 15 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Tracy McDonald
Chief Financial Officer
Subject : **Water rates fees and charges billing correction**
Item No : **7.4**

1. Recommendation

1.1 *That the report from the Chief Financial Officer dated 10 April 2026 concerning the Water rates fees and charges billing correction be received.*

Executive Summary

The audit for the 2024/2025 reporting identified a discrepancy between the rates resolution and the fees and charges for the fixed admin fee component of Council's water billing charges.

In response, an internal investigation was undertaken which identified that those paying water rates (for metered water) had been overbilled for the 2024/2025 rating year and the first quarter of the 2025/2026 rating year.

Metered water ratepayers were each overcharged by \$19.97 excluding GST per quarter for the 2024/2025 rating year and the first quarter of the 2025/2026 rating year.

Recalculation of the 2024/2025 charges to volume metered water rates customers resulted in an impact of approximately \$48,000 excluding GST into a prior financial year.

The impacted ratepayers were all water metered ratepayers, with around 600 ratepayers affected.

As at the date of this report, all corrective actions have been completed.

2. Reason for the Report

2.1 The reason for this report is to provide Council with:

2.1.1 a summary of the background;

2.1.2 the outcome of the investigation undertaken; and

2.1.3 confirmation that all affected ratepayers have been communicated with and all accounts have been financially rectified.

3. Background

3.1 The 24-25 July 2024 version of 30 June 2025 rates resolution went into the Council agenda dated 31 July 2024 for the adoption of the Long-Term Plan (LTP).

3.2 On Friday 26 July 2024, Council's Auditors identified an error in the depreciation expense recorded in the LTP (Council directed use of a depreciation costing which did not subsequently align to the Audit Director directive).

3.3 The 31 July 2024 Council meeting to adopt the LTP and rates resolution went ahead. It was decided at this meeting to adjourn and reconvene on 7 August 2024 for adoption of the LTP and rates resolution before which a verbal clearance was expected from Council's Auditors.

3.4 The rates resolution at the Council meeting on 31 July 2024 contained the following:

- 1.18 Volumetric Water Charges - Metered Rate Rates for metered supply pursuant to Sections 16(3)(b) and Sections 16(4)(a), and 19(2)(b) as follows:
All rating units that are metered and charged for volumetric supply
- A targeted rate charged quarterly of \$220.07 per rating unit

3.5 Ahead of the Council meeting on 7 August 2024, a further update to the rates resolution was made on 5 August.

3.6 On 6 August 2024 the updated Rates Resolution for 2024-25 financial year was presented to the auditors for sign off.

3.7 A supplementary LTP adoption report with a Schedule of Fees and Charges for the 2024-2025 year and an updated Rates Resolution report for 2024-25 financial year was included in the Council agenda for 7 August 2024. It was titled "Late Reports" TDC Wednesday 31st 2024, reconvened session on 7th August 2024 Agenda paper.

3.8 The relevant section of the Council Minutes from the 7 August 2024 Council meeting recorded:

- 22. Updated – Adoption of Long Term Plan 2024-34 and Schedule of Fees and Charges 2024-25. The Tararua District Council considered the report of the

Finance Manager dated 5 August 2024 that presented the updated 2024-34 Long Term Plan for adoption, along with the Schedule of Fees and Charges 2024-25.

- 3.9 The Rates Resolution passed at the reconvened 7 August 2024 Council meeting had a revised targeted rate which read:
- Sec 1.18 Volumetric Water Charges - Metered Rate Rates for metered supply pursuant to Sections 16(3)(b) and Sections 16(4)(a), and 19(2)(b) as follows:
 - All rating units that are metered and charged for volumetric supply
 - A targeted rate charged quarterly of \$200.10 per rating unit
- 3.10 Although the Rates Resolution had been amended, the Schedule of Fees and Charges 2024-2025 remained unchanged and so from this point was incorrect.
- Metered water charges Water fees are set under the Local Government (Rating) Act 2002 Section 16(3)(b), Section 19(1), Section 19(2)(a) and Section 19(2)(b). The following is an extract of the Funding Impact Statement from the 2024/25 Long Term Plan.
 - All extraordinary users (except for below) Fixed charge per quarter \$220.07
- 3.11 The discrepancy between the quarterly targeted rate adopted in the Rates Resolution and the Schedule of Fees and Charges was \$20.03, which related to a \$20.00 admin fee (excluded from the updated version of the Rates Resolution), and a 3 cent rounding error.
- 3.12 On 8 August 2024, the quarterly targeted rate in the Schedule of Fees and Charges was amended from \$220.07 to \$220.10 to align to the Rates Resolution and was published in the Fees & Charges Document for 2024-2025.
- 3.13 However, following this correction, the invoicing was not updated and customers continued to be invoiced for the \$20.00 admin fee quarterly.

4. Considerations

- 4.1 The Rates Resolution is the prevailing document over the Fees and Charges document, and invoice billing must reflect the Rates Resolution.
- 4.2 Officers considered six options for resolution of the invoicing error, with option five being recommended.
- 4.3 This option was to issue amended water invoices to the impacted ratepayers and allocate over payments/refunds.
- 4.4 An operational decision was made to implement option five.

4.5 As per sections 46, 120, 126 and 47 of the Local Government (Rating) Act 2002, excess balances must be applied in the following order:

- The relevant year;
- Other rates arrears;
- A credit against future rates in anticipation of rates yet to be assessed;
- If still in credit
 - Ratepayer may apply in writing for refund and Council must make refund as soon as practicable after application.

4.6 The invoice issued had a narrative “minimum charge” not “per unit fixed charge”.

5. Analysis

5.1 Following internal investigation, it has been established that the error occurred due to a breakdown of the quality assurance process whereby the reports were presented separately without a cross check for consistency.

5.2 Because this step was not done, staff overlooked updating the Schedule of Fees and Charges to align with the change to the Rates Resolution.

6. Actions Taken:

6.1 Officers investigated the discrepancy and made a recommendation for resolution of the error from six possible options.

6.2 The Executive Leadership team (ELT) reviewed the recommendation and agreed an action plan which included rectifying the overcharge, addressing the “minimum charge” description on invoicing and agreeing communications with impacted ratepayers. The Chief Executive then exercised the delegation to correct the invoices, and all affected ratepayers were communicated with and corrected invoices were issued.

6.3 As at 31 March 2026 the following is confirmed:

6.3.1 The reissuing of the invoices for the 2024/2025 rating year (Q1, Q2, Q3 Q4) and 2025/2026 Q1 has occurred and apart from a handful of exceptions due to multi meter accounts, all credits have been applied to the affected accounts. As this was an operational error administrative correction was undertaken by the Chief Executive under his delegation.

6.3.2 The quality assurance process now ensures the Rates Resolution, financials, and the Fees and Charges document are all signed simultaneously after appropriate checks are made.

- 6.3.3 Tighter processes have been implemented for setting the Fees and Charges, by way of earlier detailed presentations to ELT and Councillors and all documents presented to Council for approval.
- 6.4 The establishment of a Finance and Revenue Manager role creates continuity across the rates and finance teams and the CFO during the development of these documents, and ensures there is oversight and quality assurance signoffs of the critical resolutions relating to the Long-Term Plan and Annual Plan.

7. Conclusion

- 7.1 The water rates billing error resulted from a discrepancy between the adopted Rates Resolution and the Schedule of Fees and Charges following late amendments during the Long-Term Plan adoption process not being picked up. This resulted in the overbilling of metered water ratepayers for the 2024/2025 rating year and the first quarter of 2025/2026.
- 7.2 On the Chief Executive's direction, officers reissued corrected invoices, applying credits to affected accounts, and communicating with all impacted ratepayers. As at 31 March 2026, the issue has been resolved.
- 7.3 The matter has highlighted the need for stronger quality assurance and coordination across related financial documents. Process improvements and strengthened resourcing have been implemented to reduce the risk of recurrence and provide assurance going forward.

Attachments

Nil.



Report

Date : 15 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Dan Erard
Tararua Alliance Manager
Subject : **Tararua Alliance Quarterly Report**
Item No : **7.5**

1. Recommendation

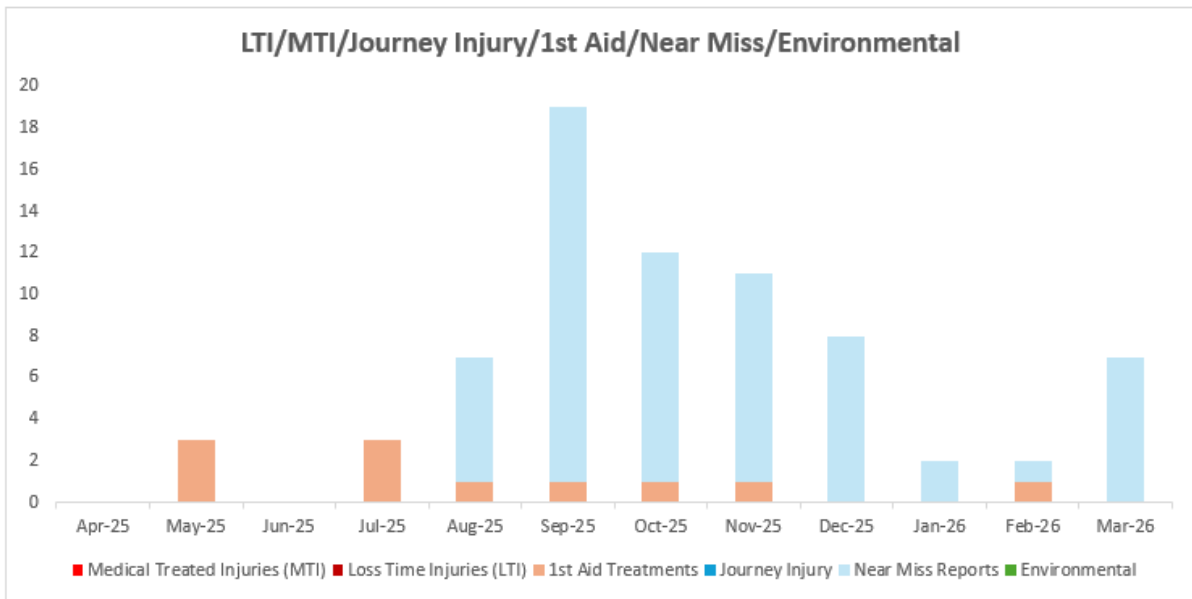
- 1.1 *That the report from the Tararua Alliance Manager dated 11 April 2026 concerning the Tararua Alliance Quarterly Report (as circulated) be received and adopted.*

2. Purpose of the Report

- 2.1 To provide the Committee an update on the performance framework, and health, safety, and wellbeing information for the Tararua Alliance.

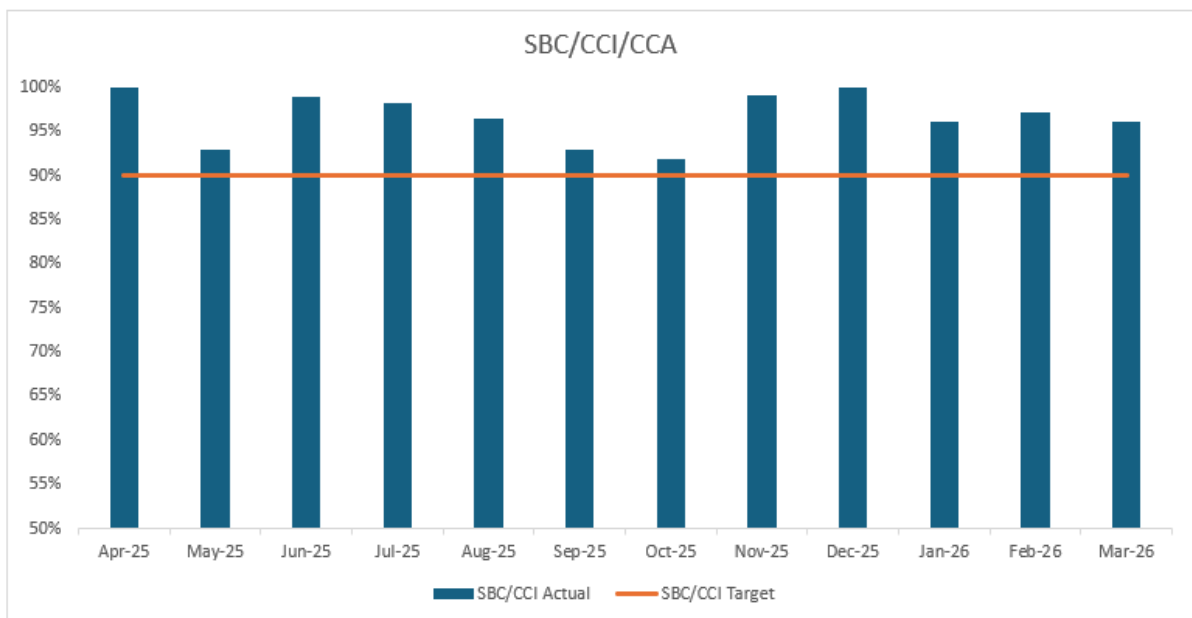
3. Zero Harm Statistics

- 3.1 Zero Harm performance continues to show a positive trend, with no serious incidents reported during the period and only one minor first aid case recorded.
- 3.2 Near miss reporting declined throughout January and February; however, following a recent focus on improvement, we have seen renewed engagement and an increase in reporting activity.
- 3.3 The majority of submissions are still relating to driving activities on the rural network. Driving safety remains a key focus, with all new employees required to complete a comprehensive driving assessment.



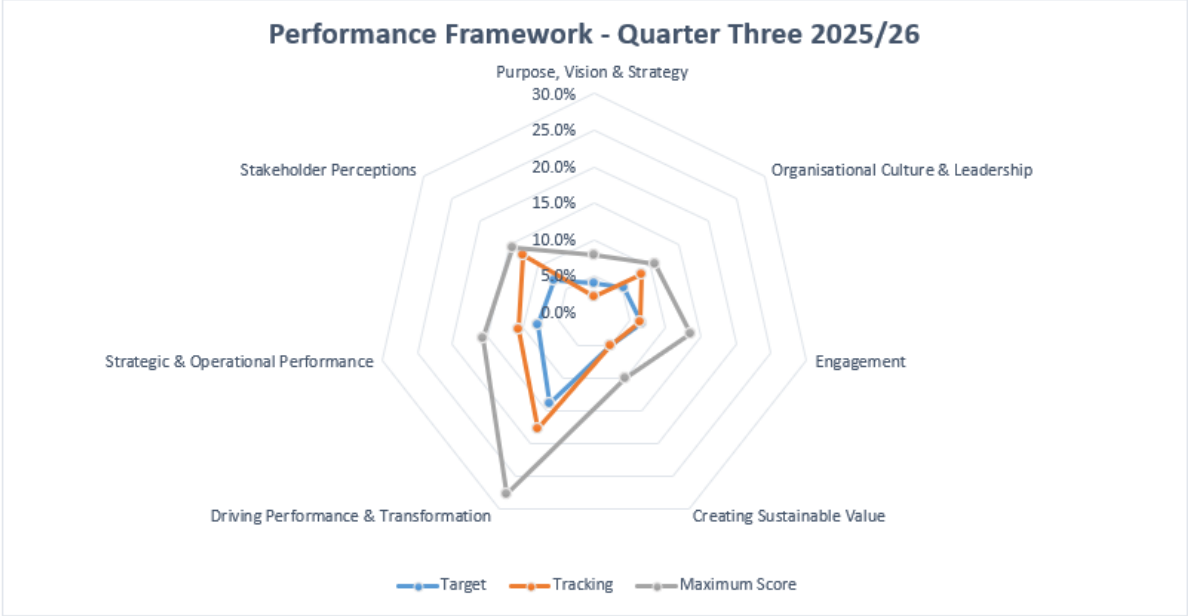
4. Safety Conversations/Inspections

4.1 Our monthly safety audits continue to demonstrate strong performance, consistently exceeding the 90 percent target. In addition, we have further enhanced our assurance processes by implementing supplementary monthly inspections of subcontractor plant. Over the past three months, a total of seven subcontractor plant assessments have been completed



5. Performance Framework Scoring – Quarter Three

5.1 Internal Performance Framework scoring for the third quarter of the financial year:



5.2 Key areas to note:

5.3 Upon completion of the third quarter of the financial year, the following areas have been identified as requiring improvement:

5.4 **Purpose, Vision & Strategy:**

5.4.1 An annual Strategy Workshop was due to be conducted prior to Christmas. However, due to the local body elections and the change in CE, the workshop was deferred to the new year. This has not yet occurred, and we are now aiming to schedule it before June.

5.4.2 Ensuring our strategy remains focused, relevant, and aligned with current conditions continues to be a key priority for the Alliance.

5.5 **Engagement:**

5.5.1 The development of our key staff remains a priority. We have made considerable progress in this area, with detailed development plans now in place and tracking well. In addition, several field staff have been identified to undertake National Certificates through Connexis, and the necessary arrangements for this training are currently underway.

5.6 **Creating Sustainable Value:**

5.6.1 Ensuring that our actions are thoroughly documented and effectively implemented in response to all Lessons Learned remains a key area of focus.

- 5.6.2 We continue to place strong emphasis on identifying relevant, value adding actions and ensuring they are executed in a timely and accountable manner.

6. Performance Framework 2026/27 Update

- 6.1 Continuous improvement of our Performance Framework, and strengthening accountability across the Alliance, remains a key priority.
- 6.2 Accordingly, a Performance Framework Workshop was held with the Alliance Leadership Team to review the current KPIs and identify areas where further refinement and enhancement are required.
- 6.3 Prior to the workshop, each member of the Alliance Leadership Team was asked to provide their recommendations regarding the existing KPIs. From this process, 14 KPIs were identified as requiring further discussion, which was subsequently undertaken during the workshop.
- 6.4 Several of these KPIs are now being refined by the Performance Manager and will be submitted to the PG for review/approval ahead of the June PG meeting.

7. Principals Group Meeting

- 7.1 At the time of writing this report there is no PG update available. The next PG Meeting is scheduled for 10 April.

8. Fuel Crisis

- 8.1 The ongoing conflict in the Middle East is placing significant pressure on fuel prices and creating emerging risks of fuel supply disruption.
- 8.2 We are taking guidance from Council and Downer and have put in place interim measures to protect and conserve diesel and fuel use.
- 8.3 Our teams are taking extra care to prevent diesel theft from vehicles and plant.
- 8.4 At the time of writing, we have not paused or reprioritised work and have plans in place should fuel supply be limited in future.

9. ISO 55001 Accreditation

- 9.1 In February we were advised by the independent ISO auditor we have been working with since last year that Tararua Alliance's bid for ISO 55001 accreditation has been successful.
- 9.2 This is a significant milestone for the district as the Alliance is the first Road Controlling Authority in New Zealand to achieve ISO 55001 asset management accreditation — earning international recognition for how we plan, maintain, and invest in the Tararua road network.

- 9.3 Accreditation proves our systems, people, and processes meet international best practice.
- 9.4 The audit was a two-stage process with an ISO auditor from Adelaide working with the Alliance over several months, going through all our asset management systems and process documentation, and in February visiting Tararua to see how things happen on site.
- 9.5 ISO 55001 is more than compliance—it's a strategic tool for ensuring the right asset management practices are in place for delivering better infrastructure outcomes, improving community trust, and ensuring long-term value from public assets.
- 9.6 We expect the benefits of this to flow beyond roading to how we manage all our infrastructure. The accreditation will be communicated to the wider community and media in April.
- 9.7 Although the Alliance has been advised that accreditation has been successfully achieved, the final audit report has not yet been received and may include Opportunities for Improvement.
- 9.8 Once received, the report and any associated recommendations will be reviewed and communicated to the Risk and Assurance Committee at its next meeting.

Attachments

Nil.



Report

Date : 15 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Risk Management Report**
Item No : **7.6**

1. Recommendation

- 1.1 *That the report from the Risk & Assurance Advisor dated 01 April 2026 concerning the Risk Management Report (as circulated) be received and adopted.*

2. Reason for the Report

- 2.1 To update the Committee on matters relating to risk management.

3. Emerging Risks – Fuel Price Volatility

- 3.1 Fuel prices in New Zealand have increased significantly over recent weeks, driven primarily by global geopolitical instability and disruption to international supply chains. New Zealand relies on imported refined fuel so is completely exposed to global price volatility. While national fuel stock levels remain sufficient and there are currently no Government-mandated fuel restrictions in place, prices are expected to remain volatile and the situation continues to evolve.
- 3.2 The Government response has focused on monitoring fuel security rather than direct price intervention. At the time of writing New Zealand remains in Phase 1 (Monitoring) of the Fuel Response Plan. Ministers have signalled reluctance to introduce premature restrictions, noting that early intervention could destabilise supply chains. Some targeted cost-of-living relief measures have been announced nationally, but fuel excise changes are not currently planned.

- 3.3 For Council, the primary implications relate to increased operational and contract costs, particularly where diesel use is significant and thereafter delays. The highest exposure is within roading and 3 Waters activities, due to fuel-intensive materials, plant, freight, and maintenance operations. Sustained price increases may flow through to both operating and capital budgets if volatility persists. Supply chain constraints are already limiting access to some materials (e.g. to prevent hoarding of stock). Some suppliers have forecast increases of between 20% and 50% in a matter of weeks.
- 3.4 In the medium term, it could reasonably be expected that supply chains become further constrained or delayed as integrated manufacturing processes become affected by delays in component/ critical chain production e.g. the worldwide reduction of helium gas supplies used in semiconductor manufacturing.
- 3.5 Tararua communities, particularly rural households and businesses, are disproportionately affected due to long travel distances and limited transport alternatives. Rising fuel costs place additional pressure on agriculture, freight, and household affordability. The reduction of access or higher cost of fertiliser is considered a significant issue for supply, cost and impact on global food production.
- 3.6 Council has initiated precautionary contingency planning. The Chief Executive has formally communicated expectations to staff, encouraging reduced non-essential travel, use of virtual meetings, car-pooling, and flexible working arrangements. All business units are reviewing impacts, and a Business Continuity Plan is being developed to ensure essential services can be maintained should affordability or supply constraints escalate.
- 3.7 Council as a critical service provider and lifeline agency, is applying for special access to fuel supply under the Government's National Emergency Fuel Plan in preparation for if we move up the phased response.
- 3.8 A verbal update will also be provided at the meeting.

4. Legislation Tracker – Emerging Risks and Mitigations

- 4.1 At the request of the Risk and Assurance Committee, management has established a process for monitoring and reporting on upcoming and proposed legislation that may impact Council. This is intended to support early identification of legislative risk and enable timely mitigation and planning.
- 4.2 Council is currently using the Local Government New Zealand (LGNZ) Legislation Tracker as the primary source for identifying relevant legislative changes. The LGNZ tracker provides a consolidated view of legislation of significance to the local government sector, including Bills under development, consultation processes, and anticipated reforms.
- 4.3 Updates to the tracker, including revised risk assessments and mitigations, will be reported to the Committee at future meetings.

Bill	Risks and Mitigations
<p>Local Government Systems Improvements Bill</p> <p>Gives effect to proposed change of purpose of local government and performance comparisons. There are also several minor items of regulatory relief.</p> <p>Select Committee reported on 25 November. Awaiting second reading.</p>	<p>Risks</p> <p>Legislation may introduce new obligations, reporting, structures or service expectations requiring additional staff capacity, specialist expertise, systems or process redesign, with unplanned OPEX/CAPEX and programme reprioritisation.</p> <p>Mitigations</p> <p>Track the Bill, prepare scenarios, and use Annual Plan/LTP amendment levers if scope or timing shifts.</p>
<p>Planning Bill</p> <p>Bill to enable urban development and infrastructure. This act will also be aligned with the Government’s Going for Housing Growth plan and its 30-year National Infrastructure Plan.</p> <p>Referred to the Environment Committee. Submissions closed 13 February.</p> <p>Natural Environment Bill</p> <p>A new act to “manage environmental effects that arise from the use of natural resources”.</p> <p>Referred to the Environment Committee. Submissions closed 13 February</p>	<p>Risks as provided to the District Growth Committee 18 March 2026</p> <ul style="list-style-type: none"> • Loss of control over built form and amenity. Tararua will have limited ability to manage town character, rural village identity, poor-quality or incompatible development, sensitive interfaces (e.g., industrial next to residential). • Reduced ability to manage cumulative impacts. Examples include infrastructure capacity overload, rural fragmentation, hazard exposure, growth inconsistent with the Growth Strategy or PC A. • Constraints on protecting town Centres. Because Councils can no longer regulate retail distribution, out-of-centre commercial impacts, there may be more edge-of-town or scattered commercial development, harder implementation of compact growth patterns. • Higher Litigation and Compensation Risks. The new system includes regulatory relief/compensation where landowners’ “reasonable use” is restricted. If Council inadvertently regulates an “excluded effect,” it may be exposed to legal challenge, compensation claims. This is a major financial risk for a small district. • Pressure on Infrastructure. More permitted activities = more unplanned growth. • Community Dissatisfaction Residents may expect protections that Council is no longer legally allowed to provide. <p>Regional Spatial Plan risks:</p> <ul style="list-style-type: none"> • Very high workloads and compressed timeframes • Policy and operational gaps during transition • Uncertainty until national direction and environmental limits are released • Possible financial exposure from compensation regimes • Delivery risks if plan change exemptions are declined <p>Mitigations</p> <ul style="list-style-type: none"> • Re-sequencing and reprioritisation of planning work. • Review planning team capacity and develop a workforce

	<p>plan for managing transition</p> <ul style="list-style-type: none"> • Engage early and activity in regional reforms and build alliance with Councils within our Region, • Advocate for government funding and support for small rural Councils • Strengthening and building regional relationships will help Council navigate the transition while continuing to serve the community effectively • Adjusting workforce and resourcing to meet obligations and maintain statutory compliance, • Capacity and capability constraints – invest in staff retention and build capacity and resilience, • Cost sharing – shared service opportunity with neighbouring Councils to work on interpretation and implementation of reform including Regional Spatial Plan work • Use of exemption pathways such as Plan Change A and B to promote housing and industrial growth across district and inform regional spatial plan, • Align infrastructure and spatial planning work, ensure planning and finance teams collaborate, • Early preparation for Regional Spatial Planning requirements. • Continued alignment with TDC Growth Strategy 2023–2053.
<p>Emergency Management Bill</p> <p>The Government will implement a programme of changes in five broad areas:</p> <p>Give effect to the whole-of-society approach to emergency management.</p> <p>Support and enable local government to deliver a consistent minimum standard of emergency management across New Zealand.</p> <p>Professionalise and build the capability and capacity of the emergency management workforce.</p> <p>Enable the different parts of the system to work better together.</p> <p>Drive a strategic focus on implementation and investment to ensure delivery.</p> <p>Referred to the Governance and Administration Committee. Submissions closed 15 February.</p>	<p>Risks</p> <ul style="list-style-type: none"> • Significant new responsibilities placed on councils (including planning and governance functions) which may exceed current capacity, creating high delivery and compliance risk. • Disproportionate burden on small, rural, high-hazard councils due to scale and resource constraints. • Lack of resourcing for iwi/hapū/community participation, despite expanded expectations. • Concurrent reforms (Planning Bill / Natural Environment Bill / EM Bill) may result in conflicting hazard roles and duplicated regulatory burden. • Ambiguity in definitions (e.g., disproportionately affected communities, authorised persons, essential infrastructure providers) risks inconsistent implementation. • Compliance order powers may introduce relationship risk <p>Mitigations</p> <ul style="list-style-type: none"> • Re-prioritise emergency management work programmes to align with anticipated statutory requirements. • Allocate council resource for iwi/hapū/community engagement • Strengthen regional collaboration (CEG/EMC) to share capability and reduce duplicated effort.

	<ul style="list-style-type: none"> • Integrate EM, Planning Bill and NEB workstreams to minimise conflicting hazard responsibilities. • Clarify internal roles and procedures to align with new definitions and responsibilities in the Bill. • Identify EM cost pressures early for LTP/Annual Plan budgeting. • Develop readiness for new assurance/compliance expectations through templates, processes, and internal audit preparation.
<p>Public Works Amendment Bill</p> <p>Bill to implement results of the wider PWA review. Referred to the Transport and Infrastructure Committee. Submissions closed 27 January.</p>	<p>Amendments to the Public Works Act have implications for Council.</p> <p>The amendments are intended to streamline land acquisition processes for public works, including reduced scope for Environment Court consideration of objections.</p> <p>Authorities are required to continue seeking acquisition by agreement prior to compulsory acquisition, with proposed incentive payments and a mandatory minimum three-month period before issuing a notice of intention.</p> <p>The amendments include proposed increases to compensation, including significantly higher disruption payments, which may impact Council project budgets.</p> <p>They also enable coordinated land acquisition across government agencies for connected public works projects.</p> <p>Emergency recovery provisions introduce a streamlined land acquisition process activated by Order in Council following an emergency, reducing negotiation and submission requirements and providing entitlement to incentive payments regardless of acquisition method.</p>

4.4 In addition to the legislation currently included in the tracker, there are a number of Bills for which management input is still being finalised. Relevant managers are in the process of providing their feedback on their assessment of the potential risks to Council and proposed mitigations.

4.5 Once manager assessments are complete, the legislation will be fully incorporated into the tracker, with identified risks and mitigations reported to the Committee at a subsequent meeting.

4.6 The Bills currently subject to further assessment are listed below:

4.7 **Building Act Amendment Bill** More comprehensive changes to building consenting making it easier for private BCAs, address barriers to voluntary consolidation, national consenting body, ensuring national consistency, strengthening roles and responsibilities, new consent pathway for commercial buildings, new assurance

pathways more self-certification – further streamlining, risk and liability. First quarter 2026.

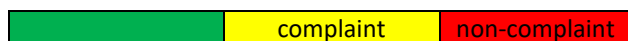
- 4.8 **Building and Construction Sector (Self Certification by Plumbers and Drainlayers) Amendment Bill** Speeds up the construction of new homes by reducing the number of inspections that must be completed for plumbing and drainlaying work. Referred to the Transport and Infrastructure Committee. Submissions closed 8 January.
- 4.9 **Building (Earthquake-prone Building) Amendment Bill** Gives effect to recent changes to the regime for assessing and managing seismic effects. Referred to the Transport and Infrastructure Committee. Submissions closed 16 February.
- 4.10 **Regulatory Systems (Internal Affairs) Amendment Bill** Omnibus Bill amending various statutes administered by the Department of Internal Affairs. Includes a provision that lifts the cap for the contracting rule under the Member’s Interest Act. Select Committee reported back. Awaiting second reading.
- 4.11 **Land Transport (Revenue) Amendment Bill.** Introduces new tolling options and other changes to the tolling process. Also makes amendments to clear the way for the movement from fuel excise to road user charges for light vehicles. Referred to the Transport and Infrastructure Committee. Submissions closed on 8 January.
- 4.12 **Infrastructure Funding and Financing Amendment Bill** Would implement refinements to the legislation for special-purpose vehicles. Referred to the Finance and Expenditure Committee. Submissions closed 20 February.
- 4.13 **Climate Change Response Act (Efficiency and Effectiveness) Amendment Bill** Bill sets the legal framework for powers and responsibilities with respect to climate adaptation. Now expected early 2026.
- 4.14 **Treaty Clauses Legislation Bill** (Title TBC) Bill implementing results of the review of existing Treaty clauses in legislation. Now expected early 2026.
- 4.15 **Local Government (Infrastructure Funding and Financing) Amendment Bill** Bill will replace development contributions with a system of development levies. Possible changes to targeted rates. Currently consulting on an exposure draft closed 20 February. Expected in the second quarter of 2026.

5. Strategic Risk Register – Top Risks

5.1 The table below summaries Council’s top strategic risks and performance against existing controls.

5.2 Strategic risks are being reviewed as part of the 2027-37 Long Term Plan project.

Risk Ratings			
Low	Moderate	High	Severe
Control Verifications			
Compliant	Some non-	Key control(s)	



No.	Risk	Risk rating	Comments on the status of non-compliant controls	GM	Control verifications
49	3 Waters Reform and Subsidies for Water and Wastewater Upgrades The risk Council is unable to fund 3 Waters while in transition.	Red	Controls compliant. Project risks related to the 3 Waters transition are reported separately below.	Hamish	Green
51	Climate Change The risk that climate change impacts are greater than forecast	Yellow	One Control Overdue (Climate considerations for the LTP). Key controls: Strategies (e.g. Financial Strategy), climate resilience projects.	CE	Yellow
103	Interest Rates The risk that interest rates are significantly different to forecast.	Yellow	Controls compliant. Key controls: Interest rate strategy, meet LGFA covenants.	Tracy	Green
159	Infrastructure Capability Risk of pressure on infrastructure from climate change and unexpected growth.	Yellow	One Control Overdue (Renewals funding). Key controls: Strategies e.g. Infrastructure Strategy, planning strategies.	Hamish	Yellow
54	Natural Disasters The risk of a significant natural disaster.	Yellow	One Control Overdue (Roading Reserve) Key controls: Financial Strategy, preparedness, insurance.	Sandy	Yellow
57	Capital Projects Do-ability The risk Council cannot deliver the planned capital programme.	Yellow	Controls compliant Key controls: Project management office and processes.	Hamish	Green
58	Sources of Funds for the Replacement of Significant Assets The risk that depreciation is inadequate to fund replacements.	Yellow	Controls complaint. Key controls: Financial Strategy	Tracy	Green
91	NZTA Waka Kotahi Funding The Risk that funding is not sufficient to meet Council objectives.	Yellow	Two Controls Overdue (NZTA and partners engagement). Key controls: Financial Strategy, relationship management.	Hamish	Yellow
48	Iwi and Māori Partnerships Council fails to maintain and strengthen partnerships.	Yellow	Controls compliant. Key controls: Governance and operational meetings, key policies, partnership agreements. The control "Council hosts regular governance meetings with Rangitāne o Tamaki Nui-ā-Rua and Ngāti Kahungunu ki Tāmaki nui-a-Rua to strengthen relationships, support iwi development strategies, and work with its partners on	Corin	Green

No.	Risk	Risk rating	Comments on the status of non-compliant controls	GM	Control verifications
			key issues.” Has been amended to “Council uses informal governance level relationship management practices to support ongoing stability in its relationships with Rangitāne o Tamaki Nui-ā-Rua and Ngāti Kahungunu ki Tāmaki nui-a-Rua.”		
158	Legislating and One Plan Changes Changes activities or levels of service impacting delivery models and funding.		Controls compliant. Key controls: Monitoring and advocating.	Corin	

6. Operational Risk Register – Top Risks

6.1 The following table provides an overview of the top operational risks from the risk register.

6.2 Operational risks are mostly controllable risk associated with the day-to-day Council operations.

Risk Ratings			
Low	Moderate	High	Severe
Control Verifications			
Compliant	Some non-complaint	Key control(s) non-complaint	

No.	Risk	Risk rating	Comments on the status of controls	GM	Control verifications
169	3 Waters: Wastewater Private Lateral Connections Mains upgrades may be compromised by private laterals in poor condition, requiring enforcement and owner-funded fixes.		Controls compliant. Key controls: Consider ownership, bylaw enforcement, infiltration and inflow strategy.	Hamish	
175	Emergency Management: Climate Change Increasing frequency of events impacts preparedness capacity while in response or recovery.		Controls compliant. Key control: reliance on government support for recovery. Key treatment: From Gabrielle review proposal to build a reserve for recovery	Sandy	

No.	Risk	Risk rating	Comments on the status of controls	GM	Control verifications
			office resourcing.		
52	Non-compliance with Statutory Requirements (Council as consent holder) E.g. drinking water standards, consent conditions, regulatory legislations.		Controls compliant. Key controls: internal resourcing, capital projects, community engagement, regulator relationships, insurance.	Hamish	
204	Transportation - Climate Change and Resilience Road network vulnerability to extreme weather.		Controls compliant. Key strategies: Enhancing infrastructure resilience, improved drainage, emergency preparedness, monitoring, climate adaption.	Hamish	
131	Information Services - Cyber attack Compromised systems from cyberattack.		Controls compliant. Key controls: Disaster Recovery Plan, systems maintenance, security assessments, staff training.	Kawtar	
44	The Technical or Structural Failure of one or more Critical Infrastructure Assets Leading to service disruption.		Controls compliant. Key controls: Asset management, condition assessments, monitoring, critical asset register, spares.	Hamish	
45	Information Services – Significant IT Failure Leading to service disruption		Controls Compliant. Key controls: Business continuity, disaster recovery, improvement plan, insurance.	Kawtar	
47	Health and Safety Notifiable Event Failure to effectively manage H&S obligations lead to serious injury.		One control partially complaint (Risk reviews have focused on critical risks and delayed review of non-critical risks) Key controls: Risk register reviews, H&S Committee, inductions, SiteWise, ELT and governance reporting, H&S Strategy, Safe365, SafePlus	Sandy	

7. Long Term Plan Project – Top Risks

- 7.1 The table below summarises risks to the successful delivery of the Long Term Plan project.
- 7.2 The risk register is managed by the LTP Project Team and reviewed at each project meeting with issues escalated to ELT.
- 7.3 Three risks have surfaced for the Project Team since the last report to the Committee and these are being assessed and control measures established

Risk	Risk rating	Comments on the status of controls	Control Verification
<p>Statutory non-compliance / auditability gaps</p> <p>The LTP project produces outputs that don't meet statutory requirements or can't be evidenced properly resulting in a qualified CD or LTP audit opinion.</p>		<ul style="list-style-type: none"> • Monthly review of Taituarā 2027 LTP Health Check • Complete the Taituarā 2027 Quality Assurance Checklists • Document control and audit • "Stand back test" review of financial and infrastructure strategies • Compliance signoffs 	
<p>Milestone and key deliverable slippage</p> <p>The project misses key milestones because dependent tasks don't land on time resulting in risk to adoption dates, rushed decisions, staff burnout.</p>		<ul style="list-style-type: none"> • Detailed integrated schedule with 3 immovable deadlines: Consultation audit, Consultation, Adoption. • Surge resourcing • Early engagement with Audit NZ 	
<p>Elected member decision making</p> <p>EMs don't receive the right information early enough to decide, or provide direction that changes repeatedly because tradeoffs weren't fully visible leading to rework late in the programme, unclear public narrative, diminished confidence from auditors and stakeholders.</p>		<ul style="list-style-type: none"> • Options and implications papers • Sequenced decision gates • Mayor pre-briefs • Track decisions v planned gate dates • Escalate delays and issues to CE/Mayor • Bring to Council early for "draft decisions" that impact subsequent decisions 	
<p>Audit NZ re-work</p> <p>Audit NZ identifies issues that require substantial redrafting, leading to time pressures, unplanned costs and strained audit relationship.</p>		<ul style="list-style-type: none"> • Early informal check-ins on high-risk sections (Financial Strategy, Assumptions) • Single person to "direct traffic" towards resolution of misstatements • Clear direction from CE about organization priorities during audit period 	
<p>Project staffing and capacity gaps</p> <p>Key people aren't available when needed due to competing BAU priorities, turnover or leave, fatigue during intensive phases.</p>		<ul style="list-style-type: none"> • Team-based delivery of outputs • Leave/clash forecast • Short term contractor and editorial support • Reassign BAU • Regular GM check ins with their teams on deliverables • Build in buffer to project timeline • Early communications about deliverables 	

Risk	Risk rating	Comments on the status of controls	Control Verification
<p>Project communications and document quality</p> <p>The CD and LTP don't clearly explain the issues, options, and consequences leading to a weakened mandate for decisions.</p>		<ul style="list-style-type: none"> • Communications plan • Targeted engagement • Iwi/sector engagement • Plain English reviews • Quality assurance 	
<p>Late or unclear external inputs</p> <p>Critical inputs needed to finalise documents arrive late (including NZTA and CCO confirmations) leading to time and quality pressures.</p>		<p>The project team will be reviewing this risk in April 2026.</p>	
<p>Business continuity disruption (e.g. emergency response)</p> <p>Key staff are diverted to response and recovery duties during critical LTP windows leading to time and quality pressures.</p>		<ul style="list-style-type: none"> • Minimum viable LTP plan • Critical LTP staff ring fenced from response • Early warning from Emergency Management of needs • Identify pinch points for Comms team in anticipation of an event and enable surge staff planning 	
<p>Iwi engagement</p> <p>The risk is that we fail to successfully get iwi engagement in critical LTP workshops.</p>		<p>This risk has been added to the LTP project top risks list and risk rating and controls will be assessed during April 2026.</p>	
<p>Systems Improvement Bill</p> <p>The risk is that the Bill does not proceed in its current form requiring re-work later in the LTP project.</p>		<p>This risk has been added to the LTP project top risks list and risk rating and controls will be assessed during April 2026.</p>	
<p>Waters Transition</p> <p>There are also a number of statutory planning processes underway, including the Annual Plan, Long Term Plan (LTP), and the Water Services Delivery Plan (WSDP). The timing and requirements of the transition work may require aspects of these plans to be revisited or recast as the programme progresses.</p>		<p>This risk has been added to the LTP project top risks list and risk rating and controls will be assessed during April 2026.</p>	

8. Local Water Done Well – Top Project Risks

8.1 The table below provides an update on top risks for the Local Water Done Well project.

8.2 Note an increase in risk rating for the People and Workforce risk

Risk	Inherent risk rating	Key controls	Residual risk rating
<p>People & Workforce:</p> <p>Prolonged uncertainty leading to exits from Council and pressure on remaining staff.</p>		<ul style="list-style-type: none"> Engagement with, and communications to, staff about reforms. Early and transparent work on organisational design. The workforce requirements are still being determined and these will impact both the company and LTP requirements. 	
<p>Mana Whenua / Iwi engagement:</p> <p>Role of iwi in future governance arrangements is not well defined and could lead to unsatisfactory outcomes for iwi and damage to iwi/Council relationships.</p>		<ul style="list-style-type: none"> Early engagement with iwi. Sharing information with iwi partners. 	
<p>Direction - political / governance / legislative:</p> <p>Change in policy direction following October 2025 election leads to fundamental change in viability.</p>		<ul style="list-style-type: none"> Strong collaboration. Decisions provide a strong path for the newly elected council to follow. Case for change well understood; Negotiation of matters to Transfer will be a matter of tension between CCO and councils. 	
<p>Direction - political / governance / legislative:</p> <p>Change in TA's opting for regional CCO model leads to fundamental change in viability.</p>		<p>Risk resolved – no longer applicable</p>	
<p>Direction - political / governance / legislative:</p> <p>Model does not sufficiently remove political influence leading to shareholders too involved in operational matters and challenges reaching agreement.</p>		<ul style="list-style-type: none"> Monitor and advocate for relevant legislative change. Apply DIA supplied templates for key governance documents including shareholder arrangements and statement of expectations. 	

<p>Direction - political / governance / legislative:</p> <p>Too many political decision points extend beyond period of uncertainty and distract from transition work programme.</p>		<ul style="list-style-type: none"> • Regular communications. • Provide submissions and feedback as appropriate. • Good governance structures to allow the development of the CCO purpose and structure. 	
<p>Asset and Operational Risk:</p> <p>Gaps in asset data, assets in poorer condition leads to a negative impact on the financial model.</p>		<ul style="list-style-type: none"> • Early identification of data gaps. • Review of Council risk registers and AMPs. • Confirm that the maturity of council partners is inconsistent and in particular South Wairarapa requires significant consideration. 	
<p>Relationships / stakeholders / communities:</p> <p>An effective engagement and communication model between TA's and the CCO is not established, leading to conflict and misunderstandings.</p>		<ul style="list-style-type: none"> • Careful structuring of governance and relationship agreements. • More information will be known following the conclusion of consultation by the respective councils. 	
<p>Day 1 Roles and Responsibilities - BAU and Incident and Emergency Systems:</p> <p>Lack of clarity around working relationships, roles, and responsibilities at day one with potential for misunderstanding, duplication, or ineffective incident response.</p>		<ul style="list-style-type: none"> • Careful structuring of governance and relationship agreements. • Structures now in place • Completed allocation schedules. Staff inductions 	
<p>Service Delivery:</p> <p>Transition activities put pressure on Council resources impacting existing LoS.</p>		<ul style="list-style-type: none"> • Clear lines of communication between RRT and Councils. • Prioritisation of effort. • Councils work closely to manage pinch points and mitigations. • Adequately resource RRT and internal transitions. 	
<p>Service Delivery:</p> <p>Lack of clarity for customers / residents around CCO and Council responsibilities day 1 leads to increase in enquiries and damage to customer relationship.</p>		<ul style="list-style-type: none"> • Proactive multi-channel communication strategy and campaign pre and post transition. • Clear relationship agreements. Planning and funding through LTP. 	
<p>Transition Process / Establishment:</p> <p>IT systems are not completed in time or delay day 1 leading to confusion, reputation impacts, delays or errors in</p>		<ul style="list-style-type: none"> • Very clear direction on requirements and timeline. • Set assumptions and requirements early. Allocate adequate resources. 	

collection of payments.		<ul style="list-style-type: none"> Advocate that CCO is responsible for billing from Day 1. 	
<p>Transition Process / Establishment:</p> <p>Insufficient resourcing (staff and budget) to stand up the transition leading to an unsuccessful transition and positive outcomes not realised.</p>		<ul style="list-style-type: none"> Define resources required as part of options appraisal. Budget in Annual Plan post LWDW consultation. Seek additional government funding (now received \$250k spread to the four councils). Incorporate likely costs into debt transfer and CCO financial projections. 	
<p>Transition Process / Establishment:</p> <p>Lack of, or delay in creating, roadmap meaning requirements for councils uncertain, difficult to plan for including AP/LTP.</p>		<ul style="list-style-type: none"> Binding deadline for go/no go decision. Monitor legislation for hard stops. UPDATE – decision made Regular communication. Advocate / make submissions to government where appropriate: LGFA is a key stakeholder 	

Attachments

Nil.



Report

Date : 16 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Stephen Dunn
Risk & Assurance Advisor
Subject : **Assurance Management Report**
Item No : **7.7**

1. Recommendation

1.1 *That the report from the Risk & Assurance Advisor dated 01 April 2026 concerning the Assurance Management Report (as circulated) be received and adopted.*

2. Reason for the Report

2.1 To update the Committee on matters relating to Assurance.

3. Risk and Assurance Work Programme

3.1 This section tracks the process of the Committee work programme for the 2025-2028 triennium.

3.2 The work programme is on track except for the following exceptions:

3.3 A workshop was programmed for this afternoon however an LTP workshop has been prioritised in its place. The All of Government Risk Maturity Assessment and Health and Safety Governance Training will be re-scheduled to a later date.

3.4 The Committee was due to receive an updated Environmental Scan however this has been delayed pending further updates due on bills currently in the government's legislative programme, and to align with Long Term Plan project timings.

3.5 A review of the Risk Management Framework has been deferred until later this year to give the Committee an opportunity to review how the risk appetite performed during development of the LTP.

3.6 The SafePlus Assessment will now take place in July 2026 (refer to Health, Safety, and Wellbeing Management Report)

4. Audit New Zealand

4.1 The monitoring table below provides an update on outstanding Audit New Zealand recommendations for previous Annual Report and Long Term Plan audits.

4.2 It does not include audit recommendations that have been closed out and previously reported to the Committee.

Audit New Zealand Priority				
Beneficial	Necessary	Urgent		
Management actions status				
Complete	On hold	On track	Revised but on track	Off track

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
100049	Implement one-up approval for purchases. (First raised 2016)		Implement one-up for invoices without a purchase order. Esker system changes complete, user testing complete. Implementation programmed for 1 May.	Tracy	Jun-2025 Sep-2025 Feb-2026 May 2026	
			Implement one-up for invoices without a purchase order. Esker system changes complete, user testing complete. Implementation programmed for 1 May.	Tracy	Apr-2025 Sep-2025 Feb-2026 May 2026	
			Implement Esker accounts payable software.		Complete	
100047	Implement and test organisational business continuity and disaster recovery plans. (First raised 2016)		Implement and test an organisational business continuity plan. Plan drafted and in review process.	Sandy	Dec-2025 Jun 2026	
			Implement and test an organisational disaster recovery plan. Plan complete.	Kawtar	Dec 2025	
			Implement Covid-19 business continuity plans.		Complete	

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
	Ensure capital expenditure approved within delegated authority. (2022)		<p>Update the Procurement Policy and associated processes. Feedback from the Committee has been incorporated into the updated Policy and we are waiting on final iwi feedback before submitting for Council approval in May.</p> <p>There has already been significant updates and improvements to procurement processes.</p> <p>The existing Procurement Policy remains in place meantime.</p> <p>The recent procurement internal audit has also provided recommendations to improve expenditure approval (see Section below)</p>	Jess	<p>Jul-2025</p> <p>Sep-2025</p> <p>Mar-2026</p> <p>May 2026</p>	
			Implement Project Management Framework.		Complete	
			Establish Project Management Office.		Complete	
			Implement Esker Accounts Payable software.		Complete	
100077	Introduce a process to independently review documented assets in RAMM. (2023)		<p>Roading: the Tararua Alliance undergo NZTA Technical Audits and Downer asset management practice audits. They are also in the initial stages of ISO55001 accreditation in Asset Management so this action will be suitably covered by these ongoing audits.</p> <p>April Update: ISO55001 accreditation received.</p>	Hamish	Complete	
100079	Dedicate resources to undertake the actions in the Infrastructure Strategy Improvement Plan and ensure progress is monitored and reported. Especially develop an asset criticality framework. (2024 LTP)		<p>Review and update criticality list. (Infrastructure Strategy)</p> <p>Roading: a draft framework and criticality asset list is complete with work to refine criticality factor weightings in progress.</p> <p>3Waters: a criticality list of treatment plants, intakes, transmission lines, and core reticulation assets is complete.</p>	Hamish	Dec 2026	

No.	Recommendation	Priority	Actions	Group Manager	Due Date	Status
			Develop formal criticality system. (Infrastructure Strategy) April Update: Infrastructure Strategy will cover Rooding asset criticality. Updated 3 Waters AMP will be adopted by CCO.	Hamish	Dec 2025 Dec 2026	
			Implement monitoring and progress reporting for the Infrastructure Strategy Improvement Plan. A progress update will be provided at the end of the financial year. Ongoing – once the actions above are complete we will provide an update into the last meeting for the financial year.	Hamish	Jul 2025 Jul 2026	

5. Internal Audits for Health, Safety, and Wellbeing

5.1 The following table provides a summary of outstanding recommendations from the 2021 SafePlus audit and a 2021 Impac hazard register audit.

5.2 This report continues the Committee’s regular monitoring of the H&S internal audit recommendations. Four recommendations have previously been closed, one is being closed as part of this report, and the table below outlines the six remaining open recommendations currently being progressed.

Management actions status				
Complete	On hold	On track	Revised but on track	Off track

No.	Recommendation	Actions	Due Date	Status
2021 SafePlus Onsite Assessment and Advice Report				
64A 64D	Have ELT develop a Health, Safety, and Wellbeing Strategy that includes: <ul style="list-style-type: none"> Goals and objectives. Critical risks and mitigations. 	Develop a Health, Safety, and Wellbeing Strategy Complete	Jul 2025 Oct 2025 Mar 2026 Complete	
		Involve the Health & Safety Committee in developing the Health, Safety, and Wellbeing strategy. On agenda for May H&S Committee	Complete	

No.	Recommendation	Actions	Due Date	Status
	<ul style="list-style-type: none"> Effectiveness of risk mitigations. A work programme. Due diligence activities. Measurement framework. 	<p>meeting.</p> <ul style="list-style-type: none"> Implement a Due Diligence Plan. Identify critical risks and mitigations. Establish measurable goals and objectives. Adopt measures for chief executive and elected members due diligence activities. 	Complete	
66E 68B 68C	<p>Centralise all contractor health & safety data, including inspections and event reports, to track critical risks, best practices, and performance. Ensure assessment tools collect useful data on contractor risks and control effectiveness, providing lead indicators for safety management.</p> <p>Identify staff responsible for contractors and ensure they understand overlapping duties. Assist in developing health and safety assessment tools if needed.</p>	<p>Implement contractor H&S induction and monitoring processes. (See the Health, Safety, and Wellbeing Management Report).</p> <p>This was a project in the 2025 Workplan that has been carried into 2026 as a 12-month project.</p> <p>In the meantime, contract managers do provide H&S induction and monitoring, however this is not to an organisation wide standard. The H&S team provide regular support to contract managers on induction and monitoring.</p>	<p>May 2025 Dec 2025 Mar 2026 Dec 2026</p>	
		Implement SiteWise contractor H&S pre-qualification.	Complete	
66F	Review how Council manages its overlapping duties in relation to the Tararua Alliance.	<p>Additional H&S reporting to the Committee has been commenced. A review of how Council manages its overlapping duties in relation to Tararua Alliance will be completed this financial year.</p> <p>November 2025 Update:</p> <p>Review in progress with Council providing input into updates to the Tararua Alliance H&S Policy and Manual.</p> <p>February 2026 update:</p> <p>The Council H&S Coordinator attends Alliance Zero Harm Leadership and H&S Committee meetings. An Alliance representative attends Council H&S Committee meetings.</p> <p>April 2026 Update: Additionally to this we have TDC representation on the PG Board for the Alliance and the Alliance reports it's Zero</p>	Complete	

No.	Recommendation	Actions	Due Date	Status
		Harm (HSE) results into Council committees.		
66K	Ensure contract managers have the technical knowledge required to assess safety for critical tasks such as excavation, working at heights, and confined spaces.	Develop and implement a Contract Management Policy and processes. (See Section 4 Policy Review Programme) This will be part of the critical risk review programme for 2026. In the meantime, the H&S team provide support where requested and has communicated to contract managers about permit to work requirements.	Dec 2025 Dec 2026	
69A 69B	Develop a workplace mental health framework with prevention, early intervention, and support strategies. Define clear goals, measure outcomes, and assess available resources. Create guidance to help managers assist struggling staff.	A Wellbeing Framework is being developed as part of the 2026 workplan.	On hold Jun 2026	
2021 IMPAC Hazard Register Review				
62A	Include electricity and live equipment as hazards in the risk register and implement permission to work and lock out tag out requirements.	Electricity is in the register and LOTO is a control for machinery. Permission to work requirements are not centrally implemented yet. LOTO and permit to work requirements will be updated as part of the critical risk review in the 2026 workplan. In the meantime, H&S provide support and have provided information and guidance to managers.	TBA Feb 2026 Jun 2026	
63A	Review water and wastewater activities to identify where confined space entry is required and implement missing controls.	Confined space entry is not done by Council staff and is done by contractors. Permit to work processes are not currently centralised. Now included in critical risk review programme for 2026.	TBA Feb 2026 Jun 2026	

6. Procurement Internal Audit

- 6.1 As part of the 2023–2025 internal audit programme, Council undertook an internal audit of procurement activities to assess compliance with procurement policy, delegated authority, record-keeping, and conflict of interest requirements.
- 6.2 Completed in August 2025 using internal resources, the audit sampled 29 procurement transactions across multiple years and focused on systemic risks rather than individual decisions.

- 6.3 The review identified improving maturity, particularly following recent resourcing of the Procurement Team, alongside opportunities to strengthen documentation, conflict management, delegated authority controls, and contract oversight.
- 6.4 This report continues the Committee’s regular monitoring of the internal audit recommendations. Three recommendations have previously been closed, two are being closed as part of this report, and the table below outlines the six remaining open recommendations currently being progressed.

Management actions status			
On hold	On track	Revised but on track	Off track

No.	Recommendation	Actions	GM	Due Date	Status
100101	Review and clarify the Delegations Policy regarding Chief Executive and Group Manager authorities.	The current delegations have been reviewed and clarified. Further work to be done to ensure these are fit for purpose and appropriate. See separate report to the Committee. Complete.	CE	Feb 2026 Complete	
	Include a mandatory signatory check in procurement processes.	This has been included in the procurement process and mapped in our workflow (see Loki page). Complete	Jess	Mar 2026	
100100	Standardise conflict of interest declarations for procurement decisions.	These are standardised for all procurements through the procurement team. We have included a section on COI process in the procurement manual and will provide training on this as part of implementation. NB COIs obtained as part of evaluation / RFP processes are saved in confidential TRIM folders in alignment with MBIE guidance. Recommendation that Internal Audit is granted access to these folders to complete compliance checks. Complete	Jess	Mar 2026 Complete	
	Conduct periodic spot checks for compliance.	First compliance checks complete and added as a quarterly risk control.	Sandy	Dec 2025	

No.	Recommendation	Actions	GM	Due Date	Status
I00102	Review and make recommendations on how Council engages and monitors consultants, including controls for contract extensions, delegated authority checks, and performance tracking.	As above, there is guidance on Loki for extensions, renewals and variations. Work is underway on understanding specific target areas in the organisation. Recommendations will be pulled through into our training implementation plan. On track.	Jess	Jun 2026	
I00103	Quarterly spot check on compliance with H&S pre-qualification requirements.	Spot checks being undertaken.	Sandy	Mar 2026 Complete	
I00104	Establish a centralised contract expiry and Section 17A review calendar with automated reminders. Responsibility for the tool is with Procurement and responsibility for reviews is with the contract manager.	Contract register hygiene check underway; this will form the basis of our known contract expiry register. More work needs to be done to get automated reminders functioning but remains a focus. Still underway although tool will require budget and be looked at as part of ERP project.	Jess	Jun 2026	
I00105	Continue to promote and monitor purchase order (PO) use, with compliance reporting to ELT.	Purchase order use regularly promoted.	Tracy	Ongoing Complete	
I00107	Establish consistent vendor selection practices, including when to request business profiles and how to assess supplier capability and continuity.	Will be included in the Procurement Manual. Completion date aligned to completion of procurement manual above.	Jess	Mar 2026 Jun 2026	
I00108	Consider establishing a formal supplier complaint handling process in the procurement processes in development.	Will be included in the Procurement Manual. Completion date aligned to completion of procurement manual above.	Jess	Mar 2026 Jun 2026	

7. Tararua Alliance Performance Audit

- 7.1 The annual Performance Audit of the Tararua Alliance was undertaken on 6 November 2025 to assess performance against the EFQM 2020 Performance Framework for the 2024/25 year.
- 7.2 Conducted by representatives from Council, Downer, and an independent auditor, the audit reviewed strategic direction, execution, and results, including financial performance and capability development.
- 7.3 The findings confirmed steady progress in applying the EFQM 2020 model, sound cost control, and continued commitment to agreed performance measures, with opportunities identified for further refinement and long-term sustainability.

7.4 The full report was provided to the Committee at the public excluded section of its February 2026 meeting.

7.5 The table below details the full list audit recommendations and management actions for the Committee to monitor. Twelve recommendations have been closed to date, and the team are working through the final four recommendations.

Management actions status			
On hold	On track	Revised but on track	Off track

No.	Recommendation	Actions	Due Date	Status
Purpose, Vision & Strategy; Organisational Culture & Leadership				
100117	Articulate and reinforce the direction of the Alliance to employees to ensure behaviour is aligned	The Alliance Strategy is now a key topic in our Management meetings and All Staff Toolboxes. The Alliance Manager provides updates on how the Alliance is performing against the Strategy. The Alliance Manager also reports on the progress of the Strategy to the Principals Group.	Ongoing	
	Consider if the KPI weighting of the EFQM for Direction suitable at 18%.	A review of the Framework has taken place and a proposal for a few key amendments will be submitted to the PG for approval in June.	Jun 2026	
	Continue to measure the quality of the action items raised / closed versus the total quantity raised / closed as a base measurement.	The action register has been updated to prioritise actions, and we are now tracking only high-quality actions. Our focus is on initiatives that deliver meaningful outcomes and align with our strategic priorities.	Complete	
	Ensure the Principal Group adopt a governance role apportioning time across Direction / Execution / Results.	As part of the PG meetings, Performance Framework is an agenda item where the PG discuss these KRAs.	Complete	
	Consider alternative methods to celebrate success keeping it fresh and alive.	Celebrating success is on our ALT monthly meeting agenda. We have included in our agenda to discuss alternative methods.	Complete	
Execution: Engagement; Creating Sustainable Value; Driving Performance & Transformation				
100118	A longer-term strategic approach needs to be taken in relation to Training & Development of key talent.	The Alliance now has a more thorough process in creating development plans for our staff. This is helping with reporting how development plans are progressing. With this report, monthly meetings will be arranged to ensure our key talent are progressing through their development plans. This reporting tool also tracks critical role succession planning.	Complete	

No.	Recommendation	Actions	Due Date	Status
	A rolling program needs to be developed to ensure that financial budgets are aligned with the asset management strategy.	The Maintenance Intervention Strategy (MIS) has now been updated within the Alliance Maintenance Management Plan. A three-monthly rolling maintenance plan is used to ensure alignment with the financial budgets and the MIS is met.	Complete	
	Zero Harm Culture requires more management focus to keep it front of mind, not something you do at month end to achieve target numbers.	The Alliance has had a refresh of our Zero Harm Leadership Committee (ZHLC) to ensure the Alliance drives a strong ZH culture. As part of this committee, we will be reviewing the quality of these audits and identifying trends and areas of improvement in the ZH space.	Complete	
	Management needs to ensure that asset data collected is used effectively to accurately make data-based decisions across the wider spectrum of asset management related activities.	Our decision-making criteria is now documented in the Asset Management Plan (AMP) and Maintenance Management Plan (MMP). All decisions regarding Maintenance and Renewals for core asset types are based on multi criteria analysis. This is further documented in the MMP.	Complete	
	The cost of re-work needs to be accurately captured including follow up investigation to capture lessons learnt.	Our Quality Management Plan has been updated to reflect a more thorough process to capture our Non-Conformances and how they will be investigated.	Complete	
	The new iteration (risk-based approach) of temporary traffic management will require careful management to implement.	This has been discussed at the PG and the agreed approach is to have a soft transition through the 26/27 FY with the intention to be fully compliant with NZGTTM by Jun 2027.	Jun 2027	
Results: Strategic & Operational Performance; Stakeholder Performance				
100119	Undertake a full review of all customer compliments and complaints to help identify any trends that might require correcting or learning from.	The Alliance is analysing customer request trends to provide Council with clearer insights into emerging patterns and the underlying drivers behind them. This information will be documented in the Activity Management Plan	Jun 2026	
	Continue to further develop the wider stakeholder group to better understand their requirements.	Review and update Stakeholder Management Plan	Feb 2026 Jun 2026	
	Use the bi-annual staff survey information to assist with training & development plans for all staff.	Our Voice of Employee (VOE) surveys are carried out bi-annually and the results are reviewed by the ALT to implement initiatives. The next VOE survey is due Dec 2025.	Complete	

No.	Recommendation	Actions	Due Date	Status
	Undertake twice yearly individual staff performance reviews ensuring follow up on agreed action plans for development	The Alliance performance process is structured around our system, beginning with setting and developing actions at the start of the year, followed by a mid-year review, and concluding with an end-of-year assessment to evaluate individual performance. As outlined in our recommendations regarding key talent, we will implement monthly check-ins to ensure continued development and progression.	Complete	
	Consider alternative forms of construction methodology to deliver physical works.	We are constantly looking at initiatives as to how we can deliver better value for money. These are captured in our Value-Added register and reviewed monthly at ALT meetings.	Complete	

Attachments

Nil.



Report

Date : 15 April 2026
 To : Chairperson and Committee Members
 Risk and Assurance Committee
 From : Gillian Anderson
 Health and Safety Coordinator
 Subject : **Health, Safety and Wellbeing Management Report**
 Item No : **7.8**

1. Recommendation

1.1 *That the report from the Health and Safety Coordinator dated 02 April 2026 concerning the Health, Safety and Wellbeing Management Report (as circulated) be received.*

2. Reason for the Report

2.1 To provide an update to the Risk and Assurance Committee on health, safety, and wellbeing matters, including critical risk management, actions taken to strengthen controls, contractor management and incident overview.

3. Key Indicator Reporting

3.1 The following table provides an update on reporting indicators.

3.2 Indicator Table for 2026

Indicator	Target	Actual	Comments	Type	Status
Notifiable Incidents	Nil	Nil		Lag	
% New Staff H&S inductions completed	100%	100%		Lead	
Pre-qualification - % contractors pre-qualified	100%	91% (+2%)	There are 160 contractors in the pre-qualification system, 145 of those hold a current pre-qualification.	Lead	

Indicator	Target	Actual	Comments	Type	Status
Number of council conducted audits on contractors	Baseline		New indicator. See Section 8 below	Lead	
Reporting to ELT and RAC occurs quarterly	100%	100%		Lead	
SafePlus Assessment	Performing	Performing (2021 result)	Council did not participate in the Nov-Dec 2023 assessment. See section 9 for details of the upcoming SafePlus assessment.	Lead	
H&S staff survey	75%	67.5%	Following from the first survey, a survey will be conducted in the first quarter 2026. Survey is scheduled for April.	Lead	
H&S Critical Risk reviews	3	1	Reviews of critical risks and associated controls are being continually undertaken to confirm their effectiveness and identify any potential gaps. Completed reviews will be reported to the Committee to support its due diligence responsibilities. Hazardous Substances risk review for water treatment plants is complete and with the 3Waters team for review. Next review will be Stress and Fatigue aligned with the introduction of a Wellbeing Framework.	Lead	
H&S Committee meetings held for 2026	11	2		Lead	

4. 2026 Health, Safety, and Wellbeing Workplan

4.1 The Health & Safety team workplan for 2026 is grounded by the overarching goal of “Health, Safety & Wellbeing is considered in everything we do”.

4.2 2026 Workplan

Project	Comment	Due Date	Status
Contractor Management	Support Contract Managers with the process of pre-qualification, induction, monitoring and review of contractor’s work.	12mth project	
Wellbeing Framework	Draft a Wellbeing Framework. A draft framework is complete and is now in the review and staff engagement stage.	1 st Quart – 31 March	
Critical Risk Reviews	Coordinate reviews of critical risks and controls. Report to Committee when reviews have been completed including findings.	June 2026	

Project	Comment	Due Date	Status
	Finalisation of WTP Hazardous Substances, followed by critical risks requiring permits to work as a priority.		
Guidelines / Loki (previously called H&S manual update)	Schedule time to continue the development of Health, Safety and Wellbeing pages on Loki. Update and develop guidelines to support our policy and Loki pages.	December 2026	
Health, Safety and Wellbeing Policy Rollout	Support the rollout of the policy from the CE and ELT to managers and staff.	3 rd Quart – 31 st Aug	

5. Critical Risks

5.1 The table below provides an update on critical risk controls from the Health, Safety and Wellbeing Risk Register, highlighting any non-compliance with existing controls.

5.2 Controls are allocated to managers for sign-off at scheduled points throughout the year. Where more than one manager is responsible for a control, it is considered non-compliant if any sign-off identifies it as such.

5.3 Council's critical risks are:

- Stress and Fatigue (Risk Factor),
- Hazardous Substances,
- Working Alone or Remotely,
- Contractor Management, including confined spaces, working at heights, and forestry operations
- Violence and Aggression,
- Driving.

5.4 Critical Risk Control Status Table

Risk Ratings			
Low	Moderate	High	Severe
Control Verifications			
Compliant	Some non-complaint	Key control(s) non-complaint	

No.	Risk	Risk Status	Non-Compliant or overdue controls	Control Status
97	Stress & Fatigue (Risk Factors)		<p>All controls compliant except for the two listed below.</p> <p>Non-compliant: People leaders hold mental health first aid training. Training booked for 18 June 2026.</p> <p>Overdue: Some managers are yet to sign off 'Prioritisation of workloads by managers and teams' control.</p>	

No.	Risk	Risk Status	Non-Compliant or overdue controls	Control Status
94	Hazardous Substances		All controls complaint except the one listed below. Non-compliant: Asbestos awareness and identification training due and a suitable training provider is being sourced.	
150	Hazardous Substances – Biological - Sharp Object Injuries		All controls compliant.	
93	Working Alone or Remotely		All controls compliant.	
98	Contractor Management		The controls for pre-qualification, induction, and implementation of JSA's or H&S plans are all complaint. The non-complaint control relates to auditing and monitoring. See Section 8 below.	
99	Psychosocial Harm – Violence and Aggression		All controls compliant except for the below. Overdue for sign-off: de-escalation training is overdue and is being scheduled for June 2026.	
92	Driving		All controls compliant except for the two listed below. Overdue for sign off: Vehicle User Policy is up to date and new staff are inducted to this Policy. Refer to Policy Programme Report to this Committee for details. Non-compliant: Driver training is made mandatory for staff that have low safety scores through ERoads. Policy and process for this control has been drafted.	

5.5 Escalated Risk Controls

5.6 The below table relates to hazards or risks that have previously been escalated to the Committee through incident investigations.

No.	Risk	Risk Status	Non-Compliant or overdue controls	Control Status
147	Slipping into Ponds – Water & Wastewater Treatment Plants		A H&S incident prompted a review of wastewater fencing which identified significant deficiencies at the Pahiatua and Eketāhuna wastewater plants and some deficiencies at other plants. The fencing project is in Yr1-4 of the LTP. Work on the Pahiatua and Eketāhuna wastewater plants has been prioritised.	

No.	Risk	Risk Status	Non-Compliant or overdue controls	Control Status
			<p>Eketāhuna – Temporary improvements made to the entrance fencing. Remedial work remains programmed pending sewer works to be done. No exact time frame.</p> <p>Pahiatua – Fencing completed.</p>	
171	Pahiatua Water Treatment Plant – Gas/vapour		All key remedial actions are now complete.	

5.7 Critical Risk Reviews

5.8 Three critical risk control reviews are programmed for this year.

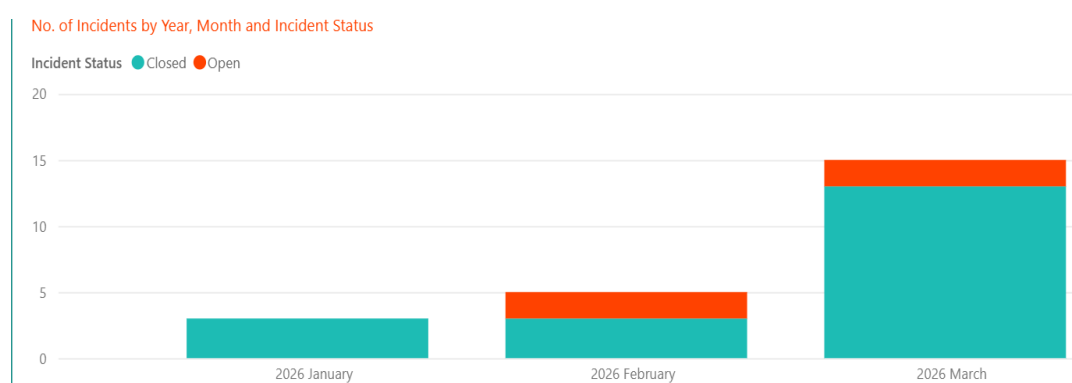
5.9 The review of Hazardous Substances for Water Treatment Plants is complete and currently being reviewed by the team with follow up to be completed and controls updated by July 2026 for reporting to the Committee. There have not been any significant deficiencies identified to date.

5.10 The second review will be for Injuries and Psychosocial Harm Due to Workplace Violence and Aggression, including Stress and fatigue (risk factors) as part of the development of the Wellbeing Framework.

5.11 The third has currently not been identified. This allows us to react should an obvious trend become evident and adjust accordingly.

6. Incident Reporting Trends

6.1 The table below shows incident reports for first quarter of 2026.

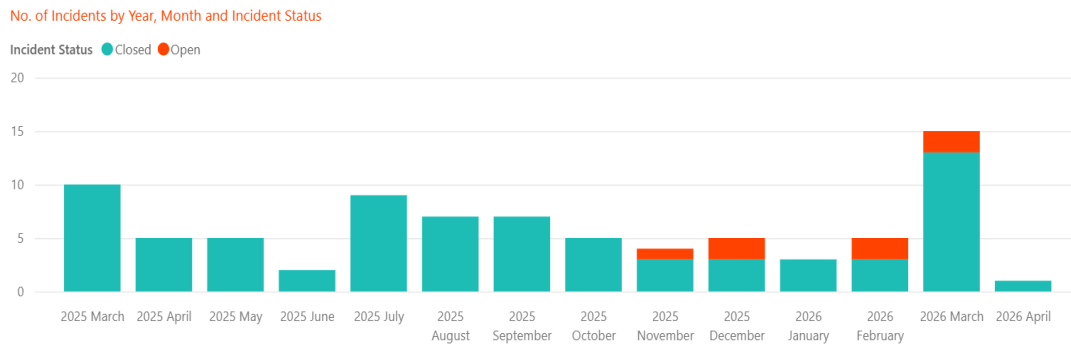


6.2 The following table provides all incident reports submitted from 12 February 2026 – 1 April 2026. Some are represented twice as more than one category can be selected on creation.

Event Type	No.	Additional information of note
Aggression	9	No physical assaults have occurred. Reports relate to verbal aggression including swearing and/or raised voices. Teams involved include Customer Engagement, Animal Control, and the Facilities team (contractor or tenant involved).
Injury incident	2	Minor.
Stress / Wellbeing	3	Ranging from a disgruntled customer to carpark issues.
Slip, Trip or Fall	1	No injuries. Dannevirke Library, member of the public.
Vehicle incident / Driving	4	Minor Council vehicle incidents. One relating to Gyrocopter at the aerodrome.
Plant & Equipment Damage	2	Including theft at Oringi Business Park.
Total	21	Four remain open to complete feedback loop.

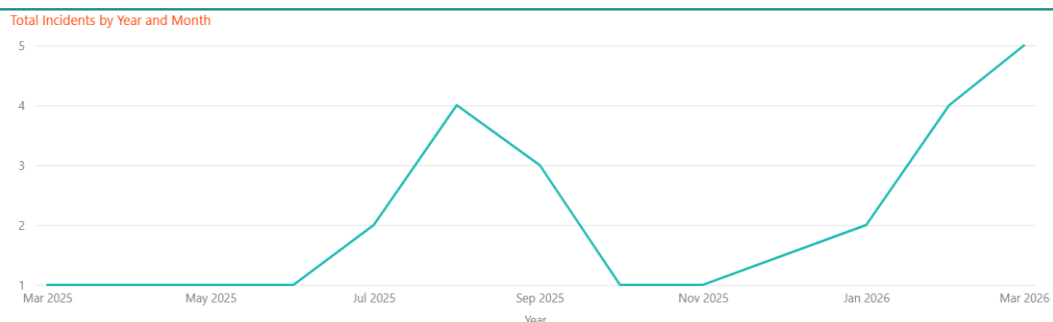
6.3 Year to date incident reporting trends.

6.4 The graph below shows incidents per month for a rolling 12-month period, including status – open or closed.

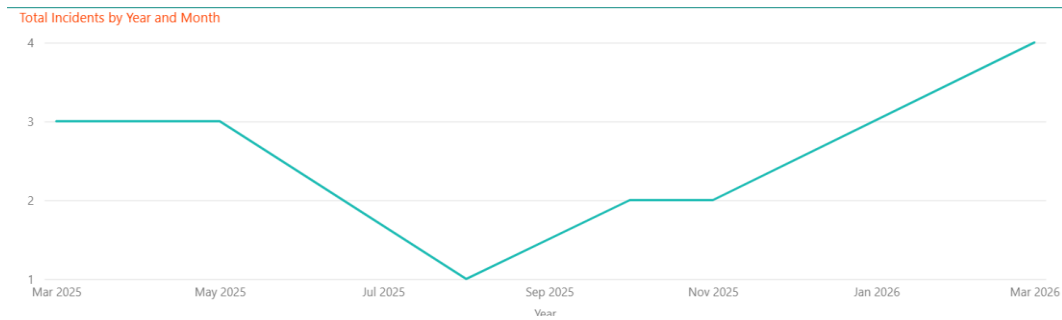


6.5 Trends in the last 12-month period show aggression (26), vehicle incidents (18) and stress/wellbeing (15) as being the highest reported.

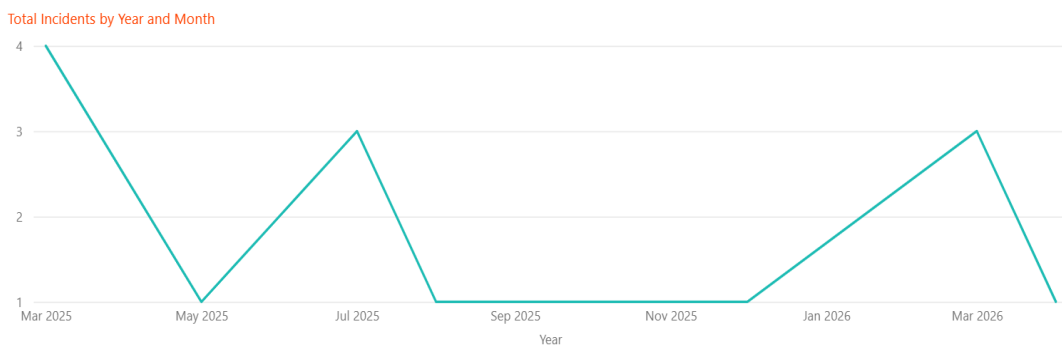
6.6 Aggression trends last 12-month period.



6.7 Vehicle incident trends in last 12 -month period.



6.8 Stress/wellbeing trends in last 12-month period.

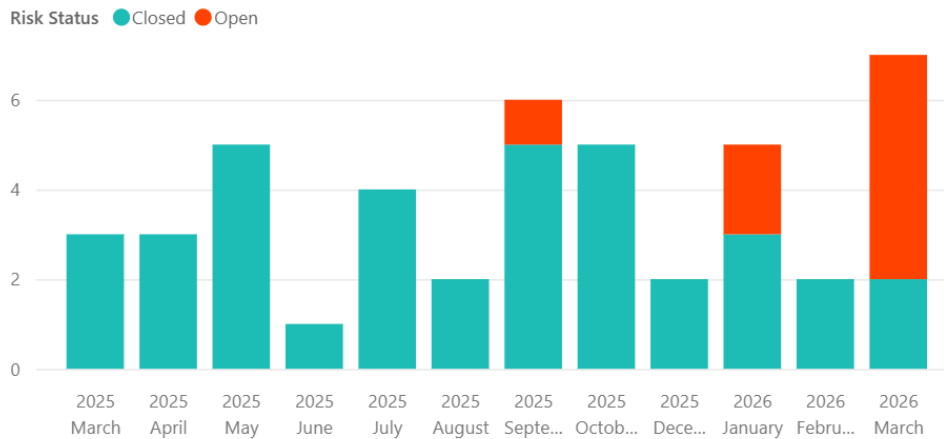


7. Risk Summary

7.1 The graph below shows hazards/risks reported per month for a rolling 12-month period, including status – open or closed.

7.2 Staff can report hazards and risks they have identified through Safe365 providing organisational visibility and enabling follow up, review of existing controls and identification of new or emerging risks not yet captured in the risk register.

No. of Risks and Sum of likelihood by Year, Month and Risk Status



7.3 Reports remain open until follow up actions have been completed, including adding or updating controls in our risk register.

7.4 The below table refers to open reports only.

Month reported	No. of reports	Additional information of note.
September 2025	1	Asbestos Management Plan review of progress to date
January 2026	2	Slip, trip or fall hazards identified. Open to follow up on programmed remedial work.
March 2026	5	Equipment, plant or process review required and in progress.

8. Contractor Health and Safety Audits

8.1 At its meeting on 17 February 2026, the Risk and Assurance Committee requested centralised reporting of contractor health and safety audits, including pass/fail outcomes, to strengthen organisational oversight and support due diligence under the Health and Safety at Work Act.

8.2 Strengthening contractor management is identified as a focus area within the Health, Safety and Wellbeing work programme. Council’s contractor pre-qualification process is operating effectively, with high levels of compliance. Current programme priorities are therefore focused on improving contractor induction and strengthening monitoring and assurance processes.

8.3 Council’s current approach to contractor health and safety monitoring, as contract managers have been trained, is to integrate these audits into broader contract management activities and quality assurance conversations with contractors. In practice, this monitoring is often undertaken during site visits or regular engagement with contractors, with feedback provided verbally or via email. Records, where they exist, are retained within individual managers’ systems rather than in a centralised format.

8.4 When information was requested from contract managers to collate audit activity for the period 1 January to 31 March 2026, it became clear that the current approach does not readily enable consistent or efficient collation of data such as the number of audits completed or pass/fail outcomes. As a result, there is no reliable, organisation-wide dataset available for reporting to the Committee for this period.

8.5 Notwithstanding this limitation, managers have advised that contractor health and safety monitoring is occurring, and the Health and Safety Coordinator has observed contract managers undertaking these conversations and checks in the

field. In addition, the Health and Safety Coordinator undertakes contractor audits where support is requested by managers or where higher-risk activities have been identified. Recent examples over the last three months include audits associated with:

- Dannevirke Town Hall painting
- Solar array installation
- Pahiatua Wastewater Treatment Plant upgrade
- After-hours security contractor operations

8.6 While this provides some operational confidence, the absence of a consistent, documented and centralised process means Council cannot currently provide assurance regarding the consistency, frequency or outcomes of contractor health and safety audits across the organisation. Management acknowledges that this does not meet the level of assurance sought by the Committee.

8.7 To address the Committee's request and strengthen assurance, contract managers have now been asked to collate high-level contractor health and safety audit information as part of their usual contract management activities. This approach is intended to be proportionate and risk-based, so that managers continue using the systems and processes that work best for their contracts, while capturing a set of consistent, high-level information to support centralised reporting.

8.8 It is anticipated that sufficient data will be available to enable the first consolidated report to the Risk & Assurance Committee at the July 2026 meeting. This will provide an initial baseline and inform any further refinements.

9. SafePlus Assessment

9.1 The SafePlus assessment will be completed 16-17 July 2026 by Avid Plus.

9.2 Avid Plus has been procured by Manawatū-Whanganui Local Authority Shared Services (MWLASS).

9.3 The results will be reported to the Committee once available. We expect this to be at the October 2026 meeting.

Attachments

Nil.



Report

Date : 15 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Gillian Anderson
Health and Safety Coordinator
Subject : **Health, Safety and Wellbeing Due Diligence Report**
Item No : **7.9**

1. Recommendation

- 1.1 *That the report from the Health and Safety Coordinator dated 07 April 2026 concerning the Health, Safety and Wellbeing Due Diligence Report (as circulated) be received, and*
- 1.2 *That the Risk and Assurance Committee provide feedback on and endorse the Health, Safety & Wellbeing Strategy, as set out in attachment 1 "DRAFT – Tararua District Council – Health, Safety & Wellbeing Strategy – 2026"*

2. Reason for the Report

- 2.1 To provide the Risk and Assurance Committee an update on their due diligence activities.

3. Health, Safety and Wellbeing Due Diligence Plan

- 3.1 The Due Diligence Plan supports Elected Members to meet their health and safety duties under the Health and Safety at Work Act 2015 through structured governance, training, reviews, and reporting.
- 3.2 The Risk and Assurance Committee Work Programme 2025-2028 includes the Health and Safety governance Due Diligence Plan as detailed below.
- 3.3 All items are on track except for the following exceptions:
- 3.4 The H&S Governance Charter has been drafted and is currently in the review stage. This should be expected at the July 2026 committee meeting.

3.5 Ākona H&S governance training was scheduled for a workshop following today's Committee meeting however an LTP workshop has been prioritised. This is to be re-scheduled and a new date is yet to be confirmed however there may be an opportunity for elected members to complete this training individually.

3.6 A SafePlus assessment has been scheduled for July 2026 and we expect the results to be reported to the Committee at the October meeting.

On hold	On track	Revised but on track	Off track	Complete

4. Health and Safety Due Diligence Plan

	Policy & Planning	Due Date	Status
4.1	Endorse the Health, Safety and Wellbeing Strategy 2025-2029 (the Strategy), a key component of the Council's Health, Safety and Wellbeing Strategy 2025-2029	April 2026	Yellow
	Review and endorse the H&S Governance Charter	April 2026-July 2026	Yellow
	Annual Health and Safety Activity Plan for Continual Improvement	November 2025	Grey
		October 2026	Green
		October 2027	Green
	Endorsement/Monitoring of the H&S Strategy	April 2026	Green
		April 2027	Green
		April 2028	Green
	Delivery		
	H&S Induction for Elected Members	February 2026	Grey
	Health & Safety Governance Training (Ākona)	April 2026-July 2026	Yellow
	Monitoring		
	Risk Review Site Visits	6 monthly	Green
	Health, Safety and Wellbeing Management Reporting	All months reported to the Committee	Green
	Review		
	SafePlus Assessment report to RAC Committee	April 2026-July 2026	Yellow
		April 2028	Green

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ement mechanisms are in place.

4.2 The Strategy sets the direction for how Council will meet its health, safety and wellbeing obligations and strengthen performance over time. It provides a structured framework to support both compliance and continuous improvement.

4.3 The Strategy introduces an integrated framework linking:

4.3.1 Commitments – baseline expectations aligned to legislative duties and policy

4.3.2 Indicators – lead and lag measures to provide visibility of performance and risk

4.3.3 Strategic Goals – priority areas for improvement (culture, critical risk, wellbeing, contractor safety, and assurance)

4.3.4 Work Programme – annual delivery of improvement activity

- 4.4 Progress against the Strategy will be reported quarterly to the Risk and Assurance Committee
- 4.5 The Strategy is intended to operate as a living framework, with annual work programmes and ongoing monitoring ensuring it remains responsive to organisational risk and performance.

5. Risk Review Site Visit - Dannevirke Dog Pound

- 5.1 Committee members conducted a risk review site visit to the Dannevirke Dog Pound on 17 February 2026.



- 5.2 The pound is the base of operations for our Animal Control Officers (ACOs) and is used to house impounded animals and support daily operations. Throughout their day ACOs may encounter a wide range of animals. These interactions can be both positive and challenging, not only with the animals themselves but with individuals present at the time or connected to the animal or situation.
- 5.3 This visit was programmed as part of the 2025-2028 due diligence plan to conduct site risk visits 6 monthly.
- 5.4 The purpose is for elected members to:
- Acquire and update knowledge of health and safety matters.
 - Understand Council operations and associated hazards and risks.
 - Verify that resources and processes effectively eliminate or minimize risks
 - Confirm compliance with statutory duties and responsibilities.
- 5.5 A brief was provided to Committee members on the top critical risks and issues for the site.
- 5.6 Committee members spoke directly with staff and the Team Leader on site and were provided a comprehensive tour of the facility and discussion with staff on operations and the risks and issues identified.

5.7 Committee members were asked to provide feedback on the risks and issues they observed.

5.8 **H&S Risk Overview**

5.9 ACOs are required to comply with several layers of legislation and guidelines primarily defined under the Dog Control Act 1996, Animal Welfare Act 1999, associated Codes of Welfare, and relevant local bylaws. They work predominantly alone, covering our entire district, from coastal areas to rural roads and the state highway, in all weather conditions.

5.10 **Critical risks and current controls:**

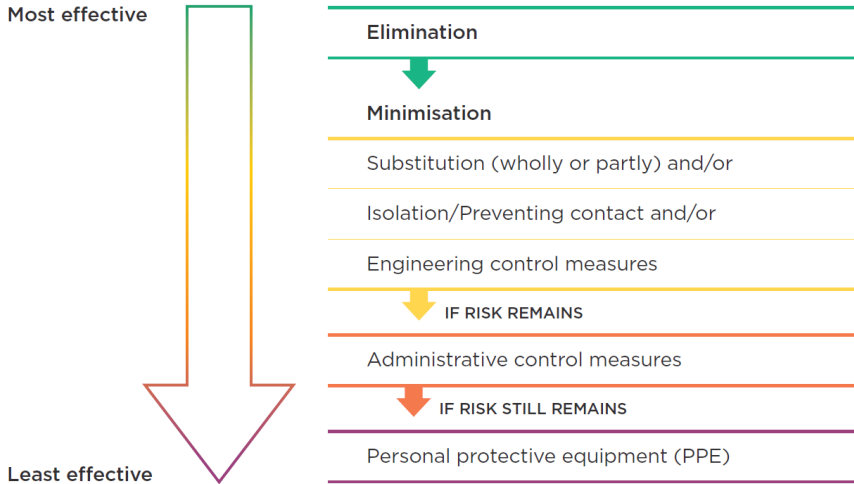
5.11 The table below shows the top critical risks for ACO’s. These were provided to elected members on the site risk visit briefing paper alongside their current risk register controls, including effectiveness based on the Hierarchy of Controls.

Critical Risk	Current Controls	Hierarchy of Control
Injuries and Psychosocial harm due to workplace violence and aggression. Frontline/field staff may experience aggressive and threatening behaviour from members of the public/customers. This includes both physical and psychosocial harm. Physical harm can include the use of force or weapons.	Utilisation and promotion of EAP services.	Administrative
	De-escalation and conflict resolution training.	Administrative
	Panic/duress alarms and video surveillance at customer facing areas.	Administrative
	PPE relating to aggressive or threatening customers is provided and used appropriately.	PPE
Working Alone or Remotely Increases the likelihood and severity of risks already present on site and reduces response.	Monitoring and alert systems, e.g. GetHomeSafe app. Staff are trained and escalation procedures.	Administrative (with some engineering elements)
	Consider work design. Working in pairs, risk assessments.	Administrative (may be elimination depending on design)
	Digital radios	Administrative
	ERoad	Administrative
Hazardous Substances – Biological Agents The risk of bacterial/viral infection from exposure to blood, urine or faeces (human, animal or bird) causing conditions such as leptospirosis or Hep A&B.	Health monitoring and vaccinations are in place.	Administrative
	Good housekeeping is occurring as a control for hygiene, slips and trip hazards.	Administrative
	First aid kits are available on work sites.	Administrative
	Hygiene facilities are in good working order and include workplace hygiene assessments, infection and decontamination controls.	Engineering + Administrative
Working on Roads Driver distraction, fatigue, mechanical failure, road and weather conditions, or driver error could result in a vehicle collision	Vehicles purchased are 5-star safety rated and fit for purpose.	Engineering
	ERoad safety reporting for driver behaviour to ELT is completed regularly.	Administrative
	Driver training available for staff.	Administrative

Critical Risk	Current Controls	Hierarchy of Control
or accident.	Vehicle user policy is up to date and new staff inducted.	Administrative

5.12 The table above references the Hierarchy of Controls from the Health and Safety at Work Act 2015 (see figure below). The hierarchy reflects HSWA requirements that risks must be eliminated so far as is reasonably practicable, and where elimination is not possible, minimised using substitution, isolation or engineering controls as appropriate, before relying on administrative or PPE controls to manage residual risk.

(WorkSafe New Zealand – Risk Management)



5.13 **H&S incident reports from the ACO team**

5.14 Elected Members were provided a high-level overview of H&S incident reports received in the last 12 months, which include.

- Manual handling strains from lifting,
- Dog bites,
- Stress and fatigue reports,
- Aggression including verbal and physical.

5.15 **Elected Member Feedback from the Site Risk Visit**

5.16 During the visit and in a debrief session immediately afterwards, elected members provide their feedback which is summarised below.

5.17 Also included is a management comment in response to the feedback.

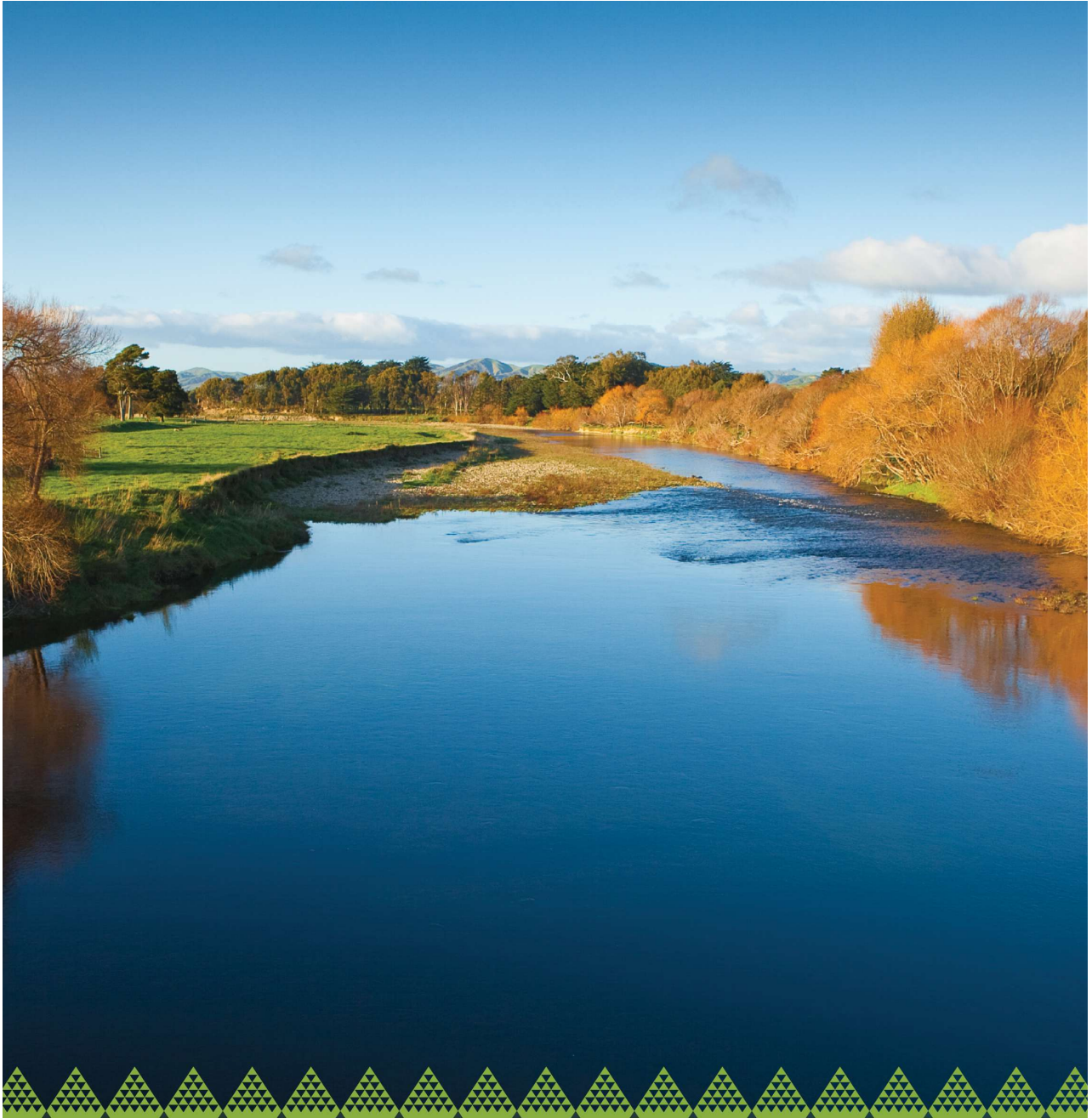
5.18 Next steps will be to report back on any of the items the Committee would like to follow up on or monitor going forward.

Risk	Management Comment
Staff Safety and Security	
Driveway alarm audible anywhere in the Pound for awareness of arrivals (priority action).	The team are working through this with the Information Services team.
CCTV can be viewed from anywhere in the Pound (priority action).	The team are working through this with the Information Services team.
Consider removing Pound signage and doing handovers elsewhere to reduce the public awareness of the Pound location.	The team has reviewed this feedback and are happy with current signage and handover arrangements.
Facility Design Decision	
H&S considerations should be embedded earlier in facility design and decision papers.	Facility Design and Decision Making in General Council's Project Management Framework requires health, safety and wellbeing considerations to be embedded from initiation and confirmed through planning and design, including "safety in design", before approval gates are passed.
Police Relationship	
Improve protocols between Police and Council for joint operations e.g. Council search warrant, or Police search warrant (priority action).	A meeting with Police to review these matters has been requested.
Training	
Need for a structured training programme and clearly defined roles (considering the mostly on the job training provided at present).	In the absence of a national ACO training programme, training is primarily delivered on the job, supported by CERT training and SOPs. Opportunities to strengthen capability through external providers may be explored. H&S risks are managed through the Council risk register.
Pound Functionality	
Consider improvements to areas such as farm fencing, site layout, lack of grassed area, single entry/exit point that currently reduce safety and functionality.	While a fenced exercise area would be beneficial, biosecurity risks associated with dogs of unknown vaccination status limit its practical implementation and would need to be carefully managed in line with Codes of Welfare.
Hook to enable dogs to be secured while washing. Review of current dog washing facilities are not suitable, and a more appropriate solution is needed (priority action).	Dog washing facilities are inadequate. Internal modifications are constrained by space and welfare compliance. A fit-for-purpose external wash-down facility should be considered to support staff safety, animal welfare, and biosecurity.
Animal Welfare	
Review isolation measures to ensure they are suitable for the practical management of disease e.g. parvo.	Options to prevent water and contamination transfer between kennels are being explored, including physical barriers. Veterinary advice will inform next steps, alongside a review of how comparable facilities comply with Codes of Welfare.
Psychosocial Support	
Need for stronger processes around debriefing, monitoring staff wellbeing, and possibly using independent facilitators following critical events.	Procedural updates are underway to strengthen risk management for high-risk operations, including pre-approval, joint briefings, and clearer role definition. Psychosocial support, including Psychological First Aid and post-incident debriefing, is being strengthened through training and EAP support.
Systems and Processes	
System limitations prevent owners from paying registrations in advance. This was challenged by elected members as an	Currently prepayment of dog registrations is not supported due to current system limitations, and administrative complexity. These issues led to an earlier management decision to

unnecessary barrier.	discontinue the practice. Upgrades to current software systems would be required to provide this improved customer experience within current resourcing.
Need stronger assurance processes for contractor risk and evidence of compliance.	Contractor assurance processes are being strengthened, including clearer communication, site access controls, and emergency safety arrangements, to improve staff and contractor safety and compliance.

Attachments

1  DRAFT - Tararua District Council - Health, Safety & Wellbeing Strategy - 2026



HEALTH, SAFETY AND WELLBEING STRATEGY

2026-2029



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Leadership and Vision for Health, Safety and Wellbeing

Message from the Chief Executive



My commitment to health, safety, and wellbeing is grounded in our organisational values: Pono, Whanaungatanga, and Whanake. I am focused on creating a workplace where safety is everyone's responsibility and where trust, care, and continuous improvement guide the way we work together.

For me, health and safety is personal. We never want to see harm come to our people. While there is a drive for efficiency across Council operations, this is one area where corners cannot be cut. Getting everyone home safe, every day, is non-negotiable. We are actively investing our time, energy, and resources into managing the risks that have the potential to cause harm. As an organisation, this means every incident and near miss must be reported, and everyone needs to feel safe and supported to speak up. Reporting helps us learn and improve, and that's how we build a safer, healthier workplace.

Health and safety is not just the job of the Health and Safety Team. It's up to each of us:

- Staff are expected to report all incidents, near misses and hazards they identify and to take personal responsibility for following policy and procedures.
- Leaders and managers are expected to talk about health and safety regularly, carry out welfare check-ins, and act quickly when something isn't right.
- Health and Safety Representatives have a key role in driving change, asking questions, and escalating when concerns aren't being heard.

This is about how we look after each other, and how we show up for our community. When we get this right, we strengthen trust internally and externally.

Safety comes first. I am committed to leading by example, having the hard conversations, and making health, safety, and wellbeing a visible priority across the organisation.

Corin Haines
Chief Executive



Risk & Assurance Committee – Health and Safety Risk Appetite Statement

Council is committed to ensuring the health, safety, and wellbeing of its employees, contractors, visitors, and the public, in alignment with the Health and Safety at Work Act 2015 and relevant regulations.

Council balances safety with what is reasonably practicable, focusing on prioritising the elimination of risks where possible and minimising risks when elimination is not feasible.

Council’s goal is to reduce its risk over time by fostering a culture of continuous improvement in health and safety management. A low risk appetite means that **risk avoidance is prioritised in all critical health and safety decisions**, with an expectation that risks leading to severe harm or death are eliminated wherever practicable.

Health and Safety Vision



Everybody Everyday is Tararua District Council’s refreshed identity and vision for health, safety and wellbeing. It reflects a deliberate move toward a more people-centred, inclusive, and culturally grounded approach to supporting the wellbeing and safety of our workforce.

Everybody Everyday captures an organisation-wide principle:

“We want to get everybody home safe, every day.”

This vision positions health, safety and wellbeing as a shared value, embedded in the way we work, lead, and support each other across the organisation.



With Everybody Everyday as our foundation, we are working toward a future where:

- Health, safety and wellbeing is part of everyday thinking
- People feel empowered to speak up, look out for each other, and lead by example
- Data and insight help us make smarter, more proactive decisions about risk and wellbeing
- Te ao Māori and local values are embedded in how we support and care for people
- Leaders set the tone by modelling safe, respectful, and inclusive behaviours
- Training and development reflect our commitment to supporting the whole person
- Engagement with health, safety and wellbeing is real and meaningful

Values

Everybody Everyday directly reflects and reinforces our organisational values, which are fundamental to our organisation, shaping our behaviours, attitudes, and the way we operate. By embedding Pono, Whanaungatanga, and Whanake into our health, safety, and wellbeing practices, we create a workplace that is transparent, collaborative, and continuously improving. We believe safety is about fostering an environment where everyone feels responsible for protecting and supporting themselves and each other every day.

Pono - We act with honesty and integrity, upholding our responsibility to keep each other safe. Everybody Everyday encourages authentic conversations, transparency, and accountability in how we manage risk and care for people.

Whanaungatanga - We are stronger together. Everybody Everyday supports a culture of connection, trust, and mutual support, where staff look out for one another and unite toward a shared outcome.

Whanake - We strive for continuous improvement. Everybody Everyday promotes a learning mindset, where we reflect, adapt, and grow our health, safety and wellbeing practices to meet the evolving needs of our people and our place.

<p style="text-align: center;">PONO <i>(Be true, valid, honest, genuine, sincere)</i></p> <p style="text-align: center;">Integrity through transparency, trust and accountability</p> <p style="text-align: center;">Integrity through standing up for what's right</p> <p style="text-align: center;">Integrity through respect for our communities, environment and cultures</p> <div style="text-align: center;">  </div> <p style="text-align: center; font-size: small;">Mangopare (Hammerhead): Natural abundance, strength and determination</p>	<p style="text-align: center;">WHANAUNGATANGA <i>(Relationship, kinship, sense of family connection - working together)</i></p> <p style="text-align: center;">One team who unites behind a shared vision</p> <p style="text-align: center;">One team who is respectful and considerate to all</p> <p style="text-align: center;">One team who encourages each other to succeed and excel</p> <div style="text-align: center;">  </div> <p style="text-align: center; font-size: small;">Pikorua (Twist): Journey of life, love, friendship, loyalty, eternity, joining of two people/cultures</p>	<p style="text-align: center;">WHANAKE <i>(To move onwards or upwards, to grow, to spring up, to develop, to rise)</i></p> <p style="text-align: center;">We will continue to evolve, adapting to our ever-changing environment</p> <p style="text-align: center;">We will continue to evolve, steering our waka in the right direction</p> <p style="text-align: center;">We will continue to evolve, leading our communities into a better future</p> <div style="text-align: center;">  </div> <p style="text-align: center; font-size: small;">Koru (Ground Fern): New beginnings, growth, purity, peace, tranquility, spirituality</p>
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Leadership and Due Diligence

Under the Health and Safety at Work Act (2015) (Act), those in governance roles, and those with the ability to exercise significant influence over the management of the business must exercise due diligence to ensure that the Council complies with its duties. Holders of such roles are referred to as Officers.

Our Elected Members are Officers under the Act, and good governance practice requires them to meet Due Diligence requirements. These requirements are outlined in the Governance Safety and Wellbeing Charter. The Chief Executive is also identified as an Officer under the Act, and the Executive Leadership Team should also demonstrate the Due Diligence requirements.

Due diligence is defined in section 44(4) of the 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 Council has, and uses, appropriate resources and processes to eliminate or minimise those risks
- Ensure the Council has appropriate processes for receiving and considering information about incidents, hazards and risks and for responding to that information in a timely way
- Ensure that 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.

The Risk and Assurance Committee takes lead responsibility for safety and wellbeing governance, supported by the Chief Executive and Executive Leadership Team. Activities which support the achievement of Due Diligence are outlined in our Risk and Assurance Committee work programme.

How it all works together

Our health, safety and wellbeing framework is designed to ensure that our vision translates into practical action across the organisation. Each element of this strategy plays a distinct role, working together to support both compliance and continuous improvement.

Our commitments, drawn from the Health, Safety and Wellbeing Policy, set the baseline standards Council must meet. These commitments reflect our legal duties under the Health and Safety at Work Act 2015 and the practices we expect across the organisation.

We monitor these commitments through a set of lead and lag indicators, which provide visibility of both performance and risk. These indicators help us understand whether our systems and controls are working as intended and provide assurance to leadership and governance.

Alongside these baseline expectations, Council is committed to Whanake (continuous improvement). Our strategic goals identify the areas where we want to strengthen our health, safety and wellbeing practice over time. These priorities are informed by organisational learning, emerging risks, and external insights such as SafePlus assessments.



To support these goals, the Health and Safety team develops an annual work programme. This programme outlines the specific projects, initiatives, and improvements that will be delivered to strengthen our systems and culture.

Together, these components form a continuous improvement cycle:

- Commitments establish the minimum standards we must meet
- Indicators monitor how well we are meeting those standards
- Strategic goals identify where we want to improve
- Work programmes deliver the practical actions needed to achieve that improvement

This framework ensures that health, safety and wellbeing at Council is both well governed and continuously evolving, guided by our values of Pono, Whanaungatanga, and Whanake, and supported by insights from SafePlus and organisational learning.

Commitments and Indicators

Our Health, Safety and Wellbeing commitments are drawn directly from the Health, Safety and Wellbeing Policy. These commitments express the standards of practice and behaviours that Council will uphold to protect our people and support our shared vision: Everybody, Everyday – It starts with you.

Council commits to:

- a. Comply with the Health and Safety at Work Act 2015 and relevant Regulations, Codes of Practice, and Standards.
- b. Support the holistic wellbeing of workers, encompassing physical, mental, emotional, social, and cultural needs, using the Te Whare Tapa Whā model.
- c. Provide and maintain a work environment, plant, and systems of work that are without risks to health and safety.
- d. Ensure the safe use, handling, and storage of plant, structures, and substances.
- e. Provide adequate facilities at work for the welfare of workers, including ensuring access to those facilities.
- f. Monitor the health of workers and the conditions at the workplace for the purpose of preventing risk.
- g. Engage with workers regarding health and safety issues that may impact on them.
- h. Provide workers with appropriate personal protective equipment (PPE).
- i. Provide workers with any information, training, instruction, or supervision needed to protect themselves and others from risks.
- j. Notify WorkSafe as soon as possible after becoming aware of a notifiable event, and preserve the site.
- k. Use the hierarchy of controls as the core method for evaluating and managing hazards and risks.
- l. Lead by example in our communities.
- m. Maintain a Health, Safety and Wellbeing Strategy, guidelines, work programme, and processes.



Lag indicators measure our past events such as number of notifiable incidents. Lead indicators such as safety training, safety audits, employee surveys and wellbeing programmes are proactive measures which track what we are doing to control risks and prevent injuries from occurring.

Indicator	Type	Goal	Commitments
Number of notifiable incidents	Lag	0	a, b, c, d, f, g, h, i, j, k
Percentage of health and safety inductions completed for new staff in their first week of employment.	Lead	100%	a, b, e, g, i
Percentage of active contractors pre-qualified	Lead	100%	a, k, l, m
Number of council conducted audits on contractors	Lead	Baseline first year	a, k, l, m
Result in 2026 SafePlus Assessment	Lead	Performing	a-m
Health, Safety, and Wellbeing staff survey	Lead	75%	b, c, e, f, g, i
Health and Safety Committee meetings per year	Lead	11	f, g
Health, Safety and Wellbeing reporting to the Risk & Assurance Committee occurs quarterly.	Lead	100%	a-m
Reporting to the ELT occurs bi-monthly	Lead	100%	a-m
H&S Critical Risk Reviews	Lead	3pa	a-m

Reporting Progress

Progress against the above commitments and indicators will be reported monthly to the Health and Safety Committee, and quarterly to both the Executive Leadership Team and the Risk and Assurance Committee.

Data on health and safety performance will be used to inform improvements and learning. Trends will be analysed to support a proactive culture of shared responsibility.

Our strategy is a living document that evolves with our organisation's needs.

Continuous Improvement

Strategic Goals 2025-2028

Foster a Positive Safety Culture



Build a culture of shared responsibility, where safety leadership, learning, and reporting are part of everyday practice at Council.

Strengthen Critical Risk Management

Sharpen our focus on identifying and managing critical risks using the hierarchy of controls and regularly check that controls are working as intended.

Embed Wellbeing into Work

Further integrate mental health and wellbeing initiatives into our work environment, supporting early intervention, resilience, and a healthy, connected workplace.

Enhance Contractor Safety

Improve how we meet our responsibilities under overlapping duties by raising expectations and our practice with contractors, volunteers, and the Tararua Alliance.

Improve Measurement and Assurance

Continue to develop meaningful measures that provide visibility of risk, performance, and opportunities for improvement thereby supporting good governance oversight.

Work Programme

The Health and Safety team has developed a work programme for the 2026 calendar year to enhance our health, safety, and wellbeing practices and support the strategic goals we have set. They are responsible for delivering this programme. New work programmes will be established each year as part of this ongoing plan.

Project	Details	Completion Date	H&S Commitments
Contractor Management	Support Contractor Managers with the process of pre-qualification, induction, monitoring and review of contractor work.	31/12/2026	a, c, f, g, i, j, l
Critical Risk Reviews	Coordinate reviews of critical risks and controls. Report to Committee when reviews have been completed including findings. Finalisation of WTP Hazardous Substances, followed by critical risks requiring permits to work as a priority.	30/06/2026	b, g, i, m
Wellbeing Framework	Draft a Wellbeing Framework.	1 st Quart - 31/03/2026	a, b, c, e, f, g, k, l, m



Guidelines / Loki	Schedule time to continue the development of health, safety and wellbeing pages on Loki. Update and develop guidelines to support our policy and Loki pages.	31/12/2026	a, b, c-k, m
Health, Safety, and Wellbeing Policy Rollout	Support the rollout of the policy from the CE and ELT to managers and staff.	3 rd Quart – 31/08/2026	a

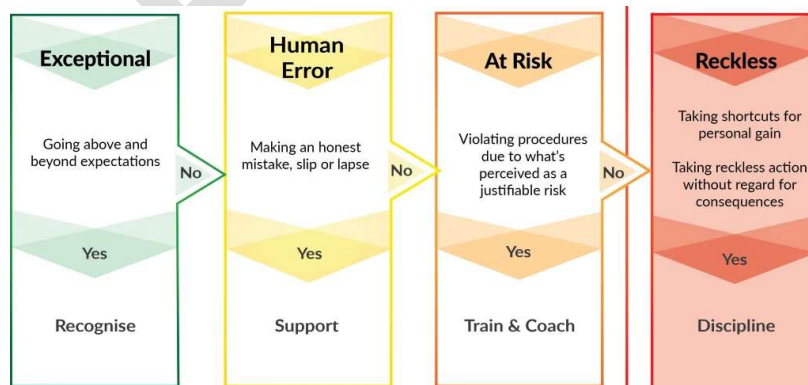
Supporting a fair and just culture

At Tararua District Council, we are committed to fostering a fair and just culture, where employees feel safe to report incidents, near misses, and hazards without fear of unfair punishment. A just culture recognises that human error is inevitable and focuses on learning and improving systems.

ICAM (Incident Cause Analysis Method) methodology is utilised to investigate incidents. This approach ensures we examine the root causes of errors, identifying systemic issues while also recognising individual accountability. The goal is to create an environment where people are encouraged to report and learn from mistakes, strengthening our overall health, safety, and wellbeing practices.

The framework we use distinguishes between different types of behaviours, ranging from recognition for positive actions to coaching, counselling, or disciplinary action where necessary. It ensures fairness by considering factors such as training, procedure clarity, and intent. This could apply to workers, their manager or team leader, or other involved parties.

By embedding a just culture into our health and safety processes, we support continuous improvement, encourage proactive risk management, and reinforce our commitment to the wellbeing of our team.



Policies

Our policies which contribute to a healthy and safe workplace:

- Code of Conduct
- Equal Employment Opportunities Policy
- Health, Safety & Wellbeing Policy
- Leave Policy
- Protected Disclosures Policy
- Remote & Lone Worker Policy
- Security Policy
- Sexual Harassment Policy
- Smoke Free Policy
- Unreasonable Customer Behaviour Policy
- Vehicle Policy

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Dannevirke Service Centre
26 Gordon Street, Dannevirke
PO Box 115, Dannevirke 4942
Monday - Friday
8:00am - 5:00pm
Phone: 06 374 4080 (24 hours)
Email: info@tararua.govt.nz

Pahiatua Service Centre
136 Main Street, Pahiatua
Monday - Friday
8:00am - 4:30pm
Phone: 06 376 0110 (24 hours)
Email: info@tararua.govt.nz

Eketāhuna Service Centre & Library
31 Main Street, Eketāhuna
Monday - Friday
10:30am - 12:30pm & 1:00pm - 4:30pm
Phone: 06 376 0110 (24 hours)
Email: info@tararua.govt.nz

Woodville Service Centre & Library
45 Vogel Street, Woodville
Monday - Friday
9:00am - 12:30pm & 1:30pm - 5:00pm
Phone: 06 376 0200 (24 hours)
Email: info@tararua.govt.nz



Report

Date : 16 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Allie Dunn
Manager - Democracy Services
Subject : **Delegations - Financial Delegations and Controls**
Item No : **7.10**

1. Recommendation

1.1 *That the report from the Manager - Democracy Services dated 31 March 2026 concerning the Delegations - Financial Delegations and Controls be received.*

2. Reason for the Report

2.1 To inform the committee of the controls, checks and balances in place for financial delegations to Council officers, and to provide a copy of the current financial delegations.

3. Background

3.1 Council operates in a context of public accountability, where every dollar spent must withstand scrutiny. Financial delegations are a key mechanism that ensures expenditure is controlled, transparent, and aligned with Council's strategic and statutory obligations.

3.2 A delegation is a transfer of a duty or power to act on behalf of Council, including the authority that Council would have had in carrying out that duty or exercising that power.

3.3 There are different types of delegations – these are:

- Governance – covers delegations to elected members / committees

- Statutory – powers under Acts, Regulations, Bylaws and Warrants delegated to officers
- Financial – limits to how much officers can spend/approve
- Contractual – limit on cost of whole of life of contract

3.4 This report outlines the purpose of financial delegations, the controls in place, and the principles that guide their application.

4. Discussion and Considerations

4.1 Financial delegations empower designated roles within Council to approve expenditure up to defined limits. These limits support efficient operations while ensuring that spending decisions remain responsible, traceable, and consistent with approved budgets.

4.2 Because Council uses public funds, all expenditure must be effective, transparent, and defensible. Delegations help achieve this by clearly defining who can commit Council to financial obligations and to what extent.

5. Key Principles and Controls

5.1 Public Accountability

5.1.1 Council's use of public funds requires a high standard of stewardship. All delegated financial decisions must demonstrate value for money, transparency of process and alignment with Council's strategic framework.

5.1.2 This principle underpins all other controls.

5.2 Defined Delegation Limits

5.2.1 Each role within Council is assigned specific expenditure and cost approval limits, as documented in the Financial Delegations Register. These limits reflect the responsibilities and seniority of the role, ensure appropriate oversight for higher-value decisions and provide clarity and consistency across the organisation.

5.2.2 Staff must operate strictly within these limits.

5.3 Compliance with Procurement Policy

5.3.1 All expenditure approved under delegation must comply with the Procurement Policy, which governs:

- Supplier selection
- Tendering requirements
- Conflict-of-interest management

- Contracting standards
- 5.3.2 Delegation of authority does not override procurement rules; both must be satisfied before expenditure is approved.
- 5.4 **No Sub-delegation**
- 5.4.1 Delegated financial authority cannot be sub-delegated.
- 5.4.2 Only the person holding the delegation may exercise it. This prevents ambiguity, maintains accountability, and ensures that approvals are made by individuals with the appropriate training and responsibility.
- 5.5 **Alignment with Long Term Plan and Annual Plan**
- 5.5.1 Financial delegations operate within the boundaries of Council's approved budgets. Expenditure must be provided for in the Long Term Plan (LTP) or Annual Plan and must support the delivery of planned services, projects, or activities.
- 5.5.2 In the current financial delegations register, only three senior roles (Chief Executive, Group Manager Operations and Chief Financial Officer) have the authority to approve expenditure exceeding what has been provided for in the LTP or relevant Annual Plan. Six roles have the authority to enter contracts and approve expenditure above the limits authorised by Council.
- 5.5.3 Outside of these roles, delegated authority does not permit spending outside approved budget provisions.
- 5.6 **Logical Unit Application**
- 5.6.1 Delegations apply to the total cost of a logical unit of work, not to artificially separated components. For example, staff must not split orders, break contracts into smaller parts or stage commitments for the purpose of keeping expenditure within their delegated limit.
- 5.6.2 This control prevents circumvention of oversight requirements.
- 5.7 **Automatic Revocation on Role Change**
- 5.7.1 Delegations are tied to the role, not the individual. For example, when a staff member changes position, leaves the organisation or moves to an acting or temporary role, their previous delegation is automatically revoked. This ensures that only current, authorised role-holders can approve expenditure and that delegations are set at appropriate levels for the role.
- 5.8 **Annual Review**
- 5.8.1 Financial delegations are reviewed annually to ensure they remain:
- Fit for purpose

- Aligned with organisational structure
- Appropriate for current financial and operational conditions

5.8.2 This review strengthens governance and ensures delegations evolve with Council's needs.

5.9 **Contractual Delegations**

5.9.1 Contractual delegations authorise designated officers to approve, sign, and administer contracts on behalf of Council, provided they act within the limits of their assigned authority. These delegations support timely service delivery and operational efficiency while ensuring that contractual commitments remain transparent and appropriately controlled.

5.9.2 Officers who hold a contractual delegation may approve and execute contracts only when the contract has been established in accordance with the Procurement Policy.

5.9.3 This ensures:

- Proper sourcing and evaluation processes have been followed
- Conflicts of interest are managed
- Contract terms meet Council's standards
- Procurement thresholds and methods are correctly applied

5.9.4 Delegated authority does not override procurement requirements; both must be satisfied before a contract is signed.

6. **Audit and system controls**

6.1 Our internal audit process regularly checks the effectiveness of the controls above and provides targeted areas for improvement which are reported to the Committee as they are actioned. For example, financial controls were tested as part of the recent procurement internal audit, which was reported through to the Committee.

6.2 Our external auditors provide an additional check on internal controls, and the findings are reported through the Audit Management Report to the Committee.

6.3 Our accounts payable software system has in built controls which prevent override of financial delegations and produce exceptions reporting, another critical check on the effectiveness of our internal controls.

6.4 Council is in the process of implementing mandatory one-up approval within the accounts payable system, which will strengthen these controls further.

7. Training Provided to Officers

7.1 Structured guidance and training is provided to ensure officers understand their delegated authority and exercise it responsibly. Officers are expected to make decisions that reflect good governance, sound judgment, and alignment with Council's statutory obligations.

7.2 Following is an outline of the guidance provided.

1. Understanding Decision-Making Principles

Officers are trained to always act in accordance with the decision-making principles of the Local Government Act 2002. This includes considering the quality of information, the significance of the decision, and the interests of the community.

2. Knowing When to Seek Guidance

Delegation does not require officers to act alone. Training emphasises that officers should seek input from more senior staff when:

- A decision is politically sensitive
- They are uncertain about the appropriate course of action
- The decision carries significant organisational impact
- Additional support or oversight is needed

Holding a delegation provides authority, not an obligation, to decide. Officers are encouraged to refer matters upward whenever appropriate.

3. Applying Delegations in Context

Officers are taught to consider the broader environment in which decisions are made, including:

- Council's Long Term Plan (LTP), Annual Plan, and relevant policies
- The political and community context
- Statutory and regulatory requirements
- Any actual, potential, or perceived conflicts of interest
- Short- and long-term consequences of the decision
- The level of risk to Council

- Whether the decision and supporting evidence would withstand external scrutiny, including judicial review

This ensures decisions are well-reasoned, defensible, and aligned with Council's strategic direction.

4. Knowing and Staying Within Delegations

Training reinforces that officers must:

- Understand their specific delegations
- Proactively ensure they are acting within those limits
- Use sound judgement and make decisions that reflect their level of authority

Officers are expected to act confidently within their delegation while recognising when escalation is required.

5. Documenting and Recording Decisions

Officers are trained to document their decisions clearly and store all relevant records in Council's Electronic Document and Records Management System. Proper documentation supports transparency, auditability, and organisational learning.

6. Escalation and Verification

If an officer is unsure whether they have the authority to act, or if the circumstances warrant additional oversight, they are expected to:

- Escalate the matter to a manager or senior officer
- Seek clarification before proceeding

The guiding principle is simple: if in doubt, check.

8. Conclusion

8.1 Financial delegations are a cornerstone of Council's financial governance framework. They ensure that expenditure is controlled, transparent, and aligned with public expectations. The controls in place of clear limits, procurement compliance, prohibition on sub-delegation, budget alignment, logical unit rules, automatic revocation, and annual review, collectively safeguard the integrity of Council's financial decision-making.

8.2 These mechanisms not only protect public funds but also support efficient operations and reinforce trust in Council's financial stewardship.

- 8.3 Contractual delegations are a critical component of Council's governance framework. They enable officers to enter into and manage contracts efficiently while ensuring compliance with procurement requirements, financial controls, and organisational accountability. The automatic revocation of delegations upon role change further strengthens the integrity of Council's contracting processes.
- 8.4 All officers holding delegated authority are required to attend a training session to ensure they know and understand their obligations for exercising their delegated authority. Training is held regularly and records of attendance at training are kept. Refresher training is also required when officers change roles within Council.

Attachments

- 1 [↓](#). Current Delegated Authority Financial Delegation list of amounts 2025-2026

7.10 Delegations - Financial Delegations and Controls

Attachment 1 Current Delegated Authority Financial Delegation list of amounts 2025-2026

The Chief Executive as delegated by Council, from time to time, can amend the delegation register to enable works and service objectives of the Council as set out in the Long-Term Plan and Annual Plan to be achieved.

Position	Contract Signatory	Expenditure Capital and Operational
Chief Executive Officer	<ul style="list-style-type: none"> • \$1,000,000 (above the limits authorised by Council) • Contracts authorised by Council - up to variance limits in this policy 	<ul style="list-style-type: none"> • \$1,000,000 (above the limits authorised by Council) • Authorised by Council - up to variance limits above
Executive Assistant to the Chief Executive	NIL	\$50,000
Personal Assistant to the Mayor	NIL	\$2,000
Group Manager - Operations	<ul style="list-style-type: none"> • \$500,000 (above the limits authorised by Council) • Contracts authorised by Council - up to variance limits above 	<ul style="list-style-type: none"> • \$500,000 (above the limits authorised by Council) • Authorised by Council - up to variance limits above
Chief Financial Officer	<ul style="list-style-type: none"> • \$500,000 (above the limits authorised by Council) • Contracts authorised by Council - up to variance limits above 	<ul style="list-style-type: none"> • \$500,000 (above the limits authorised by Council) • Authorised by Council - up to variance limits above
Group Manager – Strategy and Information	<ul style="list-style-type: none"> • \$200,000 (above the limits authorised by Council) • Contracts authorised by Council - up to variance limits above 	\$200,000
Group Manager – People, Capability & Customer Engagement	<ul style="list-style-type: none"> • \$50,000 (above the limits authorised by Council) • Contracts authorised by Council - up to variance limits above 	\$200,000
Chief Advisor	<ul style="list-style-type: none"> • \$50,000 	<ul style="list-style-type: none"> • \$100,000
Recovery Manager	\$50,000	\$50,000
Social Recovery Lead	NIL	\$5,000
Group Operations		
Manager – Special Projects	<ul style="list-style-type: none"> • \$500,000 • Contracts authorised by Council – up to authorised limit above 	\$100,000
Taranua Alliance		
Infrastructure Compliance Technician	NIL	\$20,000
Transport Manager	\$50,000	\$50,000
Contract Administrator	\$10,000	\$50,000
Taranua Alliance – Performance Manager	\$100,000	\$100,000
Project Management Office		
Manager – Programmes and Projects	\$150,000	\$150,000
Project Manager	\$100,000	\$100,000
Project Coordinator	NIL	\$500

7.10 Delegations - Financial Delegations and Controls
 Attachment 1 Current Delegated Authority Financial Delegation list of amounts 2025-2026

Position	Contract Signatory	Expenditure Capital and Operational
3 Waters		
3-Waters Manager	\$200,000	\$200,000
3 Waters Administrator	Nil	\$2,500
Water & Wastewater Operations Manager	\$50,000	\$50,000
Water Treatment Team Leader	Nil	\$20,000
Wastewater Team Leader	Nil	\$20,000
Water Treatment Operator	Nil	\$1,000
Wastewater Treatment Operator	Nil	\$1,000
Utilities Engineer	Nil	\$25,000
Compliance Manager	50,000	\$25,000
Compliance Officer	\$10,000	\$10,000
Infrastructure Compliance Technician	Nil	\$5,000
Solid Waste		
Solid Waste Manager	\$50,000	\$50,000
Facilities		
Manager – Facilities	\$50,000	\$100,000
Facilities Assets Supervisor	Nil	\$25,000
Facilities Operations Officer	Nil	\$5,000
Facilities Cemeteries and Property Officer	Nil	\$10,000
Administration Assistant	Nil	\$10,000
Facilities Administration & Project Support	Nil	\$5,000
Facilities Co-ordinator	Nil	\$5,000
Regulatory Services		
Regulatory Services Manager	\$100,000	\$100,000
Planning Services		
Team Leader – Planning Services	\$20,000	\$10,000
Building Services		
Team Leader Building Services	Nil	\$20,000
Building Operations Supervisor	Nil	\$20,000
Building Officer	Nil	\$2,000
Compliance & Monitoring		

7.10 Delegations - Financial Delegations and Controls

Attachment 1 Current Delegated Authority Financial Delegation list of amounts 2025-2026

Position	Contract Signatory	Expenditure Capital and Operational
Team Leader Compliance & Monitoring	NIL	\$10,000
Senior Animal Control Officer	NIL	\$1,000
Environmental Health Officer	NIL	\$2,000
Compliance and Monitoring Officer	NIL	\$2,000
General Inspector	NIL	\$2,000
Chief Financial Officer		
Finance		
Finance Manager	\$200,000	\$100,000
Systems and Management Accountant	\$50,000	Authorised by Council as part of the LTP/AP
Financial and Management Accountant	\$20,000	\$20,000
Revenue		
Revenue Manager	\$100,000	\$100,000
Legal and Policy		
General Counsel and Procurement Manager	\$100,000	\$100,000
Procurement		
Procurement Specialist	\$50,000	\$50,000
Contract Specialist	\$50,000	\$20,000
Group Strategy and Information		
Economic Development		
Strategy & Corporate Planning Manager	NIL	\$5,000
Economic & Community Development Advisor	NIL	\$5,000
Economic and Community Development Team Leader	NIL	\$20,000
Communications		
Communications Team Manager	NIL	\$5,000
Communications Officer	NIL	\$5,000
Internal Communications & Intelligence Lead	NIL	\$500
Community Engagement & Social Media Lead	NIL	\$500
Democracy Services		
Manager – Democracy Services	\$200,000	\$100,000
Committee Secretary	NIL	\$1,000
Deputy Electoral Officer	\$50,000	\$50,000

7.10 Delegations - Financial Delegations and Controls

Attachment 1 Current Delegated Authority Financial Delegation list of amounts 2025-2026

Position	Contract Signatory	Expenditure Capital and Operational
Digital Spaces		
Mayor's Taskforce for Jobs Coordinator	NIL	\$6,500
IT and Information Management		
Manager Information Services	\$100,000	\$100,000
IT Projects	\$100,000	\$100,000
Records & Information Manager	\$10,000	\$10,000
IT Systems Administrator	\$100,000	\$100,000
Group People, Capability and Customer Engagement		
Risk		
Risk & Assurance Advisor	\$10,000	\$10,000
Health & Safety		
Health and Safety Coordinator	NIL	\$2,000
Emergency Management		
Emergency Management Advisor	\$50,000	\$20,000
Human Resources		
HR Business Partner	NIL	\$5,000
HR Administrator	NIL	\$2,000
Customer Engagement		
Customer Engagement Manager	\$20,000	\$50,000
Customer Engagement Coordinator	NIL	\$5,000
Libraries		
District Librarian	NIL	\$10,000
Community Programmes Librarian	NIL	\$1,000
Systems & Cataloguing Librarian	NIL	\$1,000



Report

Date : 14 April 2026
To : Chairperson and Committee Members
Risk and Assurance Committee
From : Allie Dunn
Manager - Democracy Services
Subject : **Breach of Privacy Act 2020**
Item No : **7.11**

1. Recommendation

- 1.1 *That the report from the Manager - Democracy Services dated 24 March 2026 concerning the Breach of Privacy Act 2020 be received.*

2. Reason for the Report

- 2.1 To advise of two recent Privacy Act 2020 breaches, the actions taken in response to those breaches, and the outcome from assessing the breaches using the Office of the Privacy Commissioner's assessment tool.

3. Background

- 3.1 The Privacy Act 2020 requires Council to manage information it holds relating to individuals in accordance with the principles of the Act. It requires Council to have policies and processes in place for the management of personal information and for any detected breach. A copy of the Council's Privacy Policy is attached to this report, and a copy of Council's Process Map for responding to breaches.
- 3.2 The Office of the Privacy Commissioner is responsible for receiving and considering privacy complaints.
- 3.3 If a notifiable privacy breach occurs, the Council must notify the Privacy Commissioner. A notifiable privacy breach is defined in the Act, and is one that has caused, or is likely to cause, serious harm to the affected individual or individuals.

- 3.4 As required under the Act, the Council has a Privacy Officer. The Council's Privacy Officer is the Manager – Democracy Services.

4. Discussion

Privacy Breach 1

- 4.1 The Council is responsible for invoicing all food businesses in the District a Food Business Levy on behalf of the Ministry for Primary Industries.
- 4.2 On 23 March 2026 Council was advised by a business that they had received an invoice for this levy via email addressed to another business. They were concerned about receiving details of the business owner's home address, and were also concerned that their invoice may also have been sent to the wrong email address, thereby breaching their privacy by sharing their home address with an external party.
- 4.3 Council's Privacy Officer was notified of the breach on 23 March 2026, and initiated an investigation of the privacy breach.
- 4.4 The investigation showed that one person had been affected with their invoice being sent to the wrong email address. All other invoices had been correctly sent to the right email addresses. An email has been sent to person who had their privacy breached advising them of this breach and apologising for this, as well as an email being sent to the person who received the incorrect email.
- 4.5 A review of the processes being followed for sending the Food Business Levy invoices shows that at present, the Food Business Levy invoicing process requires officers to manually match each invoice with the correct premises and applicant. Officers recognise that this creates a risk of human error, and the team are already working on improvements to reduce the amount of manual handling involved in this process.
- 4.6 An assessment was also undertaken of the Privacy Commissioner website by the Officer, to ascertain whether the breach reached the threshold of being a notifiable breach. The outcome of the review is that it does not reach the threshold of being a notifiable breach.
- 4.7 In undertaking the Privacy Breach assessment, the types of personal information involved in the breach were assessed as being contact details only, as the invoiced amount is the same for every Food Business. Therefore, the personal information released was assessed as not being sensitive. The assessment concluded that the likelihood of serious harm being caused by the privacy breach was low.

Privacy Breach 2

- 4.8 On 10 March 2026 Council was advised by an individual that they had received an invoice for a subdivision application in error, noting the email used was incorrect.

- 4.9 Council's Privacy Officer was notified of the breach on 27 March 2026, and initiated an investigation of the privacy breach. The delay in forwarding the notification of the breach to the Privacy Officer was due to the officer notified being on leave at the time. When they returned from leave and became aware of the breach of privacy, they forwarded the notification.
- 4.10 The investigation showed that the cause of the wrong email address being used was that the agent acting on behalf of a customer had incorrectly input the email address in their subdivision application.
- 4.11 The investigation showed that one person had been affected with their invoice being sent to the wrong email address. An email has been sent to person who had their privacy breached advising them of this breach and apologising for this, as well as an email being sent to the person who received the incorrect email. In addition, an email was sent to the agent reminding them of the obligations that we all have under the Privacy Act 2020 for protecting personal information. They have undertaken to improve processes to reduce the risk of incorrect information being provided to Council in the future.
- 4.12 An assessment was also undertaken via the Officer of the Privacy Commissioner website to ascertain whether the breach reached the threshold of being a notifiable breach. The outcome of the review is that it does not reach the threshold of being a notifiable breach.
- 4.13 In undertaking the Privacy Breach assessment, the types of personal information involved in the breach were assessed as being contact details only, and a copy of an invoice showing details of the amount invoiced for the subdivision application. Therefore, the personal information released was assessed as not being sensitive. The assessment concluded that the likelihood of serious harm being caused by the privacy breach was low.
- 4.14 Although there have only been a few Privacy Breaches at Tararua District Council, the most common cause has been from information being emailed to an incorrect recipient.
- 4.15 To highlight the importance of checking email addresses before sending out information, an article was published in the February staff newsletter, "Panui". An additional article was published in the March staff newsletter to highlight the steps to be taken once a Privacy Breach comes to light. The upcoming All Staff meeting will also have a section on Privacy, and the Chief Executive is in the process of ensuring that all staff have completed the online privacy training which is part of the induction process.

5. Statutory Provisions

- 5.1 Part 6 of the Privacy Act 2020 sets out the requirements around notifiable privacy breaches. This part of the Act sets out definition of a notifiable breach, the assessment of likelihood of serious harm being caused by the privacy breach, and

the steps to be taken to notify the Privacy Commissioner and affected individuals of any notifiable privacy breach.

6. Conclusion

6.1 Following the identification of two privacy breaches, actions were undertaken to investigate these, including the cause and number of individuals affected, and to notify the affected parties. The tools provided on the Office of the Privacy Commissioner website were used to determine whether the breach was notifiable. The outcome of the assessments was that the breaches were unlikely to cause harm to any individuals and was therefore not notifiable. Officers are updating processes to address the cause of the breach of privacy, to reduce the risk of future occurrences.

Attachments

1. [Privacy Policy - Corporate - October 2022 - Final](#)
2. [Process for responding to Privacy Breach Notifications](#)



Privacy Policy



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1 Purpose

The purpose of this policy is to ensure that employees, contractors, consultants, secondees, volunteers, and elected members of Tararua District Council (“Council”) are aware of their obligations and how to comply with the Privacy Act 2020 (“the Act”).

2 Context

The Act requires Council to manage information it holds relating to individuals in accordance with the principles of the Act. It requires Council to have policies and processes in place for the management of personal information and for any detected breach.

3 Scope

This policy applies to all employees, contractors, consultants, secondees, volunteers, and elected members that have any contact with personal information in the course of their work for Council.

4 Definitions

Council	Tararua District Council
IPP	Information Privacy Principle
Personal information	Information that portrays the identification of a person. This includes but is not limited to name, address, phone number, date of birth, gender, financial details, purchase records

5 Related Legislation, Internal Policies, Processes and Documents

- Local Government Official Information and Meetings Act 1987
- Council Code of Conduct
- Council ICT Acceptable Use Policy
- Council Information Management Policy
- Council Retention and Disposal Schedule

6 Policy Statements

6.1 Purpose for collection of personal information (IPP1)

We will only collect as much personal information as we require to provide our services and no more.

6.2 Source of personal information (IPP2)

Personal information should be collected directly from the person it is about.

It can be collected from other people in the following situations:

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- if the person concerned authorises collection from someone else;
- if collecting information from the person directly is not practicable or would undermine the purpose of collection;
- If the person is under 16 and it is deemed appropriate to collect the data from the child's parents or caregivers, and we can confirm their identity and relationship;
- if the information is collected from a publicly available source.

6.3 What to tell the individual we are collecting information about (IPP3)

We must take reasonable steps to make sure that the person knows:

- why the information is being collected;
- who will receive it;
- whether giving it is compulsory or voluntary;
- what will happen if the information is not provided.

We will ensure that we have a suitable privacy statement on our website, any forms that we use to collect personal information, and any documentation relating to the use of information obtained from the deployment of CCTV cameras.

We will ensure that confidentiality and/or non-disclosure statements are included in any relevant contract templates.

6.4 Manner of collection (IPP4)

Personal information must be collected in a way that is lawful and seen as fair and reasonable in the circumstances.

6.5 Storage and security of information (IPP5)

We must ensure there are safeguards in place that are reasonable in the circumstances to prevent loss, misuse or inappropriate disclosure of personal information.

6.6 Access to personal information (IPP6)

We will provide access to the personal information we hold about someone if the person in question asks to see it.

6.7 Correction of personal information (IPP7)

We will allow a person to correct information about themselves if they think it is wrong. If we do not agree that the information needs correcting, we will attach a statement of correction to our records.

The above correction process does not include information held within the rates module. Any changes to rating information must be compliant with the Local Government (Rating) Act 2002.

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6.8 Accuracy of personal information (IPP8)

Before using, or disclosing, personal information we will check that it is accurate, up to date, complete, relevant and not misleading.

6.9 Retention of personal information (IPP9)

We will not keep personal information for longer than it is required for the purpose it was collected. Disposal will be implemented in compliance with the approved Council Retention and Disposal Schedule.

6.10 Use of personal information (IPP10)

We will only use personal information for the purpose it was collected, unless the use is directly related to the original purpose, or if the person in question gives their permission for their information to be used in a different way.

6.11 Disclosure of personal information (IPP11)

We will only disclose personal information if:

- disclosure is one of the purposes for which we collected the information;
- the person concerned authorises the disclosure;
- the information is to be used in a way that does not identify the person concerned;
- disclosure is necessary to avoid endangering someone's health or safety;
- disclosure is necessary to uphold or enforce the law.

6.12 Disclosure outside New Zealand (IPP12)

We will only disclose personal information to another organisation outside New Zealand if IPP11 is met and the receiving organisation:

- is subject to the Act because they do business in New Zealand;
- will adequately protect the information, e.g. by using model contract clauses; or
- is subject to privacy laws that provide comparable safeguards to the Act.

If none of the above protections apply in respect of the receiving organisation, the permission of the person concerned is required, and they must be informed that their information may not be given the same protection as provided by New Zealand's Privacy legislation.

6.13 Unique identifiers (IPP13)

We will only assign a unique identifier to someone when it is necessary to carry out our business.

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6.14 Notification of Privacy Breach

A privacy breach occurs when an organisation or individual either intentionally or accidentally:

- Provides unauthorised or accidental access to someone's personal information;
- Discloses, alters, loses, or destroys someone's personal information.

A privacy breach also occurs when someone is unable to access their personal information due to, for example, their account being hacked.

If we become aware of a privacy breach, the Privacy Officer will notify the Privacy Commissioner and any affected people as soon as possible. Breaches can be notified at the following page on the Privacy Commission web site [Report privacy breaches](#).

6.15 Training

We will ensure that all new staff receive adequate training in privacy.

7 Roles and Responsibilities

Chief Executive is responsible for this privacy policy and the establishment and support of a privacy culture at Council.

Executive Leadership Team provides strategic direction to ensure Council provides a work environment where privacy is respected and managed well.

Privacy Officer ensures that we comply with the Act, deals with any privacy concerns in relation to any official information requests, and works with the Privacy Commissioner during any investigation of complaints.

People and Capability Group, Records and Information Management Team, and the Information Services Team provide operational oversight of privacy practices, policy and guidance across Council.

People leaders ensure their team members handle personal information in a way that complies with the Act and Council's policies, including this policy.

Employees and contractors ensure they deal with personal information in a way that complies with the Act.

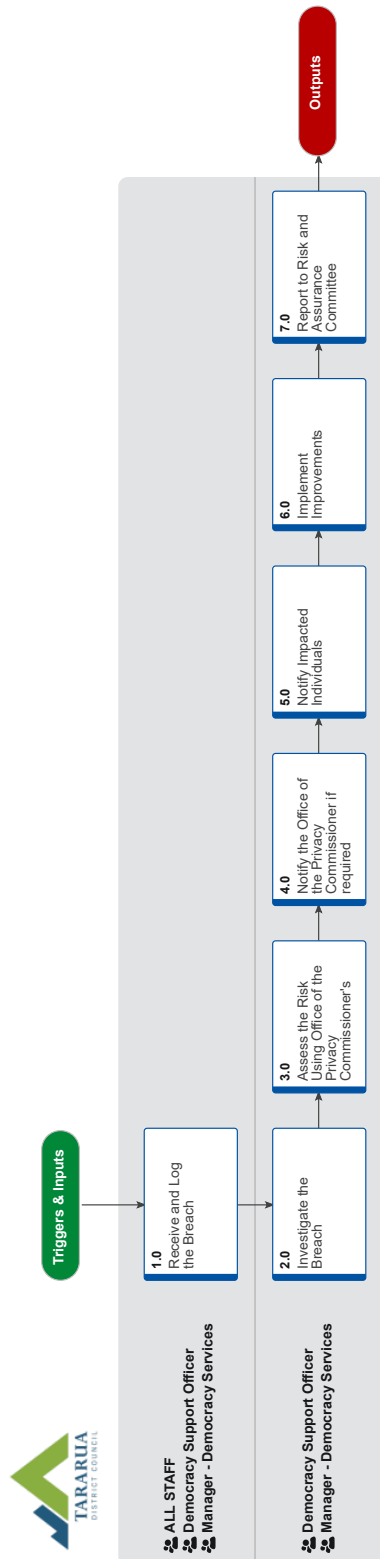
8 Review

This policy may be reviewed from time to time by Council at its sole discretion with a minimum review frequency of two yearly. This policy remains valid and in force irrespective of whether the review date has passed. Council will notify users of any changes made and may, at its sole discretion, consult users prior to making changes.

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Process for responding to Privacy Breach Notifications v4.0



Process for responding to Privacy Breach Notifications v4.0



Summary

Objective

When a privacy breach occurs, the Privacy Officer (Manager Democracy Services) follows a structured process to ensure the incident is managed lawfully, transparently, and with care for the people affected.

Background

Every privacy breach is taken seriously because protecting personal information is fundamental to public trust. By following this process, TDC ensures:

Legal compliance
Transparency
Accountability
Continuous improvement in how we handle personal information

And most importantly, it helps us learn from mistakes—especially the common ones like misdirected emails—and strengthen our privacy culture across the organisation.

Owner Allie Dunn

Expert Simone Anthony

Procedure

1.0 Receive and Log the Breach

ALL STAFF, Democracy Support Officer, Manager - Democracy Services

- a** Staff member reports the suspected breach immediately.
- b** Privacy Officer records the incident in the Privacy Breach register (refer D22/31871 - LGOIMA register. The Privacy Breach register is a tab within this document).
- c** Initial details are gathered to understand what information was involved and who may have been impacted.

2.0 Investigate the Breach

Democracy Support Officer, Manager - Democracy Services

- a** Privacy Officer conducts detailed investigation to determine: the cause of the breach (eg misdirected email, system error, incorrect handling of documents), the extent of the breach (eg how widely the information was shared or accessed), the number of people affected, the type and sensitivity of the information involved, whether the information is still at risk (eg can it be recalled deleted or contained)

3.0 Assess the Risk Using Office of the Privacy Commissioner's Online Tool

Democracy Support Officer, Manager - Democracy Services

- a** Privacy Officer uses the Office of the Privacy Commissioner's online risk assessment tool.
- b** The tool helps determine whether the breach is notifiable under the Privacy Act 2020.
- c** Assessment considers the sensitivity of the information, likelihood of misuse, potential harm to affected individuals, and whether the information is now outside Council control.

4.0 Notify the Office of the Privacy Commissioner if required

Democracy Support Officer, Manager - Democracy Services

- a** If the breach is assessed as likely to cause serious harm, the Privacy Officer submits a formal notification to the Office of the Privacy Commissioner via their website.
- b** The notification includes details about what happened, who was affected, steps taken to contain the breach and planned actions to prevent recurrence.

5.0 Notify Impacted Individuals

Democracy Support Officer, Manager - Democracy Services

- a** For every person whose privacy has been breached, a written notification is prepared and sent. The message includes a clear explanation of the breach, an apology, advice on what steps they may need to take, and information on what Council is doing to protect their personal information going forward.
- b** For every person that received information in error, a written notification is prepared and sent. Include an apology, a clear explanation of the error, request for them to delete the information received and information on what Council is doing to reduce the risk of future breaches of privacy.
- c** Tone is empathetic, clear and supportive.

6.0 Implement Improvements

Democracy Support Officer, Manager - Democracy Services

- a** The Privacy Officer reviews what went wrong, what process or system changes are needed, whether staff training should be updated and whether additional safeguards are required (eg double-checking email recipients, system prompts, or workflow changes).
- b** Recommendations are documented and actioned to reduce the risk of a repeat incident.

7.0 Report to Risk and Assurance Committee

Democracy Support Officer, Manager - Democracy Services

- a** A formal report is prepared for the Risk and Assurance Committee, ensuring transparency and accountability.
- b** The report includes a summary of the breach, investigation findings, notifications made, actions taken to address the issue and recommendations for future improvements.
- c** This ensures elected representatives are informed and the public can have confidence in how Tararua District Council manages privacy risks.

Triggers & Inputs

TRIGGERS

Starts	Frequency	Volume
Notification received of Privacy Breach	Ad hoc	Occasional

INPUTS

None Noted

Outputs & Targets

OUTPUTS

None Noted

PERFORMANCE TARGETS

None Noted

Process Dependencies

PROCESS LINKS FROM THIS PROCESS

None Noted

PROCESS LINKS FROM OTHER PROCESSES

None Noted

RACI

RESPONSIBLE

Roles that perform process activities

ALL STAFF, Democracy Support Officer, Manager - Democracy Services

Systems that perform process activities

None Noted

ACCOUNTABLE

For ensuring that process is effective and improving

Process Owner Allie Dunn

Process Expert Simone Anthony

CONSULTED

Those whose opinions are sought

STAKEHOLDERS

None Noted

STAKEHOLDERS FROM LINKED PROCESSES

None Noted

INFORMED

Those notified of changes

All of the above. These parties are informed via dashboard notifications.

Systems

None Noted

Lean

None Noted

Timeframes

Activity	Incl.	Active Time	Wait Time
1.0 Receive and Log the Breach *	✓	-	-
2.0 Investigate the Breach *	✓	-	-
3.0 Assess the Risk Using Office of the Privacy Commissioner's Online Tool *	✓	-	-
4.0 Notify the Office of the Privacy Commissioner if required *	✓	-	-
5.0 Notify Impacted Individuals *	✓	-	-
6.0 Implement Improvements *	✓	-	-
7.0 Report to Risk and Assurance Committee *	✓	-	-
TOTAL		-	-

Variance Scenarios: