

Agenda for a meeting of the Audit & Risk Committee of the Waikato District Council to be held in Committee Rooms 1 & 2, District Office, 15 Galileo Street, Ngaruawahia on **WEDNESDAY, 25 MARCH 2020** commencing at **9.30am**.

Information and recommendations are included in the reports to assist the Committee in the decision making process and may not constitute Council's decision or policy until considered by the Committee.

1. APOLOGIES AND LEAVE OF ABSENCE

2. CONFIRMATION OF STATUS OF AGENDA

Representatives from Audit New Zealand will be in attendance.

3. DISCLOSURES OF INTEREST

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GJ Ion
CHIEF EXECUTIVE

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	25 March 2020
Prepared by	Brendan Stringer
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Confirmation of Minutes

1. EXECUTIVE SUMMARY

To confirm the minutes of the Audit & Risk Committee held on Monday, 2 December 2019 .

2. RECOMMENDATION

THAT the minutes of the **Audit & Risk Committee** held on **Monday, 2 December 2019** be confirmed as a true and correct record of that meeting.

3. ATTACHMENTS

A&R Open Minutes – 2 December 2019

MINUTES of a meeting of the Audit & Risk Committee of the Waikato District Council held in the Committee Rooms 1 and 2, District Office, 15 Galileo Street, Ngaruawahia held on **MONDAY 2 DECEMBER 2019** commencing at **1.05pm**.

Present:

Ms M Devlin (Chairperson)
His Worship the Mayor Mr AM Sanson [*from 1:09pm to 2:55pm*]
Cr JA Church
Cr JM Gibb
Cr JD Sedgwick

Attending:

Mr GJ Ion (Chief Executive)
Mr TG Whittaker (Chief Operating Officer)
Mrs S O’Gorman (General Manager Customer Support)
Ms A Diaz (Chief Financial Officer)
Mr R MacCulloch (Acting General Manager Service Delivery)
Mr K Abbott (Projects & Innovation Manager)
Mrs K Jenkins (Risk Advisor)
Ms K Newell (Local CDEM Co-ordinator)
Mr G Mason (Innovation Team Leader)
Mrs L Shirley (Zero Harm Manager)
Ms K Anderson (Zero Harm Adviser)
Mr J Ebenhoh (Planning and Policy Manager)
Mr R Turner (Customer Experience Manager)
Ms S Solomon (Corporate Planner)
Mr P Ellis (Solid Waste Team Leader)
Ms P Cronin (Waste Minimisation Officer)
Mr B Stringer (Democracy Manager)

Ms M Proctor (Audit Manager, Audit New Zealand)
Mr D Sutton (KPMG) – Agenda Item 4.2.1 only (by conference call)
Ms J Lumsden (KPMG) - Agenda Item 4.2.1 only (by conference call)
Ms G Wyborn (KPMG) - Agenda Item 4.2.1 only (by conference call)

APOLOGIES AND LEAVE OF ABSENCE

Resolved: (Crs Sedgwick/Gibb)

THAT an apology be received from **Cr Bech**.

CARRIED

A&R1912/01

CONFIRMATION OF STATUS OF AGENDA ITEMS

Resolved: (Ms Devlin/Cr Gibb)

THAT the agenda for a meeting of the **Audit & Risk Committee** held on **Monday 2 December 2019** be confirmed and all items therein be considered in open meeting with the exception of those items detailed at agenda item 5 which shall be discussed with the public excluded;

AND THAT all reports be received;

AND FURTHER THAT in accordance with **Standing Order 9.4** the order of business be changed with agenda item 4.1.6 (*Strategic Risk Deep Dive – Business Resilience*) being considered the first item and that other items be considered as appropriate during the course of the meeting.

CARRIED

A&R1912/02

DISCLOSURES OF INTEREST

The Chair, Ms Devlin, advised members of the Committee that there were references to Watercare Services Ltd in reports in the agenda. She declared an interest as a Director of Watercare. It was also noted that there were no decisions required in respect of Watercare.

There were no other disclosures of interest.

REPORTS

Agenda Item 4.1.6 was considered first [ref A&R1912/02]

Strategic Risk Deep Dive – Business Resilience
Agenda Item 4.1.6

The report was received [ref A&R1912/02] and taken as read. The Risk Advisor introduced the report and, with the support from the Projects & Innovation Manager and Local CDEM Co-ordinator, responded to questions on the following matters:

- Project risks/failures were documented during the project process and, if eventuated, were captured in the project or operational risk registers.
- As part of an internal education campaign, staff would be advised to apply a ‘risk lens’ to all business activities as part of business resilience.
- A business continuity plan project was due to commence in the new year, with a report back to the Committee by mid-2020.

The Committee were supportive of the recommendations detailed in the staff report (page 65, Open Agenda).

His Worship the Mayor joined the meeting during discussion on the above item (1:09pm).

Strategic Risk Register December 2019

Agenda Item 4.1.1

The report was received [ref A&R1912/02] and taken as read. The Risk Advisor, supported by the Chief Executive and Chief Operating Officer, highlighted, and responded to questions on, the following points:

- Strategic gap analysis exercise undertaken in September 2019. Six risks were identified as currently falling outside the organisation's risk appetite; two of which still had work to be undertaken:
 - Zero Harm - Management of contractors' health and safety requirements;
 - Cyber Security – A report would be presented to the Committee in March 2020.
- The Risk Advisor would have preferred more progress across the organisation over the last 12 months, though noted the organisation was on track. A lot of work had been done on risk, including for the risks that fell outside the organisation's risk appetite.
- Zero Harm (R0184)
 - it was expected the organisation would be compliant with legislative requirements following implementation of actions arising from the KPMG audit, which was being dealt with as a priority.
 - risks and mitigations in relation to non-compliant subcontractors were discussed, acknowledging that there was currently a gap that staff were addressing. Staff were having conversations with contractors to assist them to meet their health & safety requirements.

Staff would present an update to the Committee at its meeting in March 2020, on progress made towards closing the gap to meet the organisation's risk appetite.

Risk Framework December 2019

Agenda Item 4.1.2

The report was received [ref A&R1912/02]. The Risk Advisor, supported by the Chief Operating Officer and Chief Financial Officer, highlighted, and responded to questions on, the following points:

- No significant changes or updates; the challenge was to encourage the organisation to adopt desired behaviours in relation to 'risks and opportunities'.
- Executive Leadership Team to ensure that reports to elected members adequately address risk, identifying both positive and adverse effects, and to share learnings from other organisations.

Recent examples by the Council taking risks were discussed. It was suggested that elected members should support staff to encourage risk within the organisation's appetite.

Emerging Risks December 2019

Agenda Item 4.1.3

The report was received [ref A&R/19/2/02] and taken as read. The Risk Advisor summarised the report and highlighted, and responded to questions on, the following points:

- Work was still required to connect ‘risk conversations’ between the Executive Leadership Team and other tiers of management.
 - Risk would be a standing item at Team Talks and Chamber Chats. It was also part of the change management process initiated as part of Gearing for Growth and Greatness.
 - Risk should be considered as part of staff induction and exit processes (e.g. to avoid loss of information when a person leaves).
 - A significant number of risk assessments were undertaken as part of the organisation’s business, the scope of which depended on the significance of each project.
- Work undertaken in relation to growth issues arising from the Urban Development Authority.

The Committee requested that the Climate Change risk should be amended to refer to Climate Resilience.

Insurance Risk Strategy Update

Agenda Item 4.1.4

The report was received [ref A&R/19/2/02] and taken as read. The Chief Financial Officer summarised the report and advised that an update would be presented to the Committee at its March 2020 meeting.

Risk Conversations – Solid Waste Team

Agenda Item 4.1.5

The report was received [ref A&R/19/2/02]. The Solid Waste Team Leader, supported by the Acting General Manager Service Delivery and Waste Minimisation Officer, highlighted, and responded to questions on, the following points:

- There was a high level of understanding of risk within the Solid Waste Team; work was ongoing with the Risk Advisor.
- Health and safety risks with contractors remained a ‘work in progress’:
 - a Zero Harm audit was due to be undertaken in mid-December 2019.
 - there was often a lack of understanding and resource for contractors to address health and safety obligations. Improvements in relationship with contractors assisted this work.
 - the Committee expected staff to set clear expectations for contractors in relation to compliance with health & safety obligations; non-compliance was not an option.

- periodic assessments were undertaken in relation to subcontractors, with required improvements recorded with the relevant contractor.
- contracts should be framed as a 'partnership' to facilitate increased compliance.
- Solid Waste Review would consider internal stakeholder communication and record-keeping to address the risk recorded as 'Extreme' in the Solid Waste Team Risk Register (Operational).

KPMG Health & Safety Governance Review
Agenda Item 4.2.1

The report was received [ref A&R1912/02].

The Chairperson welcomed Mr Sutton, Ms Lumsden and Ms Wyborn, from KPMG who joined the meeting via conference call. In speaking to the KPMG audit report, the KPMG representatives noted, and responded to questions on, the following points:

- The scope of the audit and rationale for items falling outside of the scope.
- Confirmation that the classification as 'Developing' was common.
- The work the Council had already undertaken in relation to health & safety was acknowledged, and that the Council was well-placed in comparison to other territorial authorities. KPMG representatives were not aware of any exemplar in the local government sector for the Council to consider.
- Three areas where further improvement was required – Resources, Compliance and Verification. It was suggested that the actions in relation to Resources should be addressed first in order to drive other required changes. Work was underway in this space.
- Elected members should receive training as part of their induction after elections; a refresher within the 3-year term would also be useful.
- The audit was KPMG's independent assessment, and it was not directed by the Council's management.

The Chief Operating Officer noted that the Executive Leadership Team was broadly supportive of the recommendations in the KPMG report. The Zero Harm Manager was collating a comprehensive response, which the ELT would consider to determine options and prioritisation of actions before reporting to the Committee in March 2020.

Resolved: (Crs Gibb/Church)

THAT the Audit & Risk Committee support the actions to address the KPMG audit recommendations.

CARRIED

A&R1912/03

The Mayor retired from the meeting at 2:55pm

The meeting adjourned from 2:55pm to 3:00pm.

Waikato District Council Zero Harm Safety Management System Update
Agenda Item 4.3.1

The report was received [ref A&R1912/02] and taken as read. The Zero Harm Manager highlighted, and responded to questions on, the following points:

- Work was still progressing in relation to contractor management; a number of inroads had been achieved.
- Consultation, cooperation and coordination – example of work undertaken with Belgravia in relation to swimming pools.
- Zero Harm Policy was nearly completed.
- The Committee provided feedback on the proposed Zero Harm Commitment attached to the staff report:
 - Expand the bullet point commencing ‘Foster an environment of collaboration...’ to include all stakeholders.
 - Wellbeing should be included as part of delivery on the commitment.
 - Acknowledge culture to empower staff to stop actions that are not safe, without repercussions. Practical options were being considered by staff in this regard.
- Zero Harm was the aspirational goal to drive a culture of reporting and challenging unsafe behaviour and actions.

Integrated Reporting Framework
Agenda Item 4.3.2

The report was received [ref A&R1912/02] and taken as read. The Chief Financial Officer summarised the report and responded to questions on, the following points:

- Compliance with legislative obligations in relation to financial reporting – Audit NZ was in the early stages of considering integrated reporting and supported the approach in principle.
- Staff would connect with other organisations considering or undertaking integrated reporting.

Climate Change Response
Agenda Item 4.3.3

The report was received [ref A&R1912/02] and taken as read. The Planning and Policy Manager spoke to the report, and noted that staff had already commenced work in this area.

The Chairperson referred to earlier comments for staff to report on the organisation’s climate resilience rather than ‘climate change’.

Update on Process Audit and Quality Improvement
Agenda Item 4.3.4

The report was received [ref A&R/19/2/02] and taken as read. The Innovation Team Leader summarised the non-conformances detailed in the staff report and highlighted that the internal audit for Animal Control processes had been brought forward.

ACTION: Staff to provide firmer responses under the 'Recommendations and Actions' column in the Summary of Non-Conformances table in future reports.

The General Manager Customer Support spoke to centralisation of data management.

Progress Against Audit Issues – December 2019 Update
Agenda Item 4.3.5

The report was received [ref A&R/19/2/02] and taken as read. The Corporate Planner introduced the report.

The Chief Operating Officer explained that the difference between the Audit NZ management report and the staff report in relation to outstanding audit issues were due to timing on recording of closure of items. Staff would clarify this in future reports.

Privacy Breach Update
Agenda Item 4.3.6

The report was received [ref A&R/19/2/02] and taken as read. In speaking to the report, the Customer Experience Manager summarised the report and the work to be undertaken by the Animal Control Team by March 2020. Quality assurances would form part of this work.

ACTION: Management to remind staff not to use individual customer databases.

Insurance Renewal 2019
Agenda Item 4.3.7

The Chief Financial Officer summarised the report and highlighted the following points:

- The financial effect of Hamilton City Council's decision to withdraw from primary layer cover.
- Increased excess to professional indemnity cover due to Bella Vista incident.
- Scope of cover tightened in relation to non-conforming building materials.

Self-insurance as an option for smaller incidents/risks was discussed.

Final Management Report for the Year Ended 30 June 2019
Agenda Item 4.3.8

The report was received [ref A&R1912/02]. The Chief Financial Officer highlighted, and responded to questions on, the following points:

- Changes in the Finance Team and Audit NZ's methodology brought challenges and learnings for both organisations.
- Audit NZ costs exceeded estimates by approximately \$40,000. It was agreed that Council would contribute \$10,000 towards the additional costs incurred.
- The \$8.4 million 'paper loss' on interest rate swaps had been explained in the 2018/19 Annual Report.
- The practical effect of the breach of clause 20(5), Schedule 10 of the Local Government Act 2002 (p155 of the Open Agenda) was discussed in the context of legislative compliance.
- Controls were in place to monitor staff, with delegated authority up to \$25,000, self-approving purchase orders. Improvements would be considered in due course.

Resolved: (Crs Gibb/Sedgwick)

THAT the report from the Chief Operating Officer be received;

AND THAT the Committee recommend to Council that a contribution of \$10,000 towards additional audit costs for 2018/19 be approved, noting that such additional costs will be absorbed via expenditure savings in the finance cost centre.

CARRIED

A&R1912/04

Updated Future Work Plan and Action List
Agenda Item 4.3.9

The report was received [ref A&R1912/02] and taken as read. In speaking to the report, the Chief Operating Officer recorded that the KPMG Health & Safety Audit and the Health & Safety framework would be added to the work plan for March 2020.

The Chairperson and Cr Gibb would review the work plan and action list to assess whether they continued to meet the Committee's requirements.

The Chairperson thanked management for the work undertaken for the Committee during 2019.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	19 March 2019
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Updated Audit & Risk Committee Action List

1. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Audit & Risk Committee Action List for the Committee's information.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

- Updated Audit & Risk Committee Action List

Audit & Risk Committee: Action List

#	Action	Owner	Date Assigned	Date Due	Status
1.	Member Training and Development	Mayor	December 2018	March 2020	A training and development plan required for relevant Councillors. To be included in 2019/20 Councillor Induction Programme. The recent KPMG Health & Safety Governance Review has also recommended governance training in this area.
2.	<u>Strategic Risk Register</u> To continue the discussion as part of the overall stakeholder engagement workshop following the local authority elections, and to review examples of best practice from other Councils	Communications, Marketing & Engagement Manager	September 2019		In progress. Council is in the process of developing a Communication & Engagement Strategy. The Mayoral Forum are also preparing a work programme which may address engagement issues such as voter turnout.
3.	<u>Emerging Risks</u> Draft Climate Change Strategy that is tightly scoped, has wide stakeholder engagement to address actions, and legislation e.g. Zero Carbon. Report on Council's response to Climate Change and timelines to December meeting.	Chief Operating Officer	September 2019	December 2019	This work has commenced and is being co-designed with Councillor input. The Mayor has tasked the Deputy Mayor with leading the Council's climate change response programme, from a governance perspective. A report is being prepared for the February Strategy & Finance Committee meeting which will present the results of the emissions stocktake (corporate, District if available, and region wide), the stocktake of Council actions to date (mitigation and adaptation), a summary of the national and international frameworks and legislation, a summary of New Zealand local governments' responses to date, and a set of options for how the Council positions itself in relation to this issue (leader, fast follower, etc.). The chosen option will guide the development of a climate change strategy. MARCH 2020 UPDATE: The staff report on <i>Climate Response Planning</i> as discussed at Council's Strategy & Finance meeting on 05 February 2020 can be viewed here in the online Committee

#	Action	Owner	Date Assigned	Date Due	Status
					agenda (pp9-86). At the February meeting, the Committee resolved: THAT the Strategy and Finance Committee direct staff to develop a Climate Action Plan (Option 2 in the staff report), including both mitigation and adaptation for both Council and the District, that advances Council's commitment to climate leadership on behalf of its communities, whilst simultaneously implementing operational initiatives.
4.	<u>Insurance Renewal Process 2019</u> Insurance Risk Strategy report to be presented to the December meeting	Chief Financial Officer	September 2019	December 2019	Insurance Risk Strategy Update report included in December agenda. Aon New Zealand Limited will be supporting council in its development of an insurable risk strategy starting with a review of current insurable risk exposures. Initial work is anticipated to commence at the end of 2019 and continue into the first quarter of 2020.
5.	<u>Draft 2018/19 Annual Report</u> The Executive Leadership Team to review the significant out-performance (value for money/over delivering).	Chief Operating Officer	September 2019		This level of service conversation will be had through the Long Term Plan process.
6.	<u>New Zealand Transport Agency Investment Audit Report</u> Updated report required in December 2019 on the acceptance of feedback from NZTA and the risk of any consequences therein.	Contracts and Partnering Manager	September 2019	December 2019	Council are waiting on information from BECA on the data review to enable Council's response to NZTA to be completed. NZTA have confirmed the delay is not compromising the funding programme.
7.	<u>Strategic Risk Register</u> Staff to present an update to the Committee at its meeting in March 2020 on progress made towards closing the gaps to meet the organisation's risk appetite.	Risk Advisor	December 2019	March 2020	Completed. Included in the <i>Strategic Risk Register and Emerging Risks – March 2020</i> report.
8.	<u>Emerging Risks</u> Climate Change risk be amended to refer to Climate Resilience.	Risk Advisor	December 2019	March 2020	Completed.

#	Action	Owner	Date Assigned	Date Due	Status
9.	<u>Insurance Risk Strategy Update</u> Provide a further update to the Committee at its March 2020 meeting.	Chief Financial Officer	December 2019	March 2020	Completed. Included in <i>Chief Financial Officer</i> report.
10.	<u>KPMG Health & Safety Governance Review</u> Executive Leadership Team to determine options and prioritisation of actions before reporting to the Committee in March 2020.	Chief Operating Officer / Zero Harm Manager	December 2019	March 2020	Completed. Action list including progress is included in the <i>Quality & Governance Assurance</i> report.
11.	<u>Updated Future Work Plan and Action List</u> KPMG Health & Safety Audit and the Health & Safety Framework actions to be added to the work plan for March 2020.	Chief Operating Officer	December 2019	March 2020	Completed. KPMG Health & Safety Audit and the Health & Safety Framework actions have been included in the <i>Updated Future Work Plan</i> report and reported on in the <i>Quality & Governance Assurance</i> report.
12.	<u>Updated Future Work Plan and Action List</u> The Chairperson and Cr Gibb to review the work plan and action list to assess whether they continued to meet the Committee's requirements.	Chairperson / Cr Gibb	December 2019	March 2020	Completed. Changes to the agenda and certain reports have been made to reflect exception reporting and required actions.
13.	<u>Updated Future Work Plan</u> To include review of policies Audit & Risk Committee should be addressing	Chairperson / Chief Operating Officer	March 2020	March 2020	Completed. Review of policies has been included in the <i>Updated Future Work Plan</i> report.

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	17 March 2020
Chief Executive Approved	Y
Reference #	GOV1318/ 2544628
Report Title	Chief Financial Officer Report

I. EXECUTIVE SUMMARY

This report aims to keep the Audit & Risk Committee abreast of risks and issues that could impact council and its stakeholders from a financial perspective. Brief updates are included for insurance and procurement matters.

Changing face of infrastructure provision

There are two bills in front of parliament currently that, should they pass into legislation, will impact the way in which infrastructure provision is delivered across New Zealand.

The Urban Development Bill seeks to enable a more coordinated approach to regeneration of existing urban areas (i.e. complex development projects) via assessment, consenting, funding and delivery of Specified Development Projects by a centralised agency. This bill will allow an Urban Development Authority (“UDA”, in this case Kainga Ora) to compulsorily acquire land, override local planning decisions, issue resource consents, charge development contributions and impose targeted rates.

The other bill is the Infrastructure Funding and Financing Bill which in its current form will support (mainly) Greenfield development to progress in a timelier manner. The proposed model will allow for the establishment of Special Purpose Vehicles (“SPV”) to assist local authorities and other public bodies constrained by debt capacity limits to provide infrastructure projects off-balance sheet. The repayment mechanisms for this upfront investment will come from mandatory levies to be administered by local authorities using current rating systems, processes and powers.

Both of these bills seek to bring forward investment in New Zealand’s housing supply. These bills are both anticipated to be passed ahead of this year’s election (subject to change due to COVID-19), and Hansard debate would indicate that the various political parties are well aligned.

Pressure points for council's business from a financial perspective could be:

- tighter construction market for "business as usual" infrastructure provision due to the focus on major new developments
- more competitive market for consenting jobs
- increase in rating sales over time due to the need to recover SPV infrastructure costs
- increase in administration costs both in rating (land amalgamations and levy scheme maintenance) and in the management of council's development contributions regime
- perception of higher rates through SPV charging and UDA targeted rates

The opportunities could be:

- increased capital investment within the district
- heightened focus on progressing cross-boundary infrastructure projects
- cross boundary sharing of consenting and rating resources
- ability to re-imagine planning outcomes for existing urban areas
- more affordable housing could attract new investment in our district and rating growth
- bundling of work programmes to deliver better procurement outcomes for complex work, while allowing a shift to more localised procurement for lower risk projects

Rating of Maori Land

The Local Government (Rating of Whenua Maori) Amendment Bill was introduced to Parliament on 27 February. The Bill has not been referred to select committee and there is no call yet for submissions. The proposed amendments intend to support the development of, and provision of housing on Maori land as well as modernise rating legislation as it pertains to Maori land.

The Bill provides for:

- Local authorities with the power to write off rates arrears on any land where they cannot be recovered or, in the case of Maori land, where a person has effectively inherited rates arrears from a deceased owner.
- For rating units of Maori land that are entirely unused Maori land and Maori land protected by Nga Whenua Rahui Kawenata (reserved land) to be non-rateable.
- A statutory remission process to promote rates remissions for Maori freehold land under development.
- That the ratepayer for multiple rating units of Maori freehold land may apply to have them treated as one for the purposes of calculating rates if they are used as one economic unit, which will reduce uniform charges and lower the overall rates charged.
- For multiple homes on a rating unit of Maori freehold land to have separate rate accounts if the owner requests, which will enable owners to access rates rebates.

This Amendment Bill proposes to modernise rating legislation by:

- Removing the 2-hectare land area restrictions from rates exemptions for marae and urupa.
- Providing protection to Maori land made general land under the Maori Affairs Amendment Act 1967 from the abandoned land and rating sale provisions of the Local Government (Rating) Act 2002.
- Clarifying the current exemption for marae, meeting places, and meeting houses.
- Clarifying the obligations on trustees not liable to pay rates for lack of income derived from land held in trust.
- Including purpose statements in the provisions of the Local Government (Rating) Act 2002 and the Local Government Act 2002 relating to Maori land rating requiring the principles set out in the Preamble to the Te Ture Whenua Maori Act 1993 to be appropriately considered in local authority rating decisions.

Council's property database currently has 699 properties identified as Maori land (2.1% of the district's 33,316 properties). Maori land is defined as land that has been declared Maori Freehold Land by the Maori Land Court and is shown as such on the title deeds.

The proposed amendment to give Councils the power to write off rates arrears on any land where they cannot be recovered or, in the case of Maori land, where a person has effectively inherited rates arrears from a deceased owner would result in write-offs which would impact general rates. Currently cumulative arrears on Maori land sits at \$603,000 at an approximate annual arrears amount of \$150,000.

Rates on Maori land are currently remitted on application only and are subject to a number of conditions, notably the land must be Maori Freehold Land and unproductive. Information and documentation provided by owners is used to determine eligibility for remission. The database holds no information as to the use of the land. The proposed amendments will require this information to be maintained in the database. In addition to the administration to establish and confirm land use, and assuming 50% by number and 30% by value of Maori Land is unproductive, General Rates income lost could be between \$400,000 and \$500,000 per year.

Properties are currently rated as one rating unit. The proposed amendments would require, on application, Maori land to be split into more than one rating unit if it comprises a dwelling and is used separately from the other land in the rating unit. The valuation of each rating unit would be apportioned by the Valuation Service Provider, adding to the administration cost.

The broader costs and benefits from rates remissions on Maori land under development, the ability of individual owners to access rates rebates and treating contiguous Maori Land properties as one for the purposes of calculating rates if they are used as one economic unit cannot currently be quantified.

It is unclear how the intent of the Bill will be delivered in terms of development and housing, as writing off debt that remains unpaid does not equate to the ability to invest. There is an opportunity for council to work with our Iwi partners to both inform our submission and investigate ways in which to facilitate the development of Maori land.

Economic downturn

As a result of COVID-19 response across the world, New Zealand is now gearing up for what the Reserve Bank of New Zealand (“RBNZ”) has termed a ‘deep’ recession. In readiness the RBNZ has reduced the official cash rate for a period of at least a year to 0.25%. Retail banks are anticipated to pass these lower rates onto customers as new capital requirements have also been delayed.

Government surpluses, low debt and continuation of the infrastructure investment programme are expected to smooth the economic impact over the coming year. An initial \$12.1 billion COVID-19 fiscal package was announced on 17 March. The package includes:

- An initial \$500 million boost for health
- \$5.1 billion in wage subsidies for affected businesses in all sectors available immediately
- \$126 million in COVID-19 leave and self-isolation support
- \$2.8 billion income support package for the vulnerable including a permanent \$25 per week benefit increase and doubling of the winter energy payment for 2020
- \$100 million re-deployment package
- \$2.8 billion in business tax changes to free-up cashflow, including a provisional tax threshold lift, the reinstatement of building depreciation and writing off interest on the late payment of tax
- \$600 million initial aviation support package

<https://www.beehive.govt.nz/release/121-billion-support-new-zealanders-and-business>

Aside from the obvious health concerns, the possible loss of employment is expected to raise significant concerns for our resident ratepayers, sole-traders and contractors. Of the mechanisms listed above the wage subsidy programme in particular targets retention of staff for those sectors where revenue levels are at least 30% lower than the same period in the prior year, as may be the case for retail, hospitality, forestry and tourism operators.

With the decline in global markets and investment funds, such as that of the Waikato District Community Wellbeing Trust, philanthropic and grant based community project funding could slow in the immediate term as organisations seek to maintain base capital. It is further noted that the Provincial Growth Fund may have some funds re-purposed which could affect our application.

There is potential that as a Local Government Funding Agency (“LGFA”) guarantor, should a local authority default on their LGFA repayments that council could have to cover a portion of the costs until that local authority’s debenture trust deed is triggered. This is extremely unlikely, however, a number of council’s have investments in ports, airports and tourism activities so it should be noted that the risk is heightened as a result of COVID-19.

Another potential risk for Council is that our core cashflow may deteriorate where ratepayer’s individual circumstances are affected. This may require reconsideration of working capital management in particular how we deal with debt repayment. For example, we have \$10 million of debt maturing in 2020 which was forecast to be repaid via cash reserves; it is likely we will look at re-financing rather than drawing on those reserves.

Specific response plans from a council perspective are in the early stages of development and will flex as the COVID-19 response progresses. Examples of Council's current financial risk mitigations for periods of recession are:

- Retention of surplus building consents revenue to cover periods of decreased consenting activity
- Maintaining a 'structure plan non-growth' reserve to assist where growth expectations are not realised
- Rates remission and postponement policies to support ratepayers experiencing financial hardship
- Maintaining headroom between stipulated debt capacity limits and LGFA borrowing limits

Council will be asked to consider the likely impact on operations, rates remission and postponement policies, and set priorities for the year ahead via Annual Plan discussions.

Other items for noting

Phasing out of cheques

When council ceased taking cash payments at our front counters, staff signalled that complete removal of cheques from the banking system was also on the horizon. Kiwibank was the first-mover and has been 'cheque free' since the end of February and as of 1 March Inland Revenue no longer accepts payment via cheque. New Zealand is not the first country to remove cheques; Dutch banks haven't accepted cheques since 2001 and Finland ceased use in 1993. Cheques are not classified as legal tender so are not required to be accepted, however, Council still receives in excess of 7,000 cheques each year (over half via mail) equating to approximately 4% of total receipting transactions. While not expected to be problematic, the inability to pay in cash at council offices and libraries may become an issue again as cheques are phased out.

Dog registration income

Before Council moved to an electronic receipting system dog registration notices were not required to be tax invoices for GST purposes. The income and amounts receivable were not recorded in the financial system and income was only recognised once payment was received. The registration notices sent out referenced the upcoming year's amount payable, and unpaid fees from prior years were not shown on the registration notices. The list of unreturned dog registration notices were used as the basis for Animal Control Team debt collection activities and/or seizure activity.

The transition to electronic receipting has linked registration notices with tax invoicing and the income, GST and amounts receivable are recognised in the financial system at the time the notices are raised. Consequently unpaid fees remain as accounts receivable in the financial system until paid. At the beginning of March, unpaid dog registration fees amount to \$84,693 from 2018/19 and \$116,948 from 2019/20. These figures include GST which has been remitted to IRD on an invoice basis.

A legal opinion on the collectability of registration fees after the year to which the fee applies has been sought. The advice could result in a write-off the 2018/19 amount and require a provision at 30 June 2020 for whatever amount is unpaid as at that date in respect of the 2019/20 financial year. The Animal Control Team are working alongside Finance to establish processes and reporting to ensure future write-offs are minimal.

Insurance renewal

The full renewal report from Aon New Zealand Limited is attached for the Committee's information. The final renewal position for 2019 resulted in the following cover/premiums:

Class of Business	Total Declared Values	Limit of Indemnity	Last Year	This Year
Material Damage (excl. Fire)	\$262,035,344	\$150,000,000	\$204,312.55	\$249,300.42
Material Damage (Fire)	\$262,035,344	\$25,000,000	\$68,104.19	\$82,379.00
Business Interruption	\$4,552,916	Declared Value	\$5,559.48	\$6,362.63
Infrastructure Cover	\$433,120,102	\$300,000,000	\$94,857.10	\$84,523.36
Infrastructure Cover –Primary 10m	\$433,120,102	\$10,000,000	\$32,132.79	62,010.71
Commercial Motor	\$2,967,603	Declared Value	\$55,794.69	\$47,877.53
Employers Liability	-	\$2,000,000	\$1,056.00	\$1,056.00
Statutory Liability	-	\$2,000,000	\$6,500.00	\$8,125.00
Fidelity/Crime	-	\$2,000,000	\$12,343.86	\$12,503.00
General Liability	-	\$15,000,000	\$47,988.00	\$47,988.00
Professional Indemnity	-	\$15,000,000	\$132,400.00	\$138,975.00
Liability Excess Layer	-	\$145m (shared)	-	\$27,329.00
Cyber Liability	-	\$1,500,000	\$17,846.50	\$15,295.00
Boiler Explosion	\$156,750	Declared Value	\$344.85	\$383.00
Personal Accident	-	\$1,500,000	\$915.75	\$915.75
Standing Timber	\$252,500	Declared Value	\$522.87	\$564.42
Aviation Hull – UAV	\$1,900	\$1,000,000	\$621.76	\$635.58
Airport Owners and Operators	-	\$5,000,000	\$700.00	\$800.00
Marine Hull	\$45,280	\$2,000,000	\$697.00	\$697.00
Trustees Liability	-	\$1,000,000	\$1,200.00	\$1,200.00
TOTAL			\$683,897.39	\$788,920.40

The insurable risk strategy programme identified as commencing in December 2019 has not been progressed as only 4 of the 12 Waikato local authorities wished to undertake this work. Aon will now work with the interested parties on resourcing, cost and timeframes for delivery ahead of the 2020 renewal.

Procurement update

The project initiation workshop for the procurement and contracts roadmap is scheduled for the start of April. Data is being gathered to sufficiently inform the current and desired future state for this exercise.

While the contracts management technology project has had minimal forward momentum in the last 6 months, test access has been granted for a small group to review set ups and application to council's current model of procure to pay for contracts.

The Ministry of Business Innovation and Employment ("MBIE") Procurement Graduate Programme placement ended in early February. This programme was beneficial for both the procurement graduate and Council. Further opportunities to partner with MBIE and/or tertiary institutions for procurement resource are being investigated.

2. RECOMMENDATION

THAT the report from the **Chief Financial Officer** be received.

3. ATTACHMENTS

Insurance renewal report

Waikato District Council

November 2019

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Introduction

We are pleased to present to you a summary of renewal terms negotiated with insurance markets in respect of Waikato District Council's insurance programme for the period 1 November 2019 to 1 November 2020. This report contains information which is confidential to Waikato District Council and Aon New Zealand (Aon).

We trust this report is to your satisfaction and look forward to receiving your renewal instructions.

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Office Details	<p>Hamilton Corporate</p> <p>85 Tristram St Hamilton</p> <p>PO Box 1281 Hamilton 3240</p>

Important Notices

As your insurance advisor, we want to draw your attention to certain important matters that relate to your insurance.

For the purposes of this document, the following words (and any variation of them) that appear in bold shall mean the following:

- (i) **Aon/we/us/our** - Aon New Zealand; and
- (ii) **you** - an Aon client who instructs us or for whom we may provide services.

1. Advice Given for Your Benefit

Any advice, report or information that we provide is given solely for your benefit and cannot be given to or relied upon by any third party without our prior written consent.

2. Aon Terms of Business

Except as otherwise agreed (in writing), you agree that Aon's Terms of Business apply to the provision of our services. These terms are available here:

<https://www.aon.co.nz/About-Aon/Terms-of-Business>

and apply to all new business and renewals.

You accept these terms by continuing to instruct us.

Key provisions include:

- Our obligation to perform our services competently, with reasonable care, skill and integrity.
- Your obligation to supply us with all material information and facts in relation to the provision of our services, (relevant information includes all information and facts that may be material to an insurer's assessment of a risk for which you have asked us to arrange insurance cover).
- Our remuneration. Aon may receive consideration from insurers, banks and/or finance companies with whom we place insurance and associated services, on your behalf.
- Service and administration fees: minimum fees may apply;
- Limitation of liability: Among other things, to the extent permitted by law:
 - our aggregate liability in respect of any claims howsoever arising in connection with the terms or our services is limited to NZ\$1 million or such other amount as may be expressly agreed between us in writing; and
 - we are not liable for any consequential, incidental, indirect or special damage or loss of any kind.

3. Business Description

It is important that the business description declared in your proposal for insurance is full and accurate. You need to check that this description is reflected accurately in the policy. Insurers will only indemnify you for claims that arise from your business as described in the policy (subject to the other terms of the policy).

4. Change of Circumstances must be notified

It is also important that you advise your insurer of any material changes to your business or circumstances (including location change, change in size or value, increase in number of premises/sites owned or occupied, any mergers or acquisitions, or the nature of business activities) that may occur during the period of insurance. We can assist you in notifying the insurer of any material changes or circumstances.

5. Claim Notification

You are responsible for notifying claims or potential circumstances that may give rise to a claim, in accordance with the terms of your policy. In presenting a claim it is your responsibility to disclose all facts which are material to the claim. You should familiarise yourself with the specific coverage conditions and procedures relating to claims and their notification under the policy. Failure to adhere to those requirements and report a claim or circumstance in a timely manner, may jeopardise coverage or entitle insurers to disclaim liability.

6. Claims Made

Directors' and Officers' Liability, Crime, Professional Indemnity, and Trustees' Liability policies, and some other liability policies are typically written on a "Claims Made" basis.

This means that the policy responds to claims first made against you and notified to the insurer in writing during the period of insurance, provided that the originating act or omission occurred after any retroactive date (see Retroactive Date below). Where you give notice in writing to the insurer of any facts that might give rise to a claim against you as soon as reasonably practicable after you become aware of those facts, but before the expiry of the period of insurance, the policy will, subject to its terms and conditions, provide cover even if that claim is made after the expiry of the period of insurance.

In order to ensure any entitlement to indemnity under the policy is protected, you must report all incidents or circumstances that may give rise to a claim against you to the insurer without delay prior to expiration of the policy period.

Retroactive Date

Directors' and Officers' Liability, Crime, Professional Indemnity, and Trustees' Liability policies, and some other liability policies are written on a "Claims Made" basis may have a retroactive date.

This means that coverage is limited to acts and omissions that occur or are alleged to have been committed on or after the retroactive date. For example, if you have a retroactive date of 1 July 2017, the policy will not cover a claim arising from acts or omission occurring prior to that date. If this applies, please ensure that the retroactive date you select is sufficient and that you have no uncovered periods.

7. Contractual Liabilities

Insurers may only provide indemnity for liabilities that arise from your common law obligations arising from the conduct of your business. Where you have entered into a contract with another party that extends your liability beyond what you would have been liable for had the contract not been in place, you may not be indemnified for these assumed liabilities under your policy. Further, you may not be indemnified for any express guarantees or warranties which extend beyond common law obligations, unless liability would have attached in the absence of any express guarantee or warranty.

8. Duty of Disclosure

Before **you** enter into a contract of general insurance, **you** have a duty to disclose to the insurer every matter that **you** know, or could reasonably be expected to know, may affect the insurer's decision to insure **you** and on what terms. **You** have that duty after the proposal, and up until the time the insurer agrees to insure **you**. **You** have that duty before you renew, extend, vary or reinstate a contract of general insurance.

You do not need to tell the insurer anything that:

- reduces the risk;
- is common knowledge;
- **your** insurer knows or should know as an insurer; or
- the insurer waives compliance with relating to **your** duty of disclosure.

If **you** are uncertain about whether or not a particular matter should be disclosed to the insurer, please contact **your** Aon Client Relationship Manager.

Non-disclosure

If **you** do not tell your insurer anything **you** are required to, the insurer may cancel **your** contract or reduce the amount that it is required to pay **you** if **you** make a claim, or both. If **your** failure to disclose is fraudulent, the insurer may refuse to pay a claim and treat the contract as if it never existed.

Disclosure by Subsidiary, Related & Associated Entities

Where cover is arranged for subsidiary, related or associated entities, those entities have the same duty of disclosure as the named insured. Please ensure that each such entity is made aware of its disclosure obligations and makes the necessary disclosures in the proposals for insurance.

9. Insured Description

It is important that the description of all entities and persons sought to be insured in **your** proposal for insurance is full and accurate. **You** need to check that this description is reflected accurately in the policy and policy schedule.

10. Interest of Other Parties

Your policy/policies may exclude cover for an interest in the insured property held by someone other than the named insured, unless that interest is specifically noted on the policy. For example, if property is jointly owned, leased or subject to finance, the interest of the joint owner, lessor or financier may be excluded if it is not specifically noted on the policy. Generally, the safest course is always to have all interests in all property insured noted on each policy. If anyone other than **you** has an interest in property **you** are insuring, please let us know.

11. Leasing, Hiring and Borrowing Property

When **you** lease, hire or borrow property, plant or equipment, make sure that the contract clearly identifies who is responsible to insure the property under contract. Please contact **your** Aon Client Relationship Manager should **you** have an obligation to insure such property.

(IMPORTANT NOTICES edition: 31 July 2018)

12. Occurrence Basis

Combined General Liability, Material Damage/Business Interruption, Travel, Aviation, Contract Works, and Marine policies and some other policies are written on an "occurrence" basis. This means that the policy responds to claims when the incident occurred or when the injury, loss or damage manifested itself, not when the claim itself was received.

13. Policy Warranties and Conditions

Your policy may contain warranties and/or conditions that may impose specific obligations which must be complied with. Failure to do so may invalidate **your** policy or enable insurers to disclaim liability.

14. Recovery Rights/Hold Harmless/Waiver of Subrogation

Many policies exclude or limit the insurer's liability if **you** enter into an agreement that excludes or limits **your** rights of recovery against third parties whose acts, errors, omissions or other conduct have caused or contributed to **your** loss or liability.

15. Schedule of Values or Property Insured

In New Zealand, the Schedule of Values (also known as the Schedule of Property Insured) typically attaches to the policy so as to:

- Limit insured property to only those assets listed on that Schedule of Values;
- Limit the maximum amount payable by the insurer for each asset to its declared value on the Schedule of Values with or without a margin; and
- Record the time limits applying to the Business Interruption section of the policy.

To avoid assets being uninsured or underinsured, it is therefore imperative that **you** carefully and thoroughly include and describe all insured assets on that Schedule of Values and have updated valuations from a registered insurance valuer for each insured asset prior to inception and renewal.

It also important to ensure that the business interruption indemnity period is adequate for **your** business. When selecting the indemnity period, it is important to know that the indemnity period is not just the time it takes for **your** building to be restored or contents replaced. It is the entire period that **your** business is affected by the disruption.

16. Understanding Your Policy Terms and Conditions

Please carefully review all documents we give **you** (including policies and endorsements) containing the terms of **your** cover (including applicable limits, sub-limits and deductibles and **your** obligations) to ensure that the cover suits **your** needs and so **you** understand and comply with **your** obligations under **your** policies. Failure to do this may result in uninsured losses. Please advise **your** Aon Client Relationship Manager immediately if **you** notice any mistakes of fact or believe the contents do not address **your** needs.

17. Utmost Good Faith

Every contract of insurance is based on the principle of utmost good faith, requiring each party to act towards the other party in respect of any matter arising under or in relation to the contract, with the utmost good faith. If **you** fail to do so, you may prejudice **your** rights under the policy and in particular, any claim.

Executive Summary

Firstly, we would like to thank the staff at Waikato District Council for their help in providing the required renewal documentation. The following summary provides an overview of the marketing and renewal outcomes for the major classes of business. We also provide more detailed commentary on the current insurance market conditions relevant to Local Authorities later in the report and a summary table of the premium outcomes for this year.

A lot of the comment made in the renewal report for the 2018-19 period are still relevant to the 2019-20 period.

Please also note that all premiums shown in this report are excluding GST or other Government levies, unless specifically noted.

If you have any queries, please do not hesitate to contact us.

Material Damage and Business Interruption

For the reasons detailed later in this report under the Insurance Market Update, we have seen continued rating increases applicable to these covers as the supply of global capacity reduces and underwriters look to apply rating increases to ensure sustainability of pricing.

In line with the hardening market insurers are continuing to place more emphasis on the quality of information supplied in the property schedules. It is imperative that these schedules are accurate and complete.

Values declared on these schedules need to represent the full Replacement Cost of the items insured unless Council want to be insured for a lesser amount than the full Replacement Cost. Whilst there has been an improvement in the quality of data over the last 12 months, this is an area that still needs to be reviewed.

By using Aon's market presence, and the LASS approach to marketing the Council portfolio, we have been able to mitigate the impact of these rating increases. The major driver for premium increases has been increased Natural Disaster Premium Rating. Whilst the greater Waikato Region is viewed as a relatively benign seismic area, there has still been rating increases applied, as "Natural Disaster" also encompasses storm and flood type risks.

The underlying rate for the Material Damage and Business Interruption policies has increased by approximately 5% over the expiring 2018-2019 rate. In the current market this is an excellent outcome.

However, the actual premium increase is greater than 5% because there has been an increase in the Total Declared Values of 16% over the 2018-2019 figure.

The table below provides a comparison of the expiring rates and new rates when applied to expiring values and new values.

Waikato DC MDBI Premium Comparison				
	2018	Expiring Value/2019 Rate	2019	% Change
TDV	\$ 228,071,572	\$ 228,071,572	\$266,588,260	16.88%
Premium	\$ 277,965.68	\$ 287,370.18	\$ 338,042.05	21%
Effective Rate	0.122%	.126%	.126%	~5%

Infrastructure Insurance

In line with the comments made under the Material Damage / Business Interruption Insurance and under the Insurance Market Update in this report, there has been upwards pricing pressure on this cover.

However, because of the offshore market visits prior to renewal, and the presentations to underwriters, we have been able to mitigate the impact of this.

The underlying rate for the entire LASS collective has increased by 22% over the 2018 rate. Due to the allocations of premiums within the infrastructure programme, the final premium paid by WDC is impacted by the percentage that your Total Declared Values, are of the entire portfolio of Total Declared Values for the LASS Group of Councils. If other Councils have increased their Values significantly, which in effect means that WDC percentage of the Total Declared decreases, then WDC experiences a reduction in the effective rate applicable.

The table below provides a comparison of the expiring rates and new rates when applied to expiring values and new values.

Waikato DC Infrastructure Premium Comparison				
	2018	Expiring Value/2019 Rate	2019	% Change
TDV	\$ 369,786,161	\$ 433,120,102	\$ 433,120,102	~17%
Premium	\$ 126,989.89	\$ 148,739.67	\$ 146,534.07	~15%
Effective Rate	0.0343%	0.0343%	0.0331%	-1%

Public Liability / Professional Indemnity

Due to the continued deterioration of the claims experience for the Local Government sector, especially in the Building Consenting / Resource Management Act space, Berkshire Hathaway had to reduce its available capacity to ensure its long-term support for Local Authorities.

They previously supplied \$50m per Council for both General Liability and Professional Indemnity covers. They had to reduce this to \$15M per Council.

Because of this, we approached offshore markets to provide additional capacity on a shared basis for Local Authorities. We have detailed this in a separate paper provided at renewal and have reproduced this in **Appendix 1** of this report.

We have not seen the significant increases in premiums that were applicable last year, however there has been a slight increase due to the requirement to purchase the Excess Layer cover.

The following table shows the premium change over the last three years. However, it should be noted for the 2019 period the potential total Limit of Indemnity available has increased to \$160M

Waikato DC PI & PL Premium Comparison				
	2017	2018	2019	% Change
Premium	\$ 93,000.00	\$ 180,388.00	\$ 214,292.00	~18%

Motor Vehicle

The claims experience for the New Zealand commercial motor portfolio has been deteriorating for a number of years. This coupled with an increase in repair costs as vehicles become more complex has seen an upward adjustment to the premium rating.

In addition, to this the individual claims performance for each council is the main determining factor for the final premium rating.

Through the collective marketing approach, we have been able to mitigate the premium the premium increases required with the underlying rate only increasing by ~2.5% for Waikato District Council.

Waikato DC Motor Premium Comparison			
	2018	2019	% Change
Fleet Value	\$ 3,554,683.00	\$ 2,967,603.00	-16.5%
Premium	\$ 55,794.69	\$ 47,877.53	-14.18%
Effective Rate	1.570%	1.61%	2.54%

Employers Liability and Statutory Liability

We have now seen the effects of the new Health and Safety legislation, and there has been an increase in the levels of reparations that have been applied as a result of workplace injuries. We have been able to negotiate with the insurers to keep the premium increases to a minimum for the 2019-20 period.

Personal Accident

Historically, councils have purchased a personal Accident policy to cover elected members and other key staff. The original intention for this policy was to provide funds to the council in the event of the accidental death of an elected member to cover the cost of the subsequent by-election.

However, this policy has been relied upon recently to provide benefits for staff members families. If councils wish to provide an Employee benefits type policy, there are other more suitable policies that can be arranged, and we would like to discuss these options with you in more detail.

All Other Lines

For all other lines premiums have remained largely state. These premiums are detailed later in this report.

Insurance Market update

Overview

The New Zealand insurance market has continued to firm over the last quarter of 2019, with premium increases common across all classes. In the case of the property segment, increases are mainly driven by weather related and Natural Disaster exposures. Increasing losses due to Natural Disasters globally are continuing to put pressure on Reinsurance markets and Capital available, which ultimately flows through to the New Zealand markets.

There have also been significant losses in other industry sectors, most notably the food industry, which has also put upwards pricing pressure on the global markets.

Liability Markets are also facing increased pressure both Globally and Locally, especially in respect of Professional Risks covers, such as Professional Indemnity and Directors and Officers cover. High profile failures in the Construction Industry and the increase in Class Action suits are the underlying trends affecting these markets.

Property - New Zealand Market

Weather Events/Natural Disaster

Following continued weather-related Natural Disaster losses, insurers are looking very closely at the required terms, conditions and pricing for exposures in Earthquake/Natural Disaster-prone areas. Capacity in these areas is still limited with the Wellington and Marlborough regions, being hardest hit. This is resulting in premium increases for most and increases in excess levels for some.

Cost of Natural Disasters to the Insurance Industry

Year	Event	Day	Month	Cost (\$m)
2019	Taranaki and Auckland Storms	10-13	August	6.96*
2019	West Coast Wind and Flooding	26-27	March	4.09
2019	Tasman District fires	5-23	February	3.98
2018	New Plymouth-Whakatāne tornadoes	20	August	2.9
2018	Northland-Bay of Plenty flooding	14-15	July	3.7
2018	Gisborne-Hawke's Bay flooding	11-12	June	4.0
2018	Upper North Island-Hawke's Bay flooding	3-4	June	4.3
2018	Nationwide severe weather including flooding in Rotorua	27-29	April	21.3
2018	Severe weather including tornadoes	10-11	Apr	74.4
2018	Ex-Tropical Cyclone Gita	20	Feb	35.6
2018	Cyclone Fehi	1	Feb	45.9
2018	Nationwide severe weather	4-7	Jan	34.2

In other parts of New Zealand, the impact is varied and is dependent on location, construction, age and the New Building Standard (NBS) rating of the property. The Auckland and Waikato regions, which are both classed as low seismic zones, are experiencing minimal increases.

Insurers continue to require comprehensive information when assessing risks. This generally includes such items as building valuations, engineering and geotechnical reports (depending on location), risk management reports, council data, NBS rating, underlying land structure and status reports on any building improvement or strengthening notices issued by a local authority.

Obtaining natural disaster cover for earthquake prone buildings and buildings noted as at risk by councils, remains difficult and expensive.

Insurers are also focusing on climate change and its impact on risk profiles. We are seeing insurers looking very closely at regions and areas susceptible to flood or sea inundation and imposing underwriting discipline when considering risks in these areas.

Emerging risks

Insurers are cautious when underwriting properties with other higher risk building materials, such as Aluminum Composite Paneling (ACP), used on the exterior of buildings. Some of these panel products have a core of highly flammable polyethylene, refer to the Grenfell fire in the UK which attracts punitive insurer terms and conditions.

Regulatory

The Fire and Emergency New Zealand Act brought significant change to the New Zealand Fire Service. The legislation repealed the two Acts that previously governed fire services in New Zealand and introduced a single New Zealand fire service called Fire and Emergency New Zealand or FENZ. Further changes scheduled to be introduced from 1 July 2020 have now been placed on hold and the government has instead announced another review on future funding options for FENZ, including removing it from property insurance. We continue to monitor the situation and will provide further updates.

Property - Global markets

Overseas insurers/reinsurers continue to be impacted by major catastrophe events and the diagrams and charts below provide a graphic snapshot. Insurance today operates in a global market and the impact of these global events on the New Zealand insurance market should not be underestimated.

2019: Major humanitarian impacts; manageable financial costs

Economic losses
USD232 billion

3% below average (21st Century)

Insured losses
USD71 billion

6% above average (21st Century)

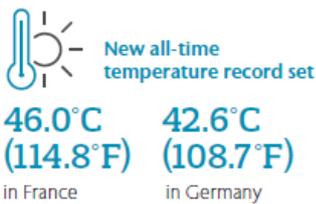
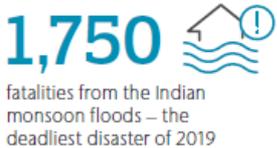
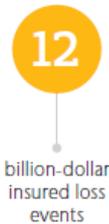


Two costliest insurance events occurred in Japan



409

total natural disaster events

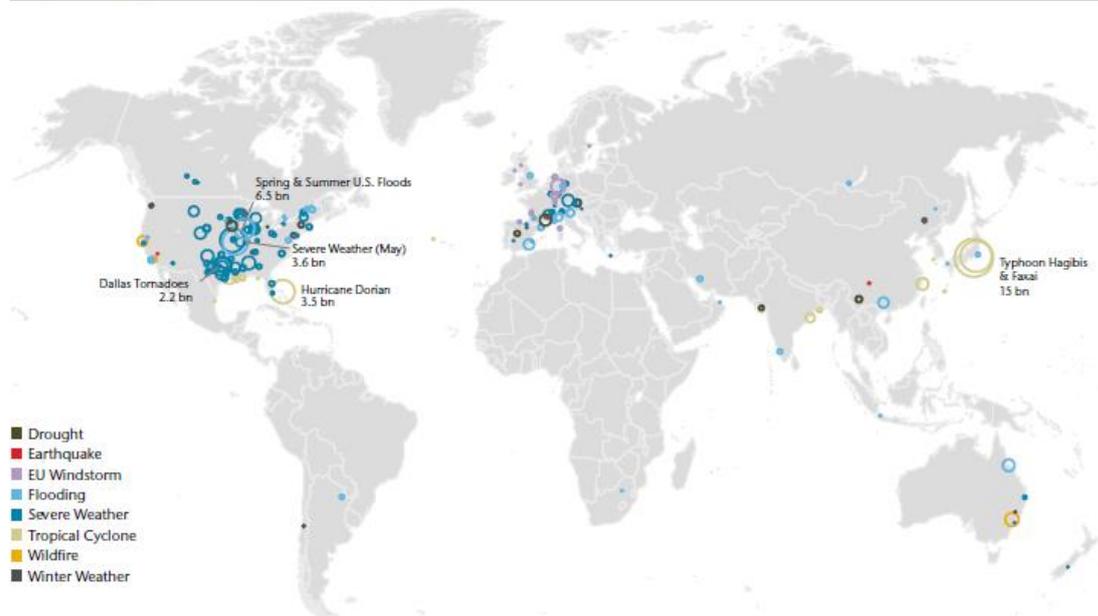


Global Insured Losses

Exhibit 8: Top 10 Global Insured Loss Events

Date(s)	Event	Location	Deaths	Economic Loss (USD billions)	Insured Loss (USD billions)
October 6-12	Typhoon Hagibis	Japan	99	15.0	9.0
September 7-9	Typhoon Faxai	Japan	3	10.0	6.0
May – July	Mississippi Basin Floods	United States	0	10.0	4.0
May 27-30	Severe Weather	United States	0	4.5	3.6
Aug 25 – Sep 7	Hurricane Dorian	Bahamas, Caribbean, US, Canada	83	10.0	3.5
March 12-31	Missouri Basin Floods	United States	10	10.0	2.5
October 20-21	Dallas Tornadoes	United States	4	2.8	2.2
March 23-25	Severe Weather	United States	0	1.8	1.4
March 10-11	Windstorm Eberhard	Western & Central Europe	2	1.6	1.2
September 17-22	Tropical Storm Imelda	United States	5	5.0	1.2
All Other Events				161 billion	36 billion
Totals				232 billion¹	71 billion^{1,2}

Exhibit 9: Significant 2019 Insured Loss Events³



¹ Subject to change as loss estimates are further developed

² Includes losses sustained by private insurers and government-sponsored programs

³ Based on events that incurred insured loss equal to or greater than USD25 million. Position of an event is determined by the most affected administrative unit or epicenter.

Liability

General Liability

The General Liability insurance market remains relatively stable. Insurers and reinsurers continue to follow a strict technical underwriting approach towards rating and retention/excess levels. This approach has seen premium increases being applied for poorly performing risks, as loss history is considered with the stricter underwriting approached being adopted.

Professional Indemnity

The hardening local and global Professional Indemnity insurance market continues. There has been a

significant increase in the number of notifiable events being reported in the Local Authority sector, as people are becoming more and more litigious. There have been a number of high profile claims paid, which have impacted on the overall performance of the Local Authority portfolio. Most of these incidents are in connection with resource management and building consenting issues. This trend is unlikely to diminish, especially when there is no joint and several liability delineations, local authorities will continue to be “last entity standing”.

Because of this, several insurers have exited the local authority segment, those that have remained are looking for increased pricing, more restrictive terms and conditions and caps on their exposure via reduced limits of indemnity.

It must be noted that this comment is not unique to the local authority market, as other specific industry sectors who have had an increase in losses are also facing the same pressures, most notably the construction industry and financial institutions.

Statutory Liability

Statutory Liability insurers continue to experience higher defence costs and reparation orders under the Health and Safety at Work Act 2015. The starting point for reparation orders is now between \$80,000 and \$250,000 (dependent on the injury) and defence costs in a serious Health and Safety at Work claim have doubled from what they were five years ago. Consequently, Statutory Liability insurers are requiring premium increases and depending on the industry and/or claims history a higher Excess to apply for breaches of the Health & Safety at Work Act.

Poorly performing risks are also being closely monitored as insurers adopt a technical underwriting approach.

Liability Emerging Risks

NZ “Class Actions”

For a variety of reasons, “class action” type claims have historically been rare in New Zealand when compared with overseas jurisdictions such as the USA and Australia; however recent developments in the following areas give cause to watch this area with care and concern: growth of local and overseas litigation funders looking to gain a foothold here, law firm activity, restart of the Law Commission’s review of class actions and litigation funding, evolving risks (e.g. climate change, social responsibility, cyber), increasing number of legal actions either announced, progressing or being mooted, e.g.: Southern Response, Intueri Education Group Limited, Houghton vs Saunders (“Feltex”), CBL Corporation (competing actions), combustible cladding products against as yet unspecified defendants.

The NZ Court of Appeal’s September 2019 ruling in Southern Response vs Ross is of particular note. It involved a representative action brought by two homeowners against their insurer where the court ruled that the plaintiff’s claim could proceed on an “opt out” basis, .i.e.: be brought on behalf of themselves and 3,000 other insureds without seeking their agreement (unless they specifically noted they did not wish to participate) taking New Zealand more into line with the USA’s approach.

The ramifications of the Southern Response decision and the other factors above are being monitored closely by insurers here, many of whom are already grappling with the effects of claims overseas involving multiple claimants. They fear the increased costs, complexity and potential for increased frequency of

claims that may be brought here against insureds whose conduct allegedly affects many people, including local government.

Litigation Funding

There has been a marked increase in the number of active Litigation Funders in New Zealand over the last 12 months. This has contributed to the increase actions being bought, and the Insurance industry is monitoring this trend very closely.

Cyber

Cyber insurance is an evolving market with active interest and involvement from majority of New Zealand insurers. There continues to be significant media attention around privacy breaches, data protection and all businesses being targets from sophisticated, organised criminal gangs to independent opportunists. Cyber risk continues to appear in the top 3 items of any risk survey. Many countries have or will be introducing more onerous laws to protect the privacy of their citizens as well as increasing transparency requirements in respect to how organisations manage serious data breaches. The EU has now enacted the new General Data Protection Regulation (GDPR), while Australia has amended its Privacy Act. Both have extra-territorial jurisdiction for those businesses whose data processing activities are related to the offering of goods and services in those territories or where the personal information is collected in those territories.

New Zealand's Privacy Act controls how agencies collect, use, disclose, store and give access to personal information. The Privacy Bill report recommendations would bring New Zealand more in line with other countries who have adopted more onerous legislation.

Premium rates for cyber are relatively flat, however insurers are looking for increases or hinting that increases are due

Motor Vehicle

The motor insurance market continues to face escalating claims costs due to an increasing number of vehicles on the road and a resultant increase in claims frequency and severity. The average repair cost for newer vehicles is much higher than older vehicles due to the materials used in their manufacture and, in particular, the increasing use of expensive in-vehicle technology. This includes such things as sensors, cameras and automatic braking radar. These items are largely located on the periphery of vehicles, exposing them to damage in an accident. Electronics currently account for 25 percent of a vehicle's value and this is estimated to soon reach 40 percent. Additionally, labour costs from motor repairers are increasing due to the added skill and time needed to accommodate the complexities of this in-vehicle technology, the new types of materials being used and to reinstate electronic control and safety systems.

Insurers are becoming more cautious and requiring premiums commensurate with claims experience and exposure, although options are available to mitigate these increases. Fleet risk management, including driver training and the installation of driver monitoring devices, are key tools to offset increases and improve claims outturn.

Finally, the impact of the recent hailstorm event in the South Island has yet to be fully quantified.

Aviation

The aviation market has continued to harden, with attritional losses continuing to erode insurer profitability. For renewals, underwriters are focused on their exposures and capacity participation, leading to technical rates being offered that are influenced by management as they seek to return to an underwriting profit.

Capacity levels have contracted notably in recent months due to the large number of markets in the

aviation class reducing with withdrawals, either completely or for selected lines and insurer consolidation through acquisitions and mergers. This has led to reductions in line size participation and a reduced appetite for considering new business.

In London, Lloyds markets are exerting significant pressure on individual syndicates to improve their results or cease trading. This has led to underwriters looking to reduce their exposure with little or no negotiation flexibility to gain or retain business. A similar theme is occurring across Australian and Singapore markets however, we have had greater success with negotiating acceptable terms while balancing their shareholder demands.

Any factor such as hazardous uses, low time pilots or incurred claims is enough to cause significant rate and conditions adjustments. Quality information made available to the market early is a must and we expect this hard market trend to continue for at least another 12 months.

Contract Works

Contract Works insurers are experiencing similar pressures to those faced by the property insurance market. Insurers are seeking increased rates while also reducing capacity for certain risks such as wet civil works and, regionally, where there is an exposure to natural disasters and in particular earthquake. Wellington is particularly challenging at present given the value of construction projects in the pipeline. We are also seeing a retraction in additional covers being offered and restrictions to some coverage lines. The market is also reviewing excess levels, and this often results in increased excesses being applied.

Yet another factor to consider is the insurance of the finished project upon completion and this can be challenging. If the asset is located in Wellington or another seismically exposed region, it is recommended that insurance capacity for the completed project is reserved at the commencement of construction in order to ensure placement is possible. With this in mind, some markets are using property insurance criteria when underwriting construction risks and will be influenced by whether they wish to insure the finished building. If it does not fit their property risk appetite, then they may be reluctant to provide terms for the construction risk or will consider it but with higher than usual premiums and more restrictive terms.

Marine

The effect of a string of losses and poor financial performance at Lloyd's is having a wide-reaching impact on marine insurance globally, with a number of syndicates withdrawing capacity or simply restricting their offering with revised business plans that do not allow for substantial growth. Locally there remains a number of marine insurers, however we are seeing increases in rates on certain lines, some cover restrictions and a reduction in lead capacity.

Cargo

Overall the cargo market in New Zealand fared well last year with the introduction of a number of co-insurers on renewals to relieve capacity-driven pricing increases and coverage has been relatively unchanged. Regular claims continue to erode profitability and some primary produce exports suffered inherent vice losses due to a wet growing season. In addition, stock through-put policies have been a focus with static locations that have EPS panels in their construction requiring good risk survey detail to avoid significant increases in rates while in storage. In general terms, we expect some incremental increases being sought by cargo insurers for the balance of 2019.

Commercial Hull

Several local and Australian insurers continue to offer hull cover for commercial vessels with some incremental increases in rates during 2018. This year seems to be more of the same however we expect to see at least two of the New Zealand markets being open to considering new business for 2019. Options for

Loss of Use, Increased Value/Disbursements and Agreed Value requires strong risk information, generally including a valuation.

Marine Liability (Ship Repairers and Marina Operators)

Several options remain in the New Zealand market when seeking cover for marine liabilities. Terms are generally competitive therefore focus should be on coverage and insurer claims attitude. Underwriters are looking to better understand the risk exposures of those seeking cover and to ensure that relevant and up-to-date terms and conditions are in place.

Emerging risks

Aon continues to monitor emerging risks and potential impacts in the insurance sector. Areas currently being assessed include:

- Drones, robotics and artificial intelligence
- Sharing economy
- Big data losses
- Cyber terrorism
- Foodborne illness
- Catastrophic animal diseases
- Liability risk for wildfires
- Autonomous vehicles and plant
- Non-damage business interruption
- Natural catastrophe coverage gaps
- Climate change
- Carrier corporate responsibility initiatives
- Social Responsibility

Contact Information

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Premium Comparison (last year/this year)

The following section provides a more in-depth analysis of the premiums outcomes for this year's core policies at renewal. There is also a summary table at the end of this section showing premiums for all covers purchased by council.

Class of Business	Total Declared Values	Limit of Indemnity	Last Year	This Year
Material Damage (excl. Fire)	\$262,035,344	\$150,000,000	\$204,312.55	\$249,300.42
Material Damage (Fire)	\$262,035,344	\$25,000,000	\$68,104.19	\$82,379.00
Business Interruption	\$4,552,916	Declared Value	\$5,559.48	\$6,362.63
Infrastructure Cover	\$433,120,102	\$300,000,000	\$94,857.10	\$84,523.36
Infrastructure Cover –Primary 10m	\$433,120,102	\$10,000,000	\$32,132.79	62,010.71
Commercial Motor	\$2,967,603	Declared Value	\$55,794.69	\$47,877.53
Employers Liability	-	\$2,000,000	\$1,056.00	\$1,056.00
Statutory Liability	-	\$2,000,000	\$6,500.00	\$8,125.00
Fidelity/Crime	-	\$2,000,000	\$12,343.86	\$12,503.00
General Liability	-	\$15,000,000	\$47,988.00	\$47,988.00
Professional Indemnity	-	\$15,000,000	\$132,400.00	\$138,975.00
Liability Excess Layer	-	\$145m (shared)	-	\$27,329.00
Cyber Liability	-	\$1,500,000	\$17,846.50	\$15,295.00
Boiler Explosion	\$156,750	Declared Value	\$344.85	\$383.00
Personal Accident	-	\$1,500,000	\$915.75	\$915.75
Standing Timber	\$252,500	Declared Value	\$522.87	\$564.42
Aviation Hull – UAV	\$1,900	\$1,000,000	\$621.76	\$635.58
Airport Owners and Operators	-	\$5,000,000	\$700.00	\$800.00
Marine Hull	\$45,280	\$2,000,000	\$697.00	\$697.00
Trustees Liability	-	\$1,000,000	\$1,200.00	\$1,200.00
TOTAL			\$683,897.39	\$788,920.40

Note

Recently Aon New Zealand adopted an approach consistent with most professional firms and introduced a mandatory broker administration and documentation charge of \$50 *minimum* + GST, *per transaction*. This will be automatically charged during invoicing, effective this renewal.

The above quoted premiums do not include this charge.

Insurance Programme Summary

The following is a summary of the current Insurance programme for the 2019-20 period

Material Damage– Fire Only

Coverage All real and personal property including money, fees, costs and expenses except as excluded, belonging to the Insured or for which the Insured is responsible or has assumed responsibility prior to the occurrence of any loss or destruction or damage as defined in the policy including all such property in which the insured may acquire an insurable interest, during the period of the policy.

Insured Waikato District Council

Period of Insurance
From: 4:00pm 1 November 2019
To: 4:00pm 1 November 2020

Covering Including, but not limited to all tangible and personal property of every type and description either:
owned in the whole or in part by the insured

- and/or the interest of the Insured in property of others held on commission
- and/or on consignment and/or for which they have assumed or may assume liability
- and/or property of others which the Insured has agreed to insure whether held by the Insured or by others
- and/or property for which the Insured is legally liable all while located anywhere in New Zealand

At the sole option of the Insured, any personal property of officers and employees (except that which is hereinafter excluded) subject to a specified limit

Limit of Liability Any one loss and in the annual aggregate during the period of insurance but subject to a maximum annual aggregate limit \$125,000,000

Limit of Liability Sub-Limits Applicable excess of the Deductibles	Capital Additions	\$1,000,000
	Contract Works	\$1,000,000
	Curios or Works of Art – limit any one item unless declared	\$250,000
	Destruction of Undamaged Property	\$50,000
	Directors and Employees Effects	\$20,000
	Expediting Costs	\$50,000
	Money: Section A during business hours	\$100,000
	Section B outside business hours not in safe	\$10,000
	Property in or on water Limit per item	\$25,000
	Limit any one loss	\$250,000
	Protection Costs	\$200,000

Property Schedules	Total Insured Value	Fire Limit
Waikato District Council	\$262,035,344	\$25,000,000

Deductible

Non-Earthquake Perils

Councils with greater than \$70,000,000 of assets \$10,000

Fire occasioned by or through or in consequence of Landslip or Subsidence - \$25,000

Fire following a Natural Disaster of Pre-1935 Property – 10% of the material Damage Site Value with a minimum of \$10,000 each site

GST

The Limit of Liability and Sub Limits are exclusive of GST
The Deductibles are inclusive of GST

Policy Wording

Aon/AIG Agreed Material Damage Fire Policy and incorporating the agreed Aon
Local Authority Endorsements

Material Damage – Excluding Fire

Coverage	All risks including Earthquake, but excluding Fire and /or Fire occasioned by or through or in consequence of any Natural Disaster	
Insured	Waikato LASS including each of the following Councils:	
	Waikato Regional Council	South Waikato District Council
	Hamilton City Council	Thames Coromandel District Council
	Hauraki District Council	Waikato District Council
	Matamata Piako District Council	Waipa District Council
	Otorohanga District Council	Waitomo District Council
Period of Insurance	From: 4:00pm	1 November 2019
	To: 4:00pm	1 November 2020
Covering	Including, but not limited to all tangible and personal property of every type and description either:	
	<ul style="list-style-type: none"> - Owned in whole or in part by the insured - And/or the interest of the insured in property of others held on commission - And/or property on consignment and/or for which they have assumed or may assume liability - And/or property of others which the Insured has agreed to insure whether held by the insured or by others - And/or property for which the Insured is legally liable - At the sole option of the Insured, any personal property of officers and employees, subject to a specified limit 	
Limit of Liability	Combined Limit Material Damage/Business Interruption any one loss or series of losses arising out of any one event in excess of policy deductible	\$150,000,000
Limit of Liability Sub-Limits Applicable excess of the Deductibles	Buildings not declared under \$250,000 – limit any one loss	\$250,000
	Capital Additions	\$1,000,000
	Contract Works	\$1,000,000
	Curios or Works of Art – Limit any one item unless declared	\$250,000
	Destruction of Undamaged Property	\$50,000
	Directors and Employees Effects	\$20,000
	Electric Motors covered up to 5Kw	
	Expediting Costs	\$50,000
	Gradual Damage (from leaking water pipes or leaking internal water systems)	\$50,000
	Hazardous Substances Emergencies limit any one loss	\$100,000
	Landslip, combined any one loss for MD & BI policies	\$1,000,000
	Money: Section A during business hours	\$100,000
	Section B outside business hours not in safe	\$10,000
	Property in or on water Limit per item	\$25,000
	Limit any one loss	\$250,000
	Protection Costs	\$200,000
	Refrigerated Goods, limit any one loss	\$25,000
	Keys and Locks Extension	\$25,000
	Subsidence - Limit any one loss	\$2,000,000
	Transit, combined limit any one loss for MD and BI policies	\$100,000
	Natural Perils Clause	100%

Margins Clause - excluding Natural Disaster perils 105%

Main Policy Exclusions

- Gradual Deterioration, Rot, Mould, Mildew etc
- Burning out of motors over 5KW
- Defective or faulty materials and /or workmanship
- Fraudulent Misappropriation
- Landslip and Subsidence (loss of land)
- Mechanical Breakdown/ Boilers
- Nuclear Radiation
- Public Confiscation
- Terrorism; War
- Wear and Tear
- Infrastructural Assets including but not limited to Reservoirs (in ground)
- Political Risk Endorsement
- Electronic Data Recognition
- Electronic Data Exclusion
- Transmission and Distribution Lines

Property Schedules

- Waikato District Council \$262,035,344

Deductible

Non-Earthquake Perils

All Councils \$10,000

Except:

Waikato District Council \$262,035,344

Earthquake / Natural Disaster Perils:

Post 1935 - 2.5% of Material Damage Site Value with a minimum of \$10,000 each site

Pre-1935 where 10% of Material Damage site value with a minimum of \$10,000

GST

The Limit of Liability and Sub Limits are exclusive of GST
The Deductibles are inclusive of GST

Policy Wording

Aon/AIG agreed Material Damage excluding Fire Policy
And incorporating the agreed Aon Local Authority Endorsements

Business Interruption

Coverage Consequential Loss resulting from physical loss or damage to any property used by the Insured, as below

Insured Waikato District Council

Period of Insurance
From: 4:00pm 1 November 2019
To: 4:00pm 1 November 2020

Covering Physical loss or damage of any property or any part used or to be used by the Insured leading to interruption to the business as detailed under limit of liability below, including but not limited to the destruction and/or damage caused by:

- ▶ Such risks as are covered under the Insured's Material Damage Insurance Policy(s) being:
 - Material Damage Fire
 - Material Damage Excluding Fire including earthquake
 - Explosion/implosion of any pressure vessel on the premises or elsewhere

Limit of Liability	Waikato LASS Shared Limits	Sum Insured	Indemnity Period	
	Additional Increased Cost of Working	\$10,000,000	24	Months
	Claims Preparation Costs	\$2,500,000	24	Months
	Council Specific Limits			
	Waikato District Council			
	Loss of Rents Receivable	\$1,536,288	24	Months
	Loss of Revenue	\$1,655,517	24	Months

GST The Limit of Liability and Sub-Limits are exclusive of GST
The Deductibles are inclusive of GST

Sub Limits of Liability (excess of policy deductible)	Acts of Civil Authorities Fumes gases and toxic substances Compulsory Closure Dependency Transport Routes Endorsement Landslip (combined limit MD & BI policies)	}	10% of Sum Insured with a maximum limit of \$1,000,000	\$1,000,000
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Deductibles Combined Material Damage /Business Interruption deductible applies: refer to Material Damage for summary

Time Deductible
Prevention of Access
Dependency Clauses
Public Utilities
Public Authorities

7 days (or 14 days for loss from Natural Disaster)

Premises At any location and/or property, either owned, leased and/or rented by the Insured, including places where the Insured has property for the purpose of the business and situated anywhere within New Zealand.

Policy Wording

Aon/AIG agreed Business Interruption Policy and incorporating the agreed Aon Local Authority Endorsements

Infrastructure Insurance

Coverage	<p>Direct Physical Loss caused by a Natural Catastrophe Event including:- Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal and Geothermal activity, and Subterranean Fire.</p> <p>The Insurer's liability under the Policy shall not exceed 40% of the 100% loss or series of losses arising out of any one event.</p>																						
Insured	<p>Waikato District Council</p> <p>and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed</p>																						
Covering	<p>Real and personal property as declared, including but not limited to underground pipes and other infrastructure assets</p>																						
Period of Insurance	<p>From: 4:00pm 1 November 2019 To: 4:00pm 1 November 2020</p>																						
Location	<p>Anywhere in New Zealand but principally Cresta Zones 3 & 4, as per locations declared</p>																						
Programme Limit of Liability	<p>The liability of Insurer(s) is limited to 40% of NZD 300,000,000 combined limit for any one loss of series of losses arising out of one event, subject to the applicable sub-limits.</p>																						
Sub-Limits of Liability (Sub-limits apply in excess of the underlying deductibles)	<p>The liability of the Insurer(s) shall be further limited to 40% of the following in relation to any one loss or series of losses arising out of one event:</p> <p>Section 1 – Material Damage</p> <table border="0"> <tr> <td>Waikato District Council</td> <td style="text-align: right;">NZD 100,000,000</td> </tr> <tr> <td>Demolition Costs</td> <td style="text-align: right;">Included</td> </tr> <tr> <td>Capital Additions</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> <tr> <td>Contract Works</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> <tr> <td>Enablement Costs (Combined Limit)</td> <td style="text-align: right;">NZD 20,000,000</td> </tr> <tr> <td>Unspecified Items (Combined Limit)</td> <td style="text-align: right;">NZD 4,500,000</td> </tr> </table> <p>Section 2: Business Interruption</p> <table border="0"> <tr> <td>Expediting Expenses</td> <td></td> </tr> <tr> <td> - Hamilton City Council</td> <td style="text-align: right;">NZD 3,000,000</td> </tr> <tr> <td> - All other Councils</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> <tr> <td>Additional Increased Costs of Working (Shared limit across all councils – 24 months indemnity period.)</td> <td style="text-align: right;">NZD 5,000,000</td> </tr> <tr> <td>Claims Preparation Costs</td> <td style="text-align: right;">NZD 1,500,000</td> </tr> </table>	Waikato District Council	NZD 100,000,000	Demolition Costs	Included	Capital Additions	NZD 2,000,000	Contract Works	NZD 2,000,000	Enablement Costs (Combined Limit)	NZD 20,000,000	Unspecified Items (Combined Limit)	NZD 4,500,000	Expediting Expenses		- Hamilton City Council	NZD 3,000,000	- All other Councils	NZD 2,000,000	Additional Increased Costs of Working (Shared limit across all councils – 24 months indemnity period.)	NZD 5,000,000	Claims Preparation Costs	NZD 1,500,000
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Additional Increased Costs of Working (Shared limit across all councils – 24 months indemnity period.)	NZD 5,000,000																						
Claims Preparation Costs	NZD 1,500,000																						
Deductibles	<p>The below deductibles shall be applicable to the full 100% loss any one event, prior to the 40% claim settlement adjustment.</p> <table border="0"> <tr> <td>Waikato District Council</td> <td style="text-align: right;">NZD 500,000</td> </tr> </table> <p>If two or more deductibles apply to a single occurrence, the total to be deducted will not exceed the largest deductible applicable, unless otherwise provided.</p>	Waikato District Council	NZD 500,000																				
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Declared Values	<table border="0"> <tr> <td>Waikato District Council</td> <td style="text-align: right;">NZD 433,120,102</td> <td style="text-align: right;">NZD 433,120,102</td> </tr> </table>	Waikato District Council	NZD 433,120,102	NZD 433,120,102																			
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Indemnity Period

24 Months (Deferral of Indemnity Period endorsement applies)

Jurisdiction

This Insurance shall be governed by the laws of New Zealand

Infrastructure Insurance – Primary 10M

Coverage	Physical loss to insured assets caused by a Natural Catastrophe Event including: Earthquake, Natural Landslip, Flood, Tsunami, Tornado, Windstorm, Volcanic Eruption, Hydrothermal & Geothermic Activity, and Subterranean Fire. The Insurer's liability under the Policy shall not exceed 60% of the 100% loss or series of losses arising out of any one event.										
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed										
Period of Insurance	From: 1 November 2019 at 4.00pm New Zealand Standard Time To: 1 November 2020 at 4.00pm New Zealand Standard Time										
Interest Insured	Real and personal property as declared, including but not limited to underground pipes and other infrastructure assets										
Location	Anywhere in New Zealand but principally Cresta Zones 3 & 4, as per locations declared										
Limit of Liability	The 100% Sum Insured is NZD 10,000,000 any one Event. The 100% Sum Insured is no more than NZD 20,000,000 in the aggregate in the period of insurance. (The Insurers liability shall not exceed 60% of the 100% Sum Insured amount).										
Sub-Limits of Liability (Sub-limits apply in excess of the underlying deductibles)	The liability of the Insurer(s) shall be further limited to 60% of the following in relation to any one loss or series of losses arising out of one event: <table border="0" style="margin-left: 20px;"> <tr> <td>Demolition Costs</td> <td style="text-align: right;">Included</td> </tr> <tr> <td>Capital Additions</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> <tr> <td>Contract Works</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> <tr> <td>Enablement Costs (Combined Limit)</td> <td style="text-align: right;">NZD 20,000,000</td> </tr> <tr> <td>Unspecified Items (Combined Limit)</td> <td style="text-align: right;">NZD 4,500,000</td> </tr> </table>	Demolition Costs	Included	Capital Additions	NZD 2,000,000	Contract Works	NZD 2,000,000	Enablement Costs (Combined Limit)	NZD 20,000,000	Unspecified Items (Combined Limit)	NZD 4,500,000
Demolition Costs	Included										
Capital Additions	NZD 2,000,000										
Contract Works	NZD 2,000,000										
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Unspecified Items (Combined Limit)	NZD 4,500,000										
	Section 2: Business Interruption										
	Expediting Expenses <table border="0" style="margin-left: 20px;"> <tr> <td>- All other Councils</td> <td style="text-align: right;">NZD 2,000,000</td> </tr> </table>	- All other Councils	NZD 2,000,000								
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Deductibles	The below deductibles shall be applicable to the full 100% loss any one event, prior to the 60% claim settlement adjustment. <table border="0" style="margin-left: 20px;"> <tr> <td>Waikato District Council</td> <td style="text-align: right;">NZD 500,000</td> </tr> </table> <p>If two or more deductibles apply to a single occurrence, the total to be deducted will not exceed the largest deductible applicable, unless otherwise provided.</p>	Waikato District Council	NZD 500,000								
Waikato District Council	NZD 500,000										
Declared Values per Council	Waikato District Council <table border="0" style="margin-left: 20px;"> <tr> <td></td> <td style="text-align: right;">NZD 433,120,102</td> </tr> </table>		NZD 433,120,102								
	NZD 433,120,102										

Indemnity Period

24 Months (Deferral of Indemnity Period endorsement applies)

Jurisdiction

This Insurance shall be governed by the laws of New Zealand

Public Liability

Covering	Liability to third parties for property damage and/or personal injury arising from or in connection with the Insured's operations, for all amounts which the Insured is held legally liable to pay.	
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm	29 November 2019
	To: 4:00pm	1 November 2020
Business Description	Territorial Local Authority; Council Controlled organisations and associated organisations; Bay of Plenty Civil Defence Emergency Management Group; & Ownership and occupier of premises.	
Limit of Liability	General Liability - Any one occurrence	\$15,000,000
	Product Liability – Any one occurrence and in the aggregate during the Period of Insurance	\$15,000,000
Sub-Limits of Liability	Employees Property Extension	\$1,000,000
	Hall Hirers Liability Extension	\$1,000,000
	Indemnity to Ratepayers Extension	\$1,000,000
	Mechanical Plant Liability	\$15,000,000
	Product Withdrawal Costs	\$100,000
	Property in Care, Custody & Control	\$1,000,000
	Punitive or Exemplary Damages	\$1,000,000
	Tenants Liability	\$15,000,000
	Underground Services	\$15,000,000
	Vehicle & Watercraft Service /Repair Liability	\$500,000
	Vibration & Removal of Support	\$500,000
	Visits to North American Countries	\$15,000,000
Deductible	Each and Every Occurrence (inclusive of Costs & Expenses)	\$10,000
Policy Wording	BHSI Combined General Liability & Products Liability Insurance for Councils	
Territory	New Zealand	
Jurisdiction	New Zealand	
GST	All Limits of Liability, Sub-Limits of Liability and Deductibles are exclusive of GST	
Endorsements	<ol style="list-style-type: none"> 1. Additional Insured Endorsement 2. Employees Property Extension 3. Hall Hirers Liability Extension 4. Indemnity to Ratepayers Extension 5. Sanctions Clause 6. Aviation & Airport Operators Exclusion 7. Marina Operators Liability Exclusion 8. Contract Works – Maximum Contract Value Endorsement 	

Professional Indemnity

<i>Covering</i>	Claims first made against the insured and notified during the period of insurance alleging civil liability, by any act, error, omission or conduct that occurred in connection with the insured's Professional Business Practice	
<i>Insured</i>	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
<i>Period of Insurance</i>	From: 4:00pm	29 November 2019
	To: 4:00pm	1 November 2020
<i>Professional Business Practice</i>	Territorial Local Authority; Council Controlled organisations and associated organisations; Bay of Plenty Civil Defence Emergency Management Group; & Ownership and occupier of premises.	
<i>Limit of Liability</i>	Any one Claim and in the aggregate any one Period of Insurance	\$15,000,000
<i>Excess</i>	All deductibles are Costs Inclusive.	
	Each and Every Claim	\$25,000
	But increasing for each and every claim relating to the Building Act 2004 to:	\$50,000
<i>Territorial Limits</i>	New Zealand	
<i>Jurisdictional Limits</i>	New Zealand	
<i>Continuity Date</i>	1 November 2018	
<i>Retroactive Date</i>	Unlimited	
<i>Policy Wording</i>	BHSI Professional Indemnity Insurance Policy (BHSI-PI-COUNCIL-11/2019)	
<i>Endorsements</i>	Lead Co-Insurance Clause Sanctions Clause Non-Conforming & Non-Compliant Building Materials Exclusion Aviation & Airport Operators Exclusion Marina Operators Exclusion Multi-Unit Residential Excess Endorsement	

Liability - Excess Layer

Coverage	Amounts for which the Insured is liable under their General Liability or Professional Indemnity policies, but where the claim exceeds the cover available under the applicable Primary Layer policy		
Insured	<p>Hamilton City Council South Waikato District Council Thames Coromandel District Council Waikato District Council</p> <p>and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed.</p>		
Period of Insurance	From:	4.00pm	29 November 2019
	To:	4.00pm	1 November 2020
Limit of Liability	Section 1	General Liability Each & every occurrence	NZD 145,000,000
		Product Liability Each and every occurrence and in the annual aggregate	NZD 145,000,000
	Section 2	Professional Indemnity Each and every claim and in the annual aggregate (costs and expenses inclusive)	NZD 145,000,000
Deductibles	Section 1	General Liability Each & every occurrence	NZD 15,000,000
		Product Liability Each & every occurrence and in the annual aggregate	NZD 15,000,000
	Section 2	Professional Indemnity Each & every claim and in the annual aggregate (costs and expenses inclusive)	NZD 15,000,000
	All deductibles are in the excess of the deductible on the underlying primary layer policy.		
Conditions	<p>Section 1 to follow all the Terms and Conditions of the underlying Public & Products Liability Primary Wording.</p> <p>Section 2 to follow all the Terms and Conditions of the underlying Professional Indemnity Primary Wording</p>		
Retroactive Date	1 November 2018		
Insurers	Various Lloyds of London syndicates		

Employers Liability

<i>Covering</i>	The Insurer will indemnify the Insured for any Claim first made against the Insured during the Policy Period and reported to the Insurer as required by this Policy, up to the Limit of Indemnity, brought by an Employee for	
	1.1 Damages for Bodily Injury	Damages and Defence Costs as a result of an Employee sustaining Bodily Injury.
	1.2 Punitive or Exemplary Damages	Punitive or Exemplary Damages and Defence Costs as a result of the Employee sustaining Bodily Injury.
<i>Insured</i>	Waikato District Council	
	and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
<i>Period of Insurance</i>	From:	4:00pm 29 November 2019
	To:	4:00pm 1 November 2020
<i>Business</i>	Any activity now or hereafter carried on by the Insured, including but not limited to:	
	Territorial Local Authority Council Controlled organisations and associated organisations	
<i>Limits of Liability</i>	In the aggregate for loss	\$1,000,000
	In the aggregate for defence costs	\$1,000,000
<i>Deductible</i>	Each and Every Claim	\$1,000
<i>Retroactive Date</i>	Unlimited	

Statutory Liability

<i>Covering</i>	Defence Costs, Fines and any Reparation Orders, up to the Limits of Indemnity, arising out of any Claim first made against the Insured during the Policy Period and reported to the Insurer as required by this Policy.	
<i>Insured</i>	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed.	
<i>Period of Insurance</i>	From: 4:00pm 29 November 2019 To: 4:00pm 1 November 2020	
<i>Business</i>	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations	
<i>Limits of Indemnity</i>	In the aggregate for Fines and Reparations Orders In the aggregate for defence costs	\$1,000,000 \$1,000,000
<i>Deductible</i>	Each and Every claim Claims related to Health & Safety in Work Act, and/or the Resource Management Act	\$10,000 \$25,000
<i>Retroactive Date</i>	Unlimited	

Fidelity Guarantee (Crime)

Coverage

Direct financial loss sustained by the insured arising from or in connection with any single act or series of related, continuous or repeated acts (which shall be treated as a single act) discovered during the policy period or applicable Discovery Period and reported to the Insurer as per the policy wording noted below.

Insured

Waikato District Council

and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed

Period of Insurance

From: 4:00pm 1 November 2019
To: 4:00pm 1 November 2020

Business

Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority

Limits of Liability

Any one claim and in the annual aggregate \$2,000,000

Deductibles

Each and every claim including costs \$50,000

Geographical Limits

Worldwide

Retroactive Date

Unlimited

Policy Wording

Berkshire Hathaway Crime Policy (BHSI-NZ-EP-Crime-001-06/2015)

Policy Extensions (including aggregate sub-limits where applicable)

Care, Custody and Control (Limit \$250,000)
Computer or Funds Transfer Fraud
Contractual Penalties
Court Attendance Costs (Limit \$25,000)
Credit Card Fraud
Extortion
Forgery and Counterfeiting
Interest Receivable or Payable
Legal Costs
Money or securities – Destruction or Disappearance
Outsourcing
Public Relations Costs (Limit \$25,000)
Sponsored Plans
Telephone Systems Fraud (Limit \$100,000)

Cyber Liability

Coverage	Loss arising from an actual breach, or suspected breach, of the Insured's computer systems, or extortion threat with an intent to harm or restrict access to the Insured's computer network or electronic data.			
Insured	Waikato District Council			
	Note – Cover is limited to the Council organisation only and does not extend to subsidiary companies or Council Controlled Organisations.			
Period of Insurance	From: 4:00pm	1 November 2019		
	To: 4:00pm	1 November 2020		
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority			
Limit of Liability	In the aggregate for each individual Council	\$1,000,000		
	In the aggregate for damages for each individual Council	\$500,000		
Deductible	Each and Every claim, actual or suspected Breach or Extortion Threat	\$25,000		
Waiting Hours Period		24 hours		
Territory/Jurisdiction	Worldwide			
Insuring Clauses	Rectification Costs Extortion Costs Business Interruption Loss Fines and Penalties Regulatory Costs Third Party Liability Defence Costs Emergency Response Costs Automatic Extended Reporting Period			
Retroactive Date	Unlimited			
Incident Response Team	In the event of a breach or suspected breach coverable by this policy, the following can be contacted directly for advice and to assist in co-ordinating the response: <table> <tr> <td>Mark Anderson Wotton & Kearney Phone: 0508 322 269</td> <td>Briony Davies Minter Ellison Phone: 0800 292 3763</td> </tr> </table>		Mark Anderson Wotton & Kearney Phone: 0508 322 269	Briony Davies Minter Ellison Phone: 0800 292 3763
Mark Anderson Wotton & Kearney Phone: 0508 322 269	Briony Davies Minter Ellison Phone: 0800 292 3763			
Policy Wording	Berkshire Hathaway Professional First Cyber Liability Insurance Policy (BHSI-NZ-EP-Cyber-001-04/2016)			
Endorsements	Failure to Supply Exclusion The Insurer will not be liable to pay any Damages or Defence Costs resulting from a Claim for failure to supply a utility including without limitation: <ol style="list-style-type: none"> 1. Electrical or mechanical failure of infrastructure, including without limitation, any electrical power interruption, surge, brownout or blackout; 			

2. Interruption to the supply of gas or water; or
3. Failure of any satellite, telephone or data transmission or other telecommunication or network infrastructure.

All other terms and conditions of the policy remain unchanged.

Unencrypted Portable Media Exclusion

Prior Claims Exclusion

Business Interruption & Period of Recovery Amendment

The definitions of 'Business Interruption' and 'Period of Recovery' in the policy wording are deleted in their entirety and replaced with the following definitions:

2.3 Business Interruption means the actual and measurable interruption, deterioration or suspension of an Insured's business directly caused by:

2.3.1 the corruption or destruction or deletion of the Insured's Electronic Data; or

2.3.2 a restriction of access to the Insured's Electronic Data, caused by a denial of service attack or unauthorised use or access to the Computer Network

2.21 Period of Recovery means the period from the date and time Business Interruption is first discovered until such time as the Computer Network and/or the Insured's Electronic Data is restored, or could have been restored to substantially the level of operation that had existed prior to such Business Interruption; provided however that in no event shall such period exceed one hundred and twenty (120) days.

The purposes of this endorsement, Definition 2.6.2 in deleted in its entirety.

Severability Clause

(a) Claims Condition 4.5.1 is deleted and replaced with the following:

4.5.1 All Claims, Breaches and / or Extortion Threats relating to the same Policyholder and involving the same Wrongful Act, Breach or Extortion Threat or Related Wrongful Acts will be considered a single Claim, Breach or Extortion Threat and only one Retention will be applicable to such single Claim, Breach or Extortion Threat.

(b) General Condition 5.3 (Cancellation) is amended as follows.

(i) Paragraph 5.3.1 is deleted and replaced with the following.

5.3.1 Any Policyholder may cancel the cover provided under this Policy for that Policyholder only by notifying the Insurer in writing stating the effective time of the cancellation, providing that date is at least 30 days after the date the notice is given.

(ii) The following is added to Paragraph 5.3.2.

A cancellation under this condition may apply to all Policyholders or individual Policyholders.

(iii) The following is added to Paragraph 5.3.3.

On cancellation of the cover of any Policyholder (but not cancellation of the Policy), the Insurer will retain the proportion of the premium calculated pro-rata as at the date of the cancellation which the Insurer reasonably determines is allocated to that Policyholder.

(c) General Condition 5.8 (Innocent Non-Disclosure and Material Non-Disclosure) is amended as follows

(i) Paragraph 5.8.2 is deleted and replaced with the following

5.8.2 In consideration of the Insurer waiving its right to avoid this Policy in accordance with General Condition 5.9.1 (a), and in the event of a material non-disclosure in the Proposal, the Insurer will be entitled in its sole discretion (i) to determine the amount of any additional premium to be paid by any Insured; and (ii) charge the additional premium to any Insured.

(ii) The following paragraph is added.

5.8.4 The Insurer will only avoid this Policy against the Insured which committed or condoned the relevant non-disclosure or breach.

All other terms and conditions of this Policy remain unchanged

Motor Vehicle

Coverage	Unforeseen and unintended loss or damage to Insured vehicles, and amounts for which the Insured is legally liable to pay to third parties arising from the ownership and/or use of Insured vehicles															
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed															
Period of Insurance	From: 4:00pm on	1 November 2019														
	To: 4:00pm on	1 November 2020														
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations															
Interests Insured	All motor vehicles presently existing or subsequently acquired, owned, hired (in and out), leased, rented, loaned, borrowed, or used by or on behalf of the Insured, or are in the lawful custody or control of the Insured, or in which the Insured has an insurable interest or for which the Insured has received instructions to insure. Insured Vehicles also includes motor cycles, trailers, caravans, mobile plant and equipment, tractors, self-propelled agricultural machines, substitute vehicles and accessories.															
Limits of Liability	<p>Section 1</p> <p>Market Value at the time of loss (Cars, four-wheel drives and utility vehicles less than 24 months old and weighing under 3,500kg are covered for replacement, subject to local availability)</p> <p>Section 2</p> <table> <tr> <td>Third Party Liability – limit any one accident</td> <td>\$20,000,000</td> </tr> <tr> <td>Except Airside Liability restricted to</td> <td>\$2,000,000</td> </tr> </table>		Third Party Liability – limit any one accident	\$20,000,000	Except Airside Liability restricted to	\$2,000,000										
Third Party Liability – limit any one accident	\$20,000,000															
Except Airside Liability restricted to	\$2,000,000															
Vehicle Details	Number of Insured Vehicles	1,296														
	Total Declared Value	\$35,856,699														
Deductibles	<p>Section 1</p> <p>Standard Excess - 1% of the vehicle sum insured, subject to a minimum of \$500. Plus Age & Inexperienced Drivers Excesses noted below</p> <table> <tr> <td>Drivers aged under 21 years of age</td> <td>\$1,000</td> </tr> <tr> <td>Drivers aged 21-25 years</td> <td>\$500</td> </tr> <tr> <td>Drivers aged 25 and over, and licensed less than 2 years</td> <td>\$500</td> </tr> </table> <table> <tr> <td>Claims arising from Fire</td> <td>Nil</td> </tr> <tr> <td>Claims arising from theft or conversion of the Insured Vehicle</td> <td>Nil</td> </tr> <tr> <td>Glass & Windscreen Claims</td> <td>Nil</td> </tr> </table> <p>Section 2</p> <table> <tr> <td>Each and every claim</td> <td>Nil</td> </tr> </table>		Drivers aged under 21 years of age	\$1,000	Drivers aged 21-25 years	\$500	Drivers aged 25 and over, and licensed less than 2 years	\$500	Claims arising from Fire	Nil	Claims arising from theft or conversion of the Insured Vehicle	Nil	Glass & Windscreen Claims	Nil	Each and every claim	Nil
Drivers aged under 21 years of age	\$1,000															
Drivers aged 21-25 years	\$500															
Drivers aged 25 and over, and licensed less than 2 years	\$500															
Claims arising from Fire	Nil															
Claims arising from theft or conversion of the Insured Vehicle	Nil															
Glass & Windscreen Claims	Nil															
Each and every claim	Nil															

Territorial Limits

Anywhere in New Zealand

Policy Wording

Aon Vertex Commercial Motor Vehicle Policy (ARSNZ0012 0516)

Sub-Limits of Liability

5.1	Additional Vehicles – Maximum any one vehicle	\$400,000
5.2	Claims Preparation Costs	\$20,000
5.4	Crisis Cover	\$10,000
7.3	Death by Accident	\$10,000
7.4	Disability Modification	\$5,000
7.6	Employee Personal Property	\$2,000
7.8	Expediting Costs	\$5,000
7.9	Family Expenses on Hospitalisation	\$5,000
7.10	First Aid	\$2,500
7.11	Funeral Expenses	\$5,000
7.12	Goods in Transit	\$5,000
7.13	Hire Costs following theft of vehicle – Per Day	\$250
7.17	Locks & Keys	
	- Maximum per vehicle	\$5,000
	- Maximum per event	\$15,000
7.18	Medical & Related Expenses	\$10,000
7.20	Removal of Debris	\$10,000
7.21	Rewards	\$10,000
7.23	Signwriting	\$5,000
7.25	Uninsured Third-Party Protection	\$5,000
11.7	Psychological Counselling	\$5,000
11.9	Airside Liability	\$2,000,000
11.10	Weight Damage	\$500,000
11.11	Exemplary Damages	\$500,000

Forestry

Coverage	Loss or damage to standing timber from defined events at insured forestry locations	
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm	1 November 2019
	To: 4:00pm	1 November 2020
Forest Name	Wainui Reserve	
Forest Size	10.10 Ha	
GPS Co-ordinates	Latitude	-37.815336
	Longitude	174.840537
Forest Species	Radiata Pine – 26 years	
Defined Events Sum Insured	Wainui Reserve	\$252,500
Additional Event Sum Insured	Earthquake & Landslip	Nil
	Hail Strike	\$20,000
	Weather Landslip	Nil
	Volcanic Eruption	Nil
	Windstorm	Nil
Optional Benefits	Claims preparation costs	\$5,000
	Fire Fighting (aggregate all forestry locations during the period of insurance)	\$275,000
	Removal of debris and replanting (aggregate all forestry locations during the period of insurance)	\$25,000
	Infrastructure	Nil
	Harvested Timber	Nil
Deductible	Each & Every Loss	\$5,000
GST	All Sum Insureds, Limits & Sub-limits are exclusive of GST All Excess are inclusive of GST	
Policy Wording	Insurance Facilitators Standing Timber Policy (NZ.010519)	
Defined Events Covered	Fire, Lightning, Impact & Malicious Damage	
Optional Events Covered	Hail strike	

Personal Accident

Covering	Covering Insured persons for benefits in respect of injury as a result of an accident as detailed below.	
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm	1 November 2019
	To: 4:00pm	1 November 2020
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations	
Insured Persons	Waikato District Council	14 Elected Representatives 4 Senior Managers
Aggregate Limit of Liability	Claims during any one period of insurance Claims during any one period of insurance for accidents occurring during 'non-scheduled' air travel	
Schedule of Benefits	<p>BENEFITS</p> <ol style="list-style-type: none"> 1. Accidental Death 2. Permanent total disablement 3. Permanent Paraplegia or Quadriplegia 4. Permanent total loss of sight of one or both eyes 5. Permanent total of use of one or more limbs 6. Permanent & incurable insanity 7. Permanent loss of the lens of: <ol style="list-style-type: none"> (a) both eyes (b) one eye 8. Permanent total loss of hearing in <ol style="list-style-type: none"> (a) both ears (b) one ear 9. <ol style="list-style-type: none"> (a) Third degree burns and/or resultant disfigurement which covers more than 20% of the entire external body (b) Second degree burns and/or resultant disfigurement which covers more than 20% of the entire external body 10. Permanent total loss of use of four fingers and thumb of either hand 11. Permanent loss of use of four fingers of either hand 12. Permanent loss of use of one thumb <ol style="list-style-type: none"> (a) both joints of either hand (b) one joint 13. Permanent of loss of use of fingers <ol style="list-style-type: none"> (a) three joints of either hand: (b) two joints (c) one joint 14. Permanent loss of use of toes of <ol style="list-style-type: none"> (a) all – one foot of either foot: (b) great – both joints 	

- (c) great – one joint
- (d) other than great
– each toe

15. Fractured leg or patella with established non-union
16. Loss of at least 50% of all teeth
17. Shortening of leg by at least 5cm
18. Permanent partial disablement not otherwise provided for under the above

OTHER COVERAGES

Accidental HIV Infection Benefit

Bed Care Benefit (daily cash benefit, maximum 30 days)

Coma Benefit (daily cash benefit, maximum of 26 weeks)

Modification Benefit

Premature Birth/Miscarriage Benefit

Rehabilitation Benefit

Terrorism Benefit

Trauma Benefit

Visitors Benefit

Work Experience Benefit

Workplace Assault Benefit

Territorial Limits / Locations Worldwide 24 hours unless noted otherwise under “Insured Persons”

Jurisdiction New Zealand

Marine Hull

Coverage	Physical loss or damage to the insured vessels, including their equipment, and accessories (including trailers, where applicable), and legal liability arising from the use or ownership of the vessels.	
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm	1 November 2019
	To: 4:00pm	1 November 2020
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations	
Vessels Insured	Stabicraft 570 Trailered Craft & Outboard Engine	\$33,500
	GT Engineering Punt 15ft Alloy	\$4,500
	Alloy Dinghy & Outboard Engine	\$4,000
	Accessories	\$1,780
	Trailer	\$1,500
	Total Sum Insured	\$45,280
Third Party Liability	Any one event	\$2,000,000
Deductible	Each and every claim;	\$250
Navigational Limits	As permitted under the vessels Safe Ship Management (SSM) Certificate or Safe Operating Plan (SOP) within the New Zealand Exclusive Economic Zone	
Policy Wording	Vero Marine Commercial Hull Policy	
Insuring Clauses and Extensions	Institute Time Clauses Hulls – Port Risks – Limited Navigation (Moored craft) Institute Protection & Indemnity War & Strikes Clauses Hulls – Time 20/07/87 Institute Time Clauses Hulls – Leased Equipment Clause 1/11/95 Institute Time Clauses Hulls – Parts Removed Clause 1/11/95 Institute War & Strikes Clauses Hulls – Time 1/10/83 Institute Radioactive Contamination, Chemical, Biological, Bio-Chemical & Electromagnetic Weapons Exclusion Clause 10/11/03 Alcohol & Drugs Exclusion Classification Condition Compliance & Seaworthiness Condition Mooring Condition Named Master Condition Deductible Clause Electronic Time/Date Exclusion Clause Mutually Acceptable Surveyors Clause NZ Good & Services Tax Clause Pollution Exclusion Clause Subrogation Clause Third Party Liability Limit Clause Trailer Theft Condition	

Aviation Hull (UAV)

Insured	Waikato District Council		
	and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed		
Period of Insurance	From:	4:00pm	1 November 2019
	To:	4:00pm	1 November 2020
Covering	Accidental physical loss or damage to specified Unmanned Aerial Vehicles (Drones), their spare parts and accessories, and legal liability for bodily injury or property damage to third parties arising from their use.		
Insured UAV's	Make/Model	Serial Number	Sum Insured (NZD)
	2016 DJI Mavic Pro	08QDE3T01204AV	\$1,900
	Total Hull Sum Insured		\$1,900
Third Party Legal Liability	Limit any one event		\$2,000,000
Deductibles	Hull – 5% of the Sum Insured each & every loss, subject to a minimum of NZD 250 and a maximum of NZD 2,500 Spares & Equipment – NZD 250 each & every loss Third Party Legal Liability - Nil		
	(In the event of an occurrence involving the application of more than one deductible, then only the highest applicable deductible shall be applied for all losses arising out of that one occurrence)		
Declared Uses	Aerial survey, photography, spotting & training		
Remote Pilots	Niall McGrath		
Territorial Limits	New Zealand		
Policy Wording	Remotely Piloted Aircraft (RPA) Insurance Policy (October 2016) And including the agreed endorsements		
Special Endorsements	<p>Privacy Related Claims This policy excludes any and all privacy related claims made against the Insured</p> <p>Camera Equipment In respect of camera equipment, coverage excludes scratching and fogging of lenses and mechanical derangement unless arising out of an Accident to the RPA to which it is fitted.</p>		
Warranties	<ul style="list-style-type: none"> - There have been no incidents involving accidental damage to, or theft of, any aircraft (or part thereof) during the last five years whilst under the command of any pilot covered hereon or whilst owned and/or operated by an Insured named hereon. - There have been no prosecutions brought by the Directorate of Civil Aviation (or equivalent) in respect of any pilot or Insured covered hereon. - The RPA is operated for commercial reasons only. - The RPA does not exceed a maximum take-off weight of 25kg. - The operators/remote pilots have a minimum of 20 hours RPA flight time and/or to have successfully completed the respective manufacturers training course for 		

the RPA operated (not applicable to operators/remote pilots undergoing instruction at the relevant training course).

- The Insured has obtained the written consent from the property owner or persons that the RPA will operate above prior to flight.

- The Insured operates the RPA in compliance with CAANZ Part 101 rules at all times

- RPA's with Return to Home function inbuilt, to be set to 'On' at all times

Choice of Law & Jurisdiction

This insurance shall be governed by and construed in accordance with the law of New Zealand, and falls under the jurisdiction of the Courts of New Zealand

Airport Owners & Operators Liability

Coverage	Amounts which the Insured becomes legally liable to pay to third parties as damages for Bodily Injuries and/or Property Damage arising from an occurrence in connection with the ownership, operation and management of an airport (Section One Coverage)
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed
Airports Insured	Raglan Airfield
Period of Insurance	From: 4:00pm 1 November 2019 To: 4:00pm 1 November 2020
Limits of Liability)	Limit for each accident for bodily injury/property damage any one occurrence \$5,000,000
Policy Wording	Airport Liability Insurance Policy AVN104
Endorsements	Asbestos Exclusion Clause (2488AGM00003) Nuclear Risks Exclusion Clause AVN.38B Noise and Pollution and other Perils Exclusion Clause AVN.46B but Paragraph 1(b) not applicable to the pollution and/or contamination of a goods or product(s) sold or supplied by the Insured War, Hi-Jacking and other Perils Exclusion Clause AVN.48B with all sub-paragraphs other than (b) deleted in accordance with Extended Coverage Endorsement AVN.52G (Sub-Limit NZD100,000,000 any one occurrence and in the annual aggregate, or the applicable Combined Single Limit, whichever is the lesser) Personal Injury Extension Clause AVN60A – limited within the Combined single Limit to USD25,000,000 (or currency equivalent) any one offence and in the aggregate or the applicable Combined Single Limit, whichever is the lesser, for all claims occurring during the period of insurance. In addition to the Insured's Airport location, as specified in Item 5 of the Schedule, coverage under this Policy also includes locations elsewhere in the course of any work or of the performance of any duties carried out by the Insured. Exclusion 3 is amended by way of deleting “rented, leased or occupied by” Coverage hereunder includes where required all roadways, car parks and easements adjacent and contiguous to properties owned, operated or under control of the Insured's Airport Operating Authority but excluding Road Traffic Acts or equivalent - elsewhere to be agreed by the Insurers. Coverage hereunder includes Liability arising out of the use of vehicles, including Insureds employee's vehicles whilst in the scope of the duties This Policy is extended to cover liability arising out of the use of government, emergency and security vehicles whilst airside, at airports Insured as specified under Item 5 of the Schedule, conducting operations as approved by the Insured.

Notwithstanding General Condition 3, coverage afforded by this extension shall be excess of any other valid and collectible insurance.

Includes the liability of the insured arising from all practice emergency procedures (waive Exclusion 12 of the Policy Wording to include the Insured's liability arising out of any air meet, air race or air show)

Contract Work Extension clause

Notwithstanding Exclusion 2 of the Policy Wording, it is noted and agreed that the coverage is extended to includes the Insureds (and/or their contractors and/or sub-contractors) liability arising out of Contract Works, but subject to the following conditions: -

- (i) Contracts with a Contract Value up to NZD 1,000,000 shall be automatically covered
- (ii) On contracts with a Contract Value that exceeds NZD 1,000,000 shall be covered, subject to Contractors and/or Sub-contractors carrying their own liability insurance with a minimum limit of NZD 5,000,000 any one occurrence (with coverage hereon to respond in excess of this amount up to individual policy limits). The Insured(s) hereunder to be added as Joint Insureds to such Contractors and/or Subcontractors liability insurance policies.
- (iii) On contracts with a contract value that exceeds NZD1,000,000, on which the contractor and/or sub-contractors do not have public liability insurance, this Policy will extend to include such 'primary' liability at terms to be agreed by Insurers in advance of the commencement of any contract works

Date Recognition Exclusion Clause AVN.2000A.

Date Recognition Limited Coverage Clause AVN.2002A.

Cross Liability Clause AVN.63

Sanctions and Embargo Clause AVN 111

Severability of Interests Clause:

Additional Insureds, waivers of subrogation, indemnity provisions, hold harmless agreements, cross liability clauses and other contractual arrangements in force prior to the commencement of this Insurance are automatically incorporated herein. New agreements entered into by the Insured during the Period of Insurance are automatically included hereon provided such agreements are entered into in pursuance of normal commercial operations.

<i>Excess</i>	Each & every loss in respect of Property Damage only	\$2,500
<i>Territorial Limits</i>	New Zealand, but worldwide in respect of Products Liability	
<i>Choice of Law & Jurisdiction</i>	This insurance shall be governed by and construed in accordance with the law of New Zealand and each party agrees to submit to the exclusive jurisdiction of the Courts of New Zealand.	

Boiler Explosion

Coverage	Physical damage resulting from explosion or collapse of boilers and unfired pressure vessels listed in the schedule.	
Insured	Waikato District Council and/or associated and/or subsidiary companies and/or Council Controlled Organisations for their respective rights and interests and/or as may be agreed	
Period of Insurance	From: 4:00pm	1 November 2019
	To: 4:00pm	1 November 2020
Business	Any activity now or hereafter carried on by the Insured, including but not limited to: Territorial Local Authority Council Controlled organisations and associated organisations	
Schedule of Insured Property	Waikato District Council	
	Boac Boiler & Gas 3 Riello Boiler	\$16,500
	Huntly Pool Water Heating System (Boiler, mountings, controls & flue assembly)	\$43,450
	Heat Exchanger	\$7,480
	Filter	\$34,320
	Pipework	\$55,000
	Total Combined Declared Value	\$156,750
Deductible	Each and every claim	\$500
Perils Insured	Physical loss or damage resulting from explosion or collapse to boilers and unfired pressure vessels listed in the schedule of Insured Property	
Basis of Settlement	Repair, rebuild or replacement of Insured Plant	
Policy Wording	Zurich Engineering Plant Insurance Policy (ITRN – 004588 – 2010) - Option 1: Cover limited to Explosion and Collapse only	

Trustees Liability

Cover Description

Trustees Cover

Insurer will pay on behalf of the Trustee all loss arising from an actual or alleged wrongful act as Trustee and for which the Trustee does not receive an indemnity from the Trust.

Trust Reimbursement Cover

Insurer will pay on behalf of the Trust all loss arising from an actual or alleged wrongful act that the Trust is legally liable to pay.

A "Wrongful Act" is any actual or alleged breach of duty or trust, neglect, error, misstatement, misleading statement, omission, breach of warranty or contract, defamation, or any other act done or attempted by, or any other matter claimed against any Trustee of the Trust.

A Valid Claim must be first made during the period of Insurance and notified in writing by the Trustee to the Insurer during the Policy Period and alleging a wrongful act that occurred subsequent to the Retroactive date.

Insured

Gordonton Woodlands Trust

Period of Insurance

From: 4:00pm 1 November 2019
To: 4:00pm 1 November 2020

Business Insured

Trust established to manage the Woodlands Historic Property

Limit of Liability

Loss - Any one claim and in the aggregate any one period of insurance	\$1,000,000
Defence Costs – Any one claim and in the aggregate any one period of insurance	\$1,000,000

Principal Extensions

Advancement of Defence Costs	
Continuous Cover	
Estate and Legal Representative/Spousal Liability	
Innocent Non-disclosure	
Official Investigations and Inquiries	\$250,000
Preservation of Indemnity	
Severability and Non-Imputation	
Successful Defence of Criminal Prosecution	

Deductible

Trustees Cover	Nil
Trust Reimbursement Cover – Each & every claim, and costs inclusive	\$2,000

Retroactive Date

Unlimited

Territorial Limits

New Zealand

Jurisdiction

New Zealand

Covering

Gordonton Woodlands Trust

Classes of Insurance Available

This is a list of some of the more common classes of insurances offered to businesses in New Zealand. We suggest that you review the list from time to time in the light of changing needs and circumstances and discuss any uninsured risks for which insurance may be available, with your Aon Broker. The list is not exhaustive, and if you know of any other uninsured risks, please contact us and we will advise you whether insurance is available.

Classes of insurance you have elected to take are indicated:

(Edition List: Oct 2017)

PROPERTY & BUSINESS INTERRUPTION

Business Interruption	<input checked="" type="checkbox"/>	Covers loss of income and increased costs resulting from damage to assets; sometimes referred to as "Loss of Profits" or "Consequential Loss" insurance. Can include several optional extensions, including Gross Rentals, Book Debts, & Severance or Redundancy payments.
Computer	<input type="checkbox"/>	Covers computers and computer media against a wider variety of risks than those covered under a Material Damage policy
Computer Consequential Loss	<input type="checkbox"/>	Covers financial losses and extra costs, including data reconstruction, following damage covered under a computer policy
Contract Works and Advanced Loss of Profits	<input type="checkbox"/>	Covers physical loss or damage and, as an option, to cover public liability arising in connection with a contract works. Cover can include loss of future income where completion of a construction project is delayed by damage.
Fidelity/ Crime	<input checked="" type="checkbox"/>	Covers theft by employees; this risk is commonly excluded from cover under Material Damage insurance. Computer Crime policies can extend a traditional Fidelity policy to include Fraudulent activity from a number of sources and systems.
Machinery Breakdown including Boiler Explosion	<input checked="" type="checkbox"/>	Covers breakdown risks, boilers and other pressure vessels against risk of explosion (such risks are commonly excluded from cover under Material Damage insurance)
Machinery Business Interruption	<input type="checkbox"/>	Covers loss of income and increased costs resulting from damage by a peril insured under a Machinery policy. Works as a partner to the Machinery Breakdown policy.
Material Damage	<input checked="" type="checkbox"/>	A general form of policy to cover loss of buildings, plant and stock
Money	<input type="checkbox"/>	Covers cash and other forms of money against loss or damage whilst it is at your premises or in transit. Small limits can often be included under a Material Damage policy.
Natural Disaster Excess Buydown	<input type="checkbox"/>	Provides an opportunity to reduce the Natural Disaster Excess applicable under a Material Damage and/or Business Interruption policy
Stock Deterioration	<input type="checkbox"/>	Provides cover following accidental stoppage of refrigeration equipment for chilled or frozen goods; usually only available in conjunction with Machinery Breakdown insurance, or sometimes under a Marine Cargo policy
Terrorism	<input type="checkbox"/>	This risk is commonly excluded from cover under Material Damage insurance.

TRANSPORT

Aviation Hull	<input checked="" type="checkbox"/>	Covers aircraft against physical loss or damage
Aviation Liabilities	<input type="checkbox"/>	Covers Public Liability arising out of the use of aircraft (Public Liability insurance does not normally cover liability arising out of the use of aircraft)
Carriers Liability	<input type="checkbox"/>	Covers liability under the Carriage of Goods Act
Charterers Liability (Aviation/Marine Hull)	<input type="checkbox"/>	Protection tailored to meet the conditions of a Marine or Aviation charter agreement for hull and/or liabilities
Marine Cargo	<input type="checkbox"/>	Covers shipments of goods by land, sea or air
Marine Hulls	<input checked="" type="checkbox"/>	Covers watercraft against physical loss or damage
Marine Liabilities	<input type="checkbox"/>	Covers Public Liability arising out of the use of watercraft
Motor Vehicle	<input checked="" type="checkbox"/>	Covers direct loss or damage to vehicles & Public Liability (third party liability) in connection to the vehicles

AGRICULTURAL & BLOODSTOCK

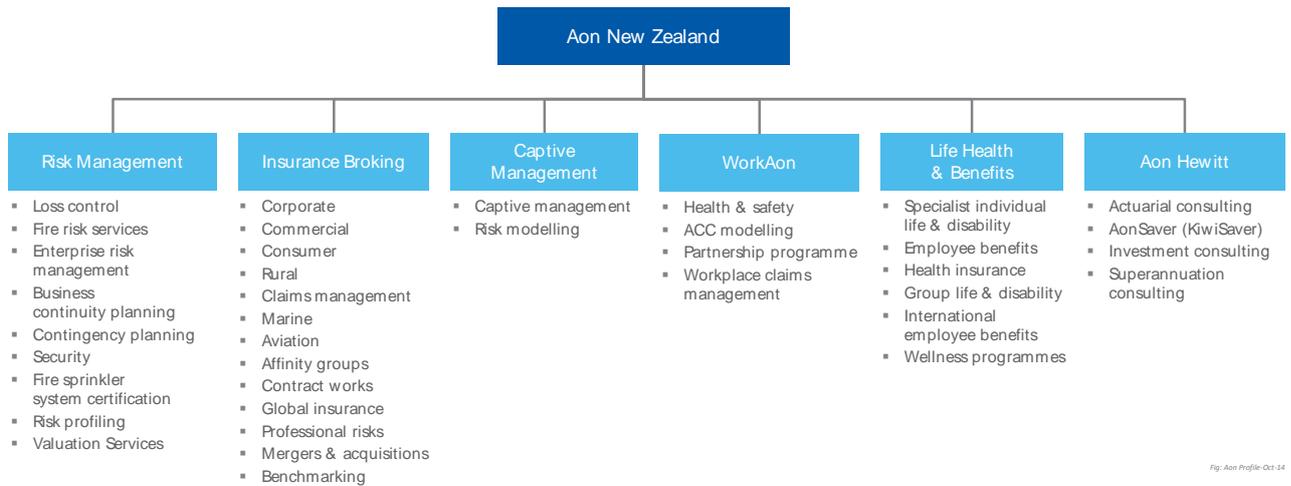
Bloodstock	<input type="checkbox"/>	Covers horses for the risks of accident, sickness or disease
Farm	<input type="checkbox"/>	Covers can be included for your Farm Assets Farm Business Interruption, Liabilities and Farm Vehicles
Forestry	<input type="checkbox"/>	Covers forests against specified perils; including but not limited to Fire and Lightning. Optional extensions are available.
Growing Crops	<input type="checkbox"/>	Insurance against failure or diminution of a crop resulting from certain specified events, for example flood or adverse weather
Livestock	<input type="checkbox"/>	Covers livestock for the risks of accidents, sickness or disease

LIABILITY

Bailees Liability	<input type="checkbox"/>	Covers liability for damage to property held under bailment, or in your custody and/or control
Directors & Officers Liability	<input type="checkbox"/>	Covers Directors & Officers against liability they might incur in carrying out the duties of a company director or officer. The insurance will also reimburse the company where it has already indemnified its directors for any such liability; cover includes associated defence costs.
Employers Liability	<input checked="" type="checkbox"/>	Covers the employer company's liability for injury to employees that falls outside the scope of ACC; cover includes associated defence costs

LIABILITY <i>(continued)</i>	
Employment Disputes Liability	<input type="checkbox"/> Covers damages and costs arising out of certain employment related disputes such as wrongful termination, harassment and discrimination; cover includes associated defence costs
Environmental Impairment	<input type="checkbox"/> A special form of pollution liability insurance
Exemplary Damages (Also called Punitive Damages)	<input type="checkbox"/> Covers damages arising out of bodily injury in New Zealand where the law otherwise prevents legal action for compensatory damages
Extra Territorial Workers Compensation	<input type="checkbox"/> Covers liabilities where employees are injured outside their normal country or state of employment and are not covered by the relevant statutory policy
Forest & Rural Fires Act	<input type="checkbox"/> For costs imposed by statutory authorities under legislation
Legal Expenses	<input type="checkbox"/> Covers legal expenses incurred in civil action
Liability Consequential Loss	<input type="checkbox"/> To partially cover loss of gross profit and increased costs arising from an event that also gives rise to a valid claim on a liability policy; this limited form of cover is only available where the liability insurance is provided by the same insurer
Libel & Slander/Defamation	<input type="checkbox"/> Covers legal liability arising out of defamatory remarks made in either written or oral form; cover includes associated defence costs
Private Legal Aid	<input type="checkbox"/> Covers private persons and their families for private legal aid costs for defending a variety of criminal, traffic & civil actions
Product Guarantee	<input type="checkbox"/> Covers liability for correcting defects in products or for replacing defective products
Product Liability	<input type="checkbox"/> Covers liability arising for damage arising out of products supplied; cover includes associated defence costs
Product Recall	<input type="checkbox"/> Covers liability for the cost of recalling products which are defective or suspected of being defective
Professional Indemnity &/or Errors & Omissions	<input checked="" type="checkbox"/> Covers legal liability incurred by giving negligent advice or through a breach of professional duty; cover includes associated defence costs
Prospectus Liability	<input type="checkbox"/> Covers the Company, its directors and senior executives for liabilities arising from the issue of a prospectus, information memorandum or other sale/purchase documents. This liability is generally excluded from Directors & Officers Liability policies unless they are specifically extended to cover it. Cover includes associated defence costs.
Public Liability (General Liability or Broadform Liability)	<input checked="" type="checkbox"/> Covers general liability for damage or injury happening in connection with the business; cover includes associated defence costs
Statutory Liability	<input checked="" type="checkbox"/> Covers fines or penalties imposed for unintentional breaches of certain statutes; cover includes associated costs
Trustees Indemnity	<input checked="" type="checkbox"/> Covers Trustees for personal liability arising from a breach of their fiduciary duties and to reimburse the trust when it has provided an indemnity to the trustees; cover includes associated defence costs
Warranties & Representations Liability	<input type="checkbox"/> Covers liability arising from specific representations or warranties made in an agreement between parties; particularly relevant in the sale and purchase of businesses
HUMAN RESOURCE	
Employee Benefits	<input type="checkbox"/> Includes a variety of special forms of insurance including life insurance, long term disability, salary continuance, medical expenses and superannuation
Key Person	<input type="checkbox"/> To provide cash benefits to the company in the event of death or disablement of key personnel
Personal Accident	<input checked="" type="checkbox"/> To provide cash benefits in the event of death or disablement following accident to insured person
TECHNOLOGY	
Cyber Risk	<input checked="" type="checkbox"/> Covers Liability and expenses incurred as a result of unauthorised use or access to an organisation's computer systems and software. Can also include cover for liability costs and expenses arising from network outages, transmission of viruses, computer theft and extortion.
Intellectual Property Pursuit	<input type="checkbox"/> Covers legal expenses to enforce intellectual property rights that are infringed by a Third Party
Media Liability/Internet Liability	<input type="checkbox"/> Covers advertising injury, defamation, breach of third party intellectual property through operating on the internet or via email; includes liability to third parties from inadvertent transmission of viruses
MISCELLANEOUS	
Accidental & Malicious Product Damage/Tamper	<input type="checkbox"/> Crisis Management providing cover for Product Recall, Restoration Costs, Loss of Income and Incident Response Costs (following product tamper)
Bonds	<input type="checkbox"/> Financial devices (rather than insurance policies) designed to avoid the need to provide a bond in cash
Credit Insurance & Trade Debtors	<input type="checkbox"/> Covers risk of trade debtors failing to pay debts due to their insolvency or protracted default
Extortion	<input type="checkbox"/> Includes kidnap, ransom and product tampering insurance
Political Risk	<input type="checkbox"/> Covers confiscation, expropriation or nationalisation of overseas assets and contracts; can also include cover against frustration or repudiation of a contract
Travel	<input type="checkbox"/> Covers baggage, medical costs and other travel related risks

Other Aon Services



Aon Sprinkler Certification

Whenever a construction or alteration involving sprinklers is made, these require Certification. We are ISO accredited to undertake this work. We can also assist by giving advice to Building Consent Authorities in regard to sprinkler systems as part of the BCA process.

Aon Sprinkler Inspection

Aon's sprinkler inspection specialists conduct on-going biennial sprinkler inspection surveys as required by the building standards and New Zealand's Building Act.

Aviation

Aon has the leading specialist Aviation Division that provides a comprehensive range of Risk and Insurance solutions to our NZ General Aviation clients. Our relationships and synergy with Aon's Aviation Divisions in Australia, London and the USA ensures unparalleled access to all available Global markets.

Business Risk Management

Aon have engineers/analysts who provide advice to clients in the design and implementation of risk management programmes, business continuity, emergency response planning, security audits and legislative compliance.

Construction Specialists

Aon have a specialist Construction Division which becomes involved in construction related issues and those contracts requiring specialist input, contract vetting or principal controlled construction projects.

Credit

Aon has a specialist credit insurance division experienced in domestic and export arrangements.

KiwiSaver Management

The Aon KiwiSaver Scheme is a registered KiwiSaver scheme that enables employers to simplify their obligations while offering members a wide choice of retirement investment saving options from leading fund managers. You can select the Aon KiwiSaver Scheme as your preferred KiwiSaver scheme for employees that do not make their own choice.

Life & Benefits

Aon Life provides a wide range of life insurance and associated products for both individuals and companies. Products include income protection, trauma, health and life insurance.

Loss Control Services

Aon provides loss control inspections services to assist by providing recommendations on how to safeguard businesses and also in providing quality Underwriting information to assist in marketing risks to insurers.

Management of Workplace Injuries

WorkAon is a specialist Aon division with over 50 staff represented in 15 offices. This division works with clients to reduce their ACC costs resulting from workplace accidents. WorkAon manages the entire ACC process for 50 of the top 120 New Zealand companies participating in the ACC Partnership Programme. Aon's average total workplace accident claim involving weekly compensation is \$2,550 compared to the ACC average claim cost of \$15,190.

Professional Risks

Aon have a designated team of specialists to provide support to our clients on any professional risk issue.

Roadside Assistance

Aon has a full-service Roadside Assistance for all Commercial Motor fleets providing complete mechanical breakdown protection 24 hours/7days a week.

Staff Value Added Products

Aon has a separate division, specialising in the arrangement of consumer insurances for the staff of our clients.

Superannuation Funds Administration

Aon Hewitt has a successful superannuation funds management administration division that provides flexible superannuation options to employers and individuals.

Valuation Services

Aon has in-house qualified valuation experts providing building, land, plant, machinery and infrastructure valuations across New Zealand. We are the only broker in New Zealand with this capacity.

Insurer Ratings

Insurance (Prudential Supervision) Act 2010

In accordance with the Insurance (Prudential Supervision) Act 2010, Insurers' Financial Strength ratings are as follows.

COMPANY	RATING	RATING AGENCY
AIG Insurance New Zealand Limited	A	Standard & Poor's
Allianz Australia Insurance Limited (including GT Insurance, Club Marine, Euler Hermes Trade Credit, CPF)	AA-	Standard & Poor's
Atradius Insurance NV	A	AM Best
Berkshire Hathaway Speciality Insurance	AA+	Standard & Poor's
Chubb Insurance New Zealand Limited	AA-	Standard & Poor's
Dual New Zealand Limited (Certain Underwriters at Lloyds of London)	A+	Standard & Poor's
Lloyds	A+	Standard & Poor's
Lumley – a Business Division of IAG NZ Limited	AA-	Standard & Poor's
Mitsui Sumitomo Insurance Co	A+	Standard & Poor's
NZI – a Business Division of IAG NZ Limited (including NZI Marine, National Auto Club, Swann, CPF)	AA-	Standard & Poor's
QBE Insurance (Australia) Limited	A+	Standard & Poor's
Sunderland Marine	A	Standard & Poor's
Tokio Marine & Nichido Fire Insurance Co	A+	Standard & Poor's
Vero Insurance New Zealand Limited (including Vero Liability, Vero Specialist Risks, Vero Marine, CPF)	A+	Standard & Poor's
Zurich Australian Insurance Limited	A+	Standard & Poor's
CPF (Client Placement Facility) NZI 51%, Vero 39%, Allianz 10%		

Special Notes

1. In respect of Allianz Australia Insurance Limited

An overseas policyholder preference applies. Under Australian law, if Allianz Australia Insurance Limited is wound up, its assets in Australia must be applied to its Australian liabilities before they can be applied to overseas liabilities. To this extent, New Zealand policyholders may not be able to rely on Allianz Australia Insurance Limited's Australian assets to satisfy New Zealand liabilities.

2. In respect of QBE Insurance (Australia) Limited

QBE Insurance (Australia) Limited ("QBE") has a policy of holding actual capital in excess of regulatory capital requirements. In the event that QBE is wound up, the claims of New Zealand policyholders will be paid out of the assets of QBE New Zealand, and possibly other countries, except for Australia. Australian Law requires that on a winding up of QBE the assets of the company in Australia are to be used to pay its liabilities in Australia before liabilities outside of Australia.

3. In respect of Zurich Australian Insurance Limited (ZAIL)

An overseas policyholder preference applies. Under Australian law, if ZAIL is wound up, its assets in Australia must be applied to its Australian liabilities before they can be applied to overseas liabilities. To this extent, New Zealand policyholders may not be able to rely on ZAIL's Australian assets to satisfy New Zealand liabilities.

STANDARD & POOR'S		AM BEST		FITCH	
AAA	Extremely Strong	A++ & A+	Superior	AAA	Exceptionally Strong
AA	Very Strong				
A	Strong	A & A-	Excellent	All AA Class	Very strong
BBB	Good				
BB	Marginal	B++ & B+	Good	All A Class	Strong
B	Weak				
CCC	Very Weak	B & B-	Adequate	All BBB Class	Good
CC	Extremely Weak				
SD	Selective Default	C++ & C+	Fair	All BB Class	Moderately Weak
D	Default				
R	Regulatory Supervision	C & C-	Marginal	All B Class	Weak
NR	Not Rated	D	Very Vulnerable	All C Class	Very Weak
Note S&P Ratings	Ratings AA-CCC with (+) or (-) show relative standing within the major rating categories.	E	Under Supervision	All D Class	Distressed
		F	In Receivership	NR	Fitch does not rate the issuer or issue in question

Aon New Zealand cannot guarantee the solvency of an insurer, but if you require any further information on these companies or their financial statements, please do not hesitate to ask.

Appendix 1. 2019 Local Authority Public Liability and Professional Indemnity Renewal Commentary

The 2019/20 Professional Indemnity and Public Liability renewal cycle has proved challenging for several reasons, including increased claims activity, heightened building and consenting issues and weather-related claims to name a few resulting in the withdrawal of global capacity for council related business activities.

Previously each council has had \$50m Public Liability and \$50m for Professional Indemnity insurance policies led by Berkshire Hathaway (60%) and QBE (40%) as co-insurer out of the New Zealand market. Both Berkshire Hathaway and QBE were required to reduce capacity to \$15m for Professional Indemnity and \$15m for Public Liability at the same percentages. In order to maintain a minimum \$50m limit for councils, this meant that an excess layer over and above the \$15m Primary layer was required to be purchased from the market. To purchase this limit across the 32 councils on an individual basis was exceedingly cost prohibitive and difficult to obtain.

The decision was made to purchase an “umbrella” excess layer from Lloyds of London for claims exceeding the primary \$15m up to \$160m. Lloyds of London are providing a \$145m layer on top of the primary \$15m cover. Please note that each council still has their own individual primary layer cover for \$15m on both Public Liability and Professional Indemnity and only share in the excess layer policy of \$145m through the London market. This shared layer comes with an auto reinstatement of the policy which effectively gives \$290m of cover on a shared basis. This is the most cost-effective structure to arrange this cover for councils.

After careful analysis of claims lodged and paid throughout the last 15 years the largest Professional Indemnity claim paid has been Stadium Southland which was \$17m. Aon feel confident that the shared excess layer provides not only additional cover over and above the previous \$50m limit from 2018/19 but also has significant headroom to consider the shared nature of this layer. The larger councils such as Auckland Council and Wellington Council do not participate in this programme.

The full list of councils participating in this shared layer is as follows:

Far North DC	Whakatane DC	Ruapehu DC
Northland RC	Waikato DC	Queenstown Lakes DC
Kaipara DC	South Waikato DC	Waitaki DC
BOP RC	Hamilton CC	Buller DC
Gisborne DC	Thames Coromandel DC	West Coast RC
Kawerau DC	Horizons RC	Grey DC
Opotiki DC	Horowhenua DC	Westland DC
Rotorua DC	Manawatu DC	Hutt City Council
Taupo DC	Rangitikei DC	Porirua City Council
Tauranga CC	Tararua DC	Kapiti Coast DC
WBOP DC	Whanganui DC	

The premium for the 2019/20 period is as follows:

Primary Layer \$15m

Professional Indemnity Primary Layer – \$138,975

Public Liability Primary Layer - \$47,988

Excess Layer \$145M over the \$15m Primary

Combined Professional Indemnity and Public Liability \$ – \$27,329

Please note the following endorsements will apply to your Professional Indemnity policy from the 29 November 2019.

Multi – unit residential excess endorsement

Non-conforming and Non-Compliant Building Defects exclusion.

In terms of coverage differences between the Marsh/JLT product and the policy provided by Aon, the most important variation is the interpretation around building defects coverage. Under the Marsh policy any building defect arising out of a weather tightness issue is currently excluded. Whereas the Aon arranged policy covers the building defects element. Weather tightness issues are still excluded.

This is a very important coverage consideration as a number of claims are being notified around these circumstances and currently Marsh and their insurers are declining indemnity/liability on this basis.

Aon feels that by spreading the risk over a number of multiple markets, that this is the best strategy to build sustainability and longevity throughout the liability programme.

Finally, we thank you for your patience in having us arrange this newly structured programme which has been challenging. We are happy to answer any queries or concerns you may have.

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	11 March 2020
Prepared by	Katja Jenkins Risk Advisor
Chief Executive Approved	Y
Reference #	CPM2106 / 2538402
Report Title	Strategic Risk Register and Emerging Risks March 2020

1. EXECUTIVE SUMMARY

This report details:

- Strategic Risk update (gap analysis);
- Emerging Risks

It is intended to have a Strategic Risk and Appetite Review workshop with Council in April. This is to ensure Councilors who are not members of the Audit and Risk Committee are kept informed and have the opportunity to contribute to the review.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. STRATEGIC RISK GAP ANALYSIS

Waikato District Council is currently managing twelve Strategic Risks. Tables 1 and 2 below document these risks and their alignment with Councils Risk Appetite. Six of the twelve risks are currently misaligned. The subsequent gap analysis drills into the difference between the residual risk assessment and risk appetite.

It is recognised that current discrepancies between residual risk and appetite and are due to known circumstances and work is currently underway to reduce the gap. Downward trends are expected over the next twelve months.

Table I. The Strategic Risks documented below **do not** align with Councils current Risk Appetite.

Key	Title	Residual Likelihood	Residual Consequence	Residual Rating	APPETITE
R00184	Zero Harm; Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.	Likely (4)	Catastrophic (5)	Extreme (20)	Low
R00191	Projects & Initiatives; Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability.	Likely (4)	Catastrophic (5)	Extreme (20)	Moderate
R00185	Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.	Possibly (3)	Major (4)	High (12)	Low
R00128	Cyber Security; Council is exposed to significant business disruption caused by unauthorized access to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour.	Possibly (3)	Major (4)	High (12)	Low - Moderate
R00053	Business Resilience; Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.	Possibly (3)	Major (4)	Moderate (9)	Low
R00187	Stakeholder Engagement; Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.	Possibly (3)	Moderate (3)	Moderate (9)	Low

Table 2. The Strategic Risks documented below **do** align with current Risk Appetite.

Key	Title	Residual Likelihood	Residual Consequence	Residual Rating	APPETITE
R00230	Growth; Council experiences significant business and community disruption caused by district growth.	Possibly (3)	Major (4)	High (12)	High
R00190	People & Culture; Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.	Possibly (3)	Moderate (3)	Moderate (9)	Moderate
R00188	Economic & Social Development; Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.	Possibly (3)	Moderate (3)	Moderate (9)	Moderate - High
R00192	Compliance Management; Council is exposed to significant financial loss or business disruption caused by non-compliance with legislative, regulatory or policy requirements.	Possibly (3)	Moderate (3)	Moderate (9)	Low - Moderate
R00189	Regional & National Strategic Planning & Legislative Reform; Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.	Possibly (3)	Minor (2)	Moderate (6)	Moderate
R00183	Council Partnerships; Council experiences diminished public confidence and or operations are significantly impacted due to actions, representations or conduct of partnership enterprises or associations.	Unlikely (2)	Moderate (3)	Moderate (6)	Low - Moderate

The following details the work being undertaken on those residual risk which are not aligned with Council risk appetite. This detail is to provide assurance that priority is being given to address the gaps.

Zero Harm: *Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/management of contractual health and safety requirements.*

Residual Rating: Extreme
Risk Appetite: Low
Alignment: No

Management have committed to a Zero Harm strategic plan and work programme focussed on closing this gap. Good progress is being made, supported by additional fixed term resource. Recent activity includes:

- A number of culture initiatives such as 2020 Work Safe, Home Safe Week, and revision of our Zero Harm commitments.
- Continued improvement in our documented Zero Harm Management System. This includes focus on leadership and governance as evidenced by implementation of a number of recommendations from the KPMG Health & Safety Governance audit. See update on separate agenda item.
- Implementation of additional controls for managing critical risks. Examples include Loan Worker Personal Safety devices, advanced driver training for high risk drivers, front counter safety training.

Projects & Initiatives: *Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability.*

Residual Rating: Extreme
Risk Appetite: Moderate
Alignment: No

Work continues on embedding our Project Management framework to reduce this activity risk. The recruitment of two qualified Project Managers has seen significant progress with delivery of these improvement projects.

The Project Governance Group (“PGG”) performance is improving. This is demonstrated through report interpretation maturity, the quality of relevant questioning, and an appropriate project review and prioritization process, all achieved through a regular monthly meeting timetable.

Behavioural change toward best practice project management is ongoing. This is work in progress.

Downward trend is expected for the residual risk over the coming twelve months.

Asset Management: *Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.*

Residual Rating: High
 Risk Appetite: Low
 Alignment: No

A review and assessment of this risk is included in the subsequent 'Deep Dive Report'. Recommendations and outcomes from the Deep Dive Report will be used to update the risk assessment accordingly.

Cyber Security: *Council is exposed to significant business disruption caused by unauthorized access to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour.*

Residual Rating: High
 Risk Appetite: Low to Moderate
 Alignment: No

Work completed includes a firewall upgrade, new anti-virus software, and initiation of a number of data specific projects including upgrading the servers to 2016 versions and doing a disaster recovery test quarterly. Further security enhancements will be delivered with the Windows 10 and Office 365 implementation in the next 4 months. At this time we expect to be able to reassess the residual risk downwards.

A Cyber Security Awareness communication plan was launched late 2019. This includes fortnightly internet blogs reinforcing the importance of protecting information, safe ways of divulging personal information and consequences of not adhering to good practice. It will also include circulation of articles raising the profile of cyber security awareness to the business.

Council is also considering joining the ALGIM Local Government Cyber security Programme with eleven other local councils. This decision will be made when the new CIO is employed.

Business Resilience: *Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.*

Residual Rating: Moderate (post deep dive process)
 Risk Appetite: Low
 Alignment: No

A Business Continuity and Resilience project has commenced. The business has a strong foundation for resilience given its Emergency Management roles. This framework is being used in real time now to support business continuity planning to address COVID-19. The continuity planning framework will be refined and tested through his process.

Stakeholder Engagement: *Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.*

Residual Rating: Moderate
 Risk Appetite: Low
 Alignment: No

A Communication & Engagement Strategy aligned with Liveable, Thriving, and Connected Communities is under development. The strategy connects with Councils ambitions for communication and engagement and aims to provide a framework that underpins the activities of the entire organisation. It will:

- Focus on being proactive;
- Pick up councillor and community desires around localism
- Attempt to strongly connect communication strategy with customer services
- Support responsiveness and building trust;
- Be practical and meaningful;
- Integrate seamlessly with other organisational strategies; and
- Be measurable.

As the strategy is implemented, outcomes are expected to bring the risk level into alignment with Councils appetite. The draft strategy has been received and is being workshopped and fine-tuned by staff at this time.

Strategic Risk Activities

A number of strategic risk activities have been delayed due to the Risk Advisor being on extended sick leave as the result of injury. Delayed activities include

- Strategic Risk Register Review (February 2020); and
- Councillor Risk Appetite Review (February 2020).

These reviews have been rescheduled to April 2020 and will include outcomes from the Executive Leadership Team Risk Appetite Review (conducted on 23 January 2020) being shared for discussion.

Risk Project Update

Delays to project activities have been experienced for reasons explained above. The delays are not expected to impact delivery timeframes.

4. EMERGING RISKS

The following activities are identified as having potential business impact in the risk context.

I. Pandemic Planning

Impact: **Zero Harm:** *Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements*

Impact: **Business Resilience:** *Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.*

The Incident Management Team is supporting work around COVID-19 in preparation for a business response should it be required. The Pandemic Policy has been updated to ensure appropriate support for our people, and business continuity planning has been discussed with employees. Teams have refined their Business Continuity Plans and testing is set to take place prior to the end of March 2020.

Staff have been advised of Ministry of Health (MOH) guidelines and precautions, including guidelines for travel out of NZ. Monitoring is in place for staff leaving the country in case of the need to self-isolate and work from home upon arrival back to NZ (monitoring is largely due to evolving nature of travel guidelines). Any staff members who may need to self-isolate due to displaying symptoms, exposure to infected persons or travel reasons will be assisted in line with MOH guidelines. As MOH are the lead agency, we intend to meet with our DHB to determine how our Council can support them.

The Incident Management Team are working with people leaders on how to support staff who may need to take special leave to support dependants whilst maintaining business requirements. Furthermore, the Civil Defence Emergency Management Group are co-ordinating various advisory groups to ensure preparedness to support a response including the Welfare Coordination Group and Controllers Group.

2. Port Waikato Erosion

Impact: **Zero Harm:** *Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.*

Impact: **Stakeholder Engagement:** *Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.*

Council is continuing to work with the Port Waikato Community in response to the erosion at Sunset Beach.

Council is assisting the community representative group by providing an independent facilitator to guide and support them to respond to this issue. We continue to have a Council relationship manager in place to enable communication between the community and Council with the goal of improving our current relationships with the Port Waikato

community. Council is also offering guidance to most affected individual property owners on possible pathways including demolition, rebuild and relocation.

The community representative group has requested Council's assistance in connecting with regional and central government to ascertain what assistance can be provided to address issues their community are facing.

To meet this request and assist Council in understanding roles and responsibilities of key stakeholders, we have discussed central government involvement with both Local Government New Zealand (LGNZ) and the National Emergency Management Agency (NEMA) staff. These discussions provided information and contacts in relation to cross-departmental work on coastal hazard management and climate change issues.

The Mayor and our Recovery Manager have met with Hon. Nanaia Mahuta, Minister of Local Government and discussed the Cross-Government Community Resilience Work Programme, an inter-agency approach to strengthen community resilience in the face of natural hazards and the effects of climate change. This is being led by the Offices of the Ministers of Local Government, Civil Defence and Climate Change.

Council has written to Hon. Nanaia Mahuta, Minister of Local Government, requesting to be involved in the pilot of the programme and believe that Port Waikato would make an excellent pilot case.

3. Drought Conditions in Waikato

Impact: **Zero Harm:** *Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.*

Impact: **Stakeholder Engagement:** *Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.*

In mid Feb 2020 our Incident Management Team was made aware of potential issues in the north of our district with regard to water supply for some residents not connected to Councils water network. As a result of the dry conditions and demand on commercial water suppliers some residents are finding it difficult to source water, with some having to wait 16 days for water delivery.

Our Incident Management Team met and agreed increased communication encouraging careful water management was necessary and the provision of advice to community members on where they can collect drinking water from publically available sources, if required. This initiative was undertaken as a proactive support measure to assist our community members and is consistent with services Auckland Council is providing in the Franklin area.

In late February the Agriculture Minister classified the drought conditions in Waikato and South Auckland as an adverse event for the primary sector, unlocking Government funding support (\$80,000) for farmers and growers in our area.

The drinking water access arrangement is still in place and the Incident Management Team is continuing to monitor the situation and offer support to our primary industry partners.

4. Climate Change

Impact: **Business Resilience:** *Business function is significantly interrupted due to a lack of business continuity planning and organisational resilience.*

Impact: **Asset Management:** *Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.*

Impact: **Compliance Management:** *Council is exposed to significant financial loss or business disruption caused by non-compliance with legislative, regulatory or policy requirements.*

Impact: **Economic & Social Development:** *Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.*

Council recently approved development of a Climate Action Plan, including both mitigation and adaptation, to advance Council's commitment to climate leadership on behalf of its communities, whilst simultaneously implementing operational initiatives. A project team has been established which includes Councilor involvement.

5. CONCLUSION

The Executive Leadership Team is comfortable with progress to reduce the gap between risk and risk appetite. Further reduction is expected as work programmes associated with audit outcomes and organisational change programmes are delivered.

Work is required to ensure emerging risks are effectively communicated. Where risks are identified action to manage them is underway.

6. ATTACHMENTS

- Appendix 1: A – Heat Map Strategic Risks March 2020
- Appendix 2: A – Strategic Risk Register March 2020

Strategic Risks

Risk Summary



TOTAL RISKS

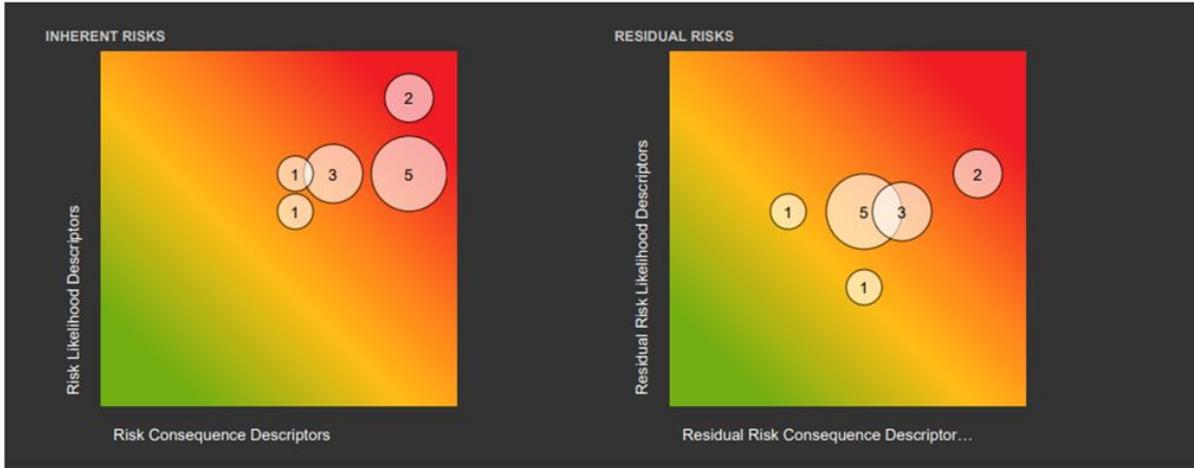
12

OVERDUE / NON-COMPLIANT

7

TREATMENT CHANGES TO REVIEW

0



All Risks (Organisational – Promapp)

Risk Summary



TOTAL RISKS

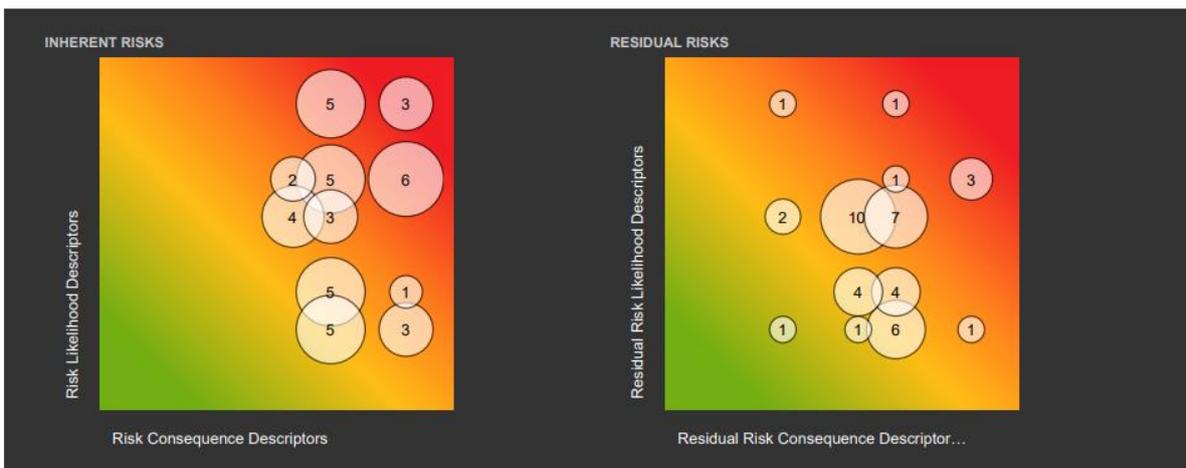
42

OVERDUE / NON-COMPLIANT

13

TREATMENT CHANGES TO REVIEW

2



Filter: Classification(s): STRATEGIC (A&R Committee)

RESIDUAL
20.0
EXTREME

INHERENT
25.0

R00184

COMPLIANCE/ REGULATORY, PEOPLE, STRATEGIC, STRATEGIC (A&R COMMITTEE)

Zero Harm;
Significant harm is caused to workers, or others, due to poor or inactive health and safety procedures, non-compliance with legislative requirements, or inadequate governance/ management of contractual health and safety requirements.

People are harmed as a result of the Council failing to implement and or maintain appropriate health and safety policies, procedures, and processes or sustain an H&S aware culture

OWNER Gavin Ion

CREATED 9/5/2016 10:47:22 AM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RESIDUAL RISK Catastrophic (5)
CONSEQUENCE
DESCRIPTORS

TREATMENT MC00415

Zero Harm Strategic Plan

The strategic plan identifies high level strategic health and safety improvement activities to deliver on the Organisation's Zero Harm vision. The plan is developed by the Zero Harm Team and reviewed and approved by the ELT, SLT and Safety Action Team. Progress on achieving the plan is reported on to the Council via the Monthly Council Report and to the ELT on a weekly basis.

This treatment impacts the likelihood of the risk by providing clear expectation of organisational requirements and describing agreed governance and management methods.

TREATMENT MC00416

Monitor and maintain operational Zero Harm critical risk and hazard registers. Critical risks are identified and managed using the BowTie Risk Management approach. Critical risks are contained in an organisational risks register. Operational hazards are identified and recorded in hazard registers.

This treatment impacts the likelihood of harm by identifying and prioritizing operational risks across the organisation and planning mitigation to reduce, transfer or avoid the risk.

TREATMENT MC00435

Council Health and Safety management systems and processes are audited to AS/NZS 4801 Standard, currently Council has achieved ACC WSMP tertiary level. The chief executive and management team carry out due-diligence site visits in compliance with the Health and Safety at Work Act 2015. Contractors are audited on an on going schedule.

This treatment impacts the likelihood of the risk by ensuring that our systems and processes meet the required standards however, it should be noted that they may not meet the legislative requirements.

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Jun 2020

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Kylie Anderson
Lynn Shirley

DUE DATE:

01 Jun 2020

FREQUENCY:

1st day of every 6 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00437

The Executive Leadership Team review the organisation critical risk register 6mthly. Service delivery review risks specific to their operational group monthly.

The Executive Leadership Team hold safety conversations with staff around the critical risks to ensure what we say we do and what is actually done is in agreement or note any differences. The conversation also uncovers whether there are any other outstanding or important matters from a zero harm perspective that should be considered. This treatment impacts the likelihood of the risk by ensuring the Executive Leadership Team and Managers are aware of the risks and relevant treatment processes.

TREATMENT MC00545

Waikato District Council has a Risk and Hazard management system known as BWare. BWare is used to record identified critical risks and hazards. Controls to manage critical risks and hazards are documented in BWare and actions can be assigned for control implementation. BWare is managed by the Zero Harm Team however it is the responsibility of all workers, management and contractors to comply with risk and hazard identification and management processes and procedures. The completion of actions is tracked weekly by the Zero Harm Team and status reports provided and discussed with the Executive Leadership Team (ELT) on a weekly basis.

This treatment impacts the likelihood of the risk by detailing site and occupation specific hazards and capturing and communicating relevant safety requirements.

TREATMENT MC00584

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards.

Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

SIGNOFF(S):

Gavin Ion

DUE DATE:

25 Jun 2020

FREQUENCY:

The last Thursday of every 6 months

SIGNOFF(S):

Lynn Shirley
Kylie Anderson

DUE DATE:

31 Jul 2020

FREQUENCY:

The last Day of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

03 Aug 2020

FREQUENCY:

The first Weekday of every 12 months

RESIDUAL
20.0
EXTREME

INHERENT
25.0

R00191

POLITICAL, REPUTATION/ IMAGE, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Projects & Initiatives;
Council fails to produce required project benefits due to poor delivery of projects and programmes caused by a lack of procedure or capability.**

Inconsistent knowledge, practices and or efficiency results in Council failing to deliver or perform against expected programme or project outcomes.

OWNER Kurt Abbot

CREATED 9/5/2016 12:23:20 PM

RISK LIKELIHOOD Almost Certain (5)
DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RESIDUAL RISK Catastrophic (5)
CONSEQUENCE
DESCRIPTORS

92

TREATMENT MC00430

Every three years Council creates Long Term Plan (LTP) works streams that capture programmed works scheduled to deliver the LTP commitments. These work streams include annual Activity Management Plans (AMPs) that dictate which programmes will be undertaken (through projects and initiatives) for the subsequent period.

This treatment impacts the likelihood of the risk by detailing and documenting Councils annual and triannual work plan.

TREATMENT MC00431

In 2010 Council introduced a business specific Project Management Framework based on best practice project management methodology. In 2018 the methodology was reviewed and is currently being tested and rolled out to the business. The methodology provides a common and widely understood set of processes and tools to be used across Council to:

1. Deliver a consistent project approach
2. Align projects to strategic goals and outcomes
3. Facilitate collaboration between organisational teams
4. Offer an organisational view of all project work
5. Improve status/progress reporting
6. Increase project management knowledge
7. Identify opportunity for improvement and development

Dedicated project support staff augment and administrate the framework including delivery of system and methodology based training programmes.

This treatment impacts the likelihood by providing a higher level of transparency, by facilitating the identification and assessment of risks during planning and by providing a consistent approach to planning and managing project work.

TREATMENT MC00436

Implementation of Project Management Forum. The forum was mandated in September 2016 in response to recommendations of an external audit commissioned by Audit & Risk Committee during 2016. The Forum is primarily tasked to deliver priority recommendations that both aim to improve future project delivery at Council and provide greater consistency in project management and understanding across the organisation.

This treatment impacts the likelihood by promoting cross organisation buy-in and developing a consistent project minded culture.

SIGNOFF(S):

Ian Cathcart
Sue O'Gorman

DUE DATE:

01 Feb 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2020

FREQUENCY:

1st day of every 6 months

NON-COMPLIANT

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2020

FREQUENCY:

1st day of every 6 months

TREATMENT MC00438

Portfolio Management governance structure
The purpose of the governance structure is to:
- to prioritise a programme of work that delivers the Our Plan objectives

- to support and work with Project Managers to ensure projects are set up and executed correctly
- provide a level of governance and reporting medium for the programme to ensure transparency in project progress
- make decisions on project/programme specifics including; funding; resource allocation; prioritizing issues

This treatment impacts the consequence of the risk by ensuring that issues are identified and addressed in a timely manner and the likelihood by providing an additional, high level of governance and structure to projects that are likely to have strategic impact.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Aug 2020

FREQUENCY:

1st day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

20.0

R00230

BUSINESS CONTINUITY, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Growth;
Council experiences significant business and community disruption caused by district growth.**

This may include but is not limited to; decay in LOS, unmanageable funding allocations, speed of growth exceeding or not meeting growth forecasts, etc.

OWNER Clive Morgan

CREATED 8/14/2018 2:19:14 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Major (4)

TREATMENT MC00500

District Development (Growth) Strategy

The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00590

Hamilton to Auckland Corridor Programme and Future Proof Partnership

This project examines growth pressures and opportunities across district boundaries.

This treatment impacts the likelihood of the risk through an enduring partnership approach, coordination of growth challenges and opportunities with the intention of giving effect to governments Urban Growth Agenda. It also impacts the consequence of the risk by ensuring transparency allowing for mitigation strategies to be implemented should developments arise.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

31 Aug 2020

FREQUENCY:

The last Day of every 6 months

TREATMENT MC00592

District wide & Local Area Blueprints
These documents capture communities visions and will help to inform future work programmes (including funding allocation).

This activity impacts the likelihood of the risk by ensuring that our growth management approach reflects community aspirations and provides a platform of understanding for Council to facilitate planning. Furthermore it provides an idea of the disruption that Council is trying to avoid. It also informs the growth strategy in coordination with other sub-regional initiatives e.g. corridor plan.

TREATMENT MC00593

District Plan Review
Incremental reviews are performed e.g. plan changes. Council is in the process of a comprehensive review (since 2014).

This treatment impacts the likelihood of the risk by setting the regulatory framework for sustainable use of natural resources and growth management to ensure it reflects strategic direction of Council and partners.

TREATMENT MC00595

Integrated Land Use & Infrastructure Planning
This treatment is not stand alone, it informs all strategic, policy and infrastructure planning undertaken by Council.

This approach includes;

- Recognition of the need within Council for a more integrate, focused and agile approach e.g. the creation of the Community Growth Group
- Development and maintenance of relationships with partners/agencies/service providers to enable a more unified planning approach as well as increasingly collaborative work with our neighboring councils (Hamilton and Auckland) to manage cross-boundary effects of growth.
- Addressing climate change mitigation by factoring such considerations into our network infrastructure planning, protecting highly versatile soils for food production, and identification of hazards
- Ensuring that this integrated planning approach flows through into funding decisions in the next Long Term Plan.

This treatment impacts the likelihood and consequences of the risk.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

31 Aug 2020

FREQUENCY:

The last Day of every 6 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

31 Aug 2020

FREQUENCY:

The last Day of every 6 months

OVERDUE

SIGNOFF(S):

Clive Morgan

DUE DATE:

29 Feb 2020

FREQUENCY:

The last Day of every 12 months

TREATMENT MC00596

Community Growth Group

This group was created as part of the restructure in response to identified growth impact. The intent of the group is to ensure an integrated approach to land use, infrastructure planning and economic and social development across Council.

Within the Community Growth Group a Growth Analytics function has been created to monitor growth and population changes to better prepare us to respond to growth pressures.

This treatment impacts the likelihood of the risk by providing a dedicated team focusing on growth, growth management and community development.

TREATMENT MC00597

Implementation of National Policy Statement on Urban Development Capacity.

This action impacts the likelihood of the risk by ensuring that Council monitors the adequacy of residential and business land to meet forecast demand.

OVERDUE

SIGNOFF(S):

Clive Morgan

DUE DATE:

01 Feb 2020

FREQUENCY:

The first Day of every 12 months

OVERDUE

SIGNOFF(S):

Mark Davey
Vishal Ramduny
Jim Ebenhoh

DUE DATE:

29 Feb 2020

FREQUENCY:

The last Day of every 6 months

TREATMENT MC00162

Activity Management Policy

Councils Activity Management Policy provides statements on how Council will manage assets and deliver associated services in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service. Its purpose is to outline the level of management appropriate for each activity for Council to achieve best management practice and meet statutory obligations.

This treatment impacts the likelihood of the risk by outlining what level of activity management the organisation is willing to commit to, therefore setting expectations for the organisation to deliver against.

TREATMENT MC00163

The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:

- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

OVERDUE

SIGNOFF(S):

Sue O'Gorman
Robert Ashley

DUE DATE:

01 Sep 2019

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Ross Bayer
Sharon Danks

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

RESIDUAL

12.0

HIGH

INHERENT

20.0

R00185

BUSINESS CONTINUITY, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Asset Management;
Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.**

Assets failures (including Waters and Roding) caused by poor planning, maintenance and or management.

OWNER Roger MacCulloch

CREATED 9/5/2016 11:06:29 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Major (4)

TREATMENT MC00464

The National Asset Management Standards dictate and define the Councils Activity Management Plans (AMPs). The AMPs are reviewed yearly and undergo a 3 yearly re-write to feed into Councils Long Term Plan (LTP) cycle.

This treatment impacts the likelihood of the risk by ensuring Councils AMPs adhere with national standards.

TREATMENT MC00465

Council has a number of asset management specific strategies in place and under development. These include:

- Parks & Facilities;
Toilet Strategy, Cemetery Strategy, Trails Strategy, Te Kauwhata Trails Strategy, Esplanade Strategy, Parks Strategy, Aquatic Facilities Strategy, Sport and Recreation Strategy (joint with Sport Waikato), Playground Strategy
- Roading;
Waikato Integrated land transport strategy (TO DO)
- Waters;
50 year water/wastewater/storm water strategies, 30 year infrastructure plan

This treatment impacts the likelihood of the risk by detailing and making visible Councils commitments for the management and maintenance of assets along with Councils commitment to level of service requirements.

TREATMENT MC00466

Service Delivery performs regular and continual collection of asset data for the purpose of condition assessment. This data informs programmes of work associated with asset maintenance and renewals. Data collection sources include (but are not limited to):

- RAMM
- Asset Finder
- SPM
- dTIMS

This treatment impacts the likelihood of the risk by ensuring that data driven planning can take place to maintain assets. It also impacts the consequence by supplying the information required to ensure currency of asset condition reporting and any required contingency activities.

OVERDUE

SIGNOFF(S):

Sue O'Gorman
Robert Ashley

DUE DATE:

01 Feb 2020

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Sharon Danks
Ross Bayer
Megan May

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Sharon Danks
Ross Bayer
Megan May

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

RESIDUAL
12.0
HIGH

INHERENT
20.0

R00128

BUSINESS CONTINUITY, STRATEGIC, TECHNICAL, STRATEGIC (A&R COMMITTEE)

**Cyber Security;
Council is exposed to significant business disruption caused by unauthorized access to privileged information and or reduced data integrity resulting from cyber-attack or employee behaviour.**

Council systems are compromised by cyber-crime or a lack of compliance with process resulting in significant financial and or business impact.

OWNER Gene Oudes

CREATED

RISK LIKELIHOOD Likely (4)

DESCRIPTORS

RISK CONSEQUENCE Catastrophic (5)

DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possibly (3)

DESCRIPTORS

RESIDUAL RISK Major (4)

CONSEQUENCE

DESCRIPTORS

97

TREATMENT MC00427

Cyber security insurance cover (CyberEdge Liability Insurance) has been purchased.

Inclusions listed are:

- Data administrative investigations
- Data administrative fines
- Electronic data
- Repair of policy holders reputation
- Repair of individuals reputation
- Notification and monitoring costs
- Forensic service costs
- Media content library
- Cyber extortion
- Network interruption insurance

This impacts the consequence of the risk by facilitating expert resources, financial support and remedial works in the event of an incident.

TREATMENT MC00428

IM Business Continuity Plan:

The IM team have in place a BCP including a disaster recovery plan to align the technical IT recovery procedures to the overall enterprise BCP. It includes;

- a communication plan
- prioritising the critical systems for recovery first
- regular tests of back up and recovering procedures
- simulations with various scenarios

This treatment impacts the consequence by detailing priority procedures in the case of an incident, ensures systems/process are fully functional and that staff are aware of their responsibilities and trained to manage them in the case of an event.

TREATMENT MC00433

Cyber security is managed using best practise methodologies by using security measures at various layers of connection.

- Firewalls
- Server
- PC
- User
- Physical
- Wireless access
- WDC website

This impacts the likelihood by increasing the security of the environment.

TREATMENT MC00434

Internal and external audit and review (as part of the annual audit programme). This impacts the likelihood of the risk occurring by identifying possible weaknesses in process.

SIGNOFF(S):

Alison Diaz

DUE DATE:

01 Dec 2020

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Gene Oudes

DUE DATE:

01 Feb 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Gene Oudes

DUE DATE:

01 Feb 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Gene Oudes

DUE DATE:

01 Feb 2021

FREQUENCY:

1st day of every 12 months

RESIDUAL
9.0
MODERATE

INHERENT
20.0

R00053

BUSINESS CONTINUITY, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Business Resilience;
Business function is significantly disrupted due to a lack of organisational resilience.**

Council operations are impacted through failure to and create prioritize action plans for implementation in the event of a business impact incident.

OWNER Kurt Abbot

CREATED

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Catastrophic (5)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

98

TREATMENT MC00138

The Business Continuity Project was completed as part of the Our Plan 2015/16 programme of work. As a result of the project the following business resilience planning and analysis has taken place;

- Departmental business continuity impact analysis has been performed and documented
- Potential governance was considered as part of the project closure resulting in the implementation of a structured incident management team (including associated communication procedures and processes) and is now monitored by the Process Improvement Forum.

A complete review and re-launch is planned starting January 2019 (PR-1390). As part of this programme, Council will develop a robust Business Continuity Framework. The purpose of the Framework is to provide the organisation the appropriate tools, templates and resources to create pragmatic plans that can be applied in the event of a significant incident to minimize disruption by managing and maintaining the delivery of critical services to our communities.

This impacts the consequence by identifying and prioritizing critical business function in the event of an incident. It also provides a defined method of governance and communication to ensure management, support and recovery procedures are conducted in a coordinated manner.

TREATMENT MC00456

Civil Defence & Emergency Management (CDEM) Waikato District Council is part of the CDEM group. The role of the group is to work in partnership with communities to ensure the effective and efficient delivery of emergency management within the Waikato region. Council employees are obligated to provide support where necessary as part of their roles (subject to situation specific circumstance). Council staff are trained in specific emergency management roles and have processes and procedures that aim to both reduce the impact of incidents and (where possible) to maintain the provision of Council services.

This treatment impacts the consequences of the risk by ensuring there is an organisational understanding of Councils commitment to maintain and manage the on-going delivery of Council services during an incident.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2020

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Aug 2020

FREQUENCY:

1st day of every 6 months

TREATMENT MC00574

The Incident Management Framework (Business Continuity) is designed to respond the incidents significantly affecting business with the potential to have an effect on the community. This may occur prior to escalation to CDEM response or simultaneously where different management teams are required to manage different impacts.

Consistency in our approach to incidents and emergencies as an organisation means we have the ability to manage an event of any size, undertaken as a matter of scalability. Should an incident escalate and require a significant CDEM response all we would be required to do is increase the response capability. The alignment of our business continuity with CDEM practices means the training we undertake, the language we use and how we respond to our community is done efficiently and effectively to reduce the overall impact.

TREATMENT MC00601

Risk Management Framework:
Councils Risk Management Framework includes policy, processes, support, tools, templates and user guides. The Framework details organisational expectations and best practice risk management behaviours across all levels of the business.

This treatment impacts the likelihood of the risk by ensuring that Council employees are equipped to effectively identify and manage risks and the associated consequences. It assists employees to appropriately plan and implement contingency plans.

SIGNOFF(S):

Kelly Newell
Donna Tracey
Angela Parquist
Kelly Newell
Kurt Abbot
Reece Turner
Mervyn Balloch
William Gauntlett

DUE DATE:

FREQUENCY:

Once

SIGNOFF(S):

Katja Jenkins

DUE DATE:

01 Jun 2020

FREQUENCY:

1st day of every 12 months

100

TREATMENT MC00603

In-House Resilience Resources

Through the 2018 restructure a number of key resources were assigned to work in the business resilience space. These include;

- Risk Advisor; developed from part-time to a full time role with accountability for the Risk and Business Continuity portfolios
- Community Resilience Coordinator; a new role implemented through the restructure aiming to build strong relationships specific to community preparedness and resilience.
- Emergency Management Advisor; migrated from Civil Defence to a Council owned role through the restructure to deliver on the strategic direction for building resilience for the organisation and the community.

These resources operate independently and as a virtual team to provide internal and external risk and hazard identification, response and coordination, as well as liaising across regional and national stakeholder groups to enable continuous improvement and partnership opportunities.

This treatment impacts the likelihood of the risk by facilitating cross organisational oversight of resilience functions and enabling delivery of resilience related programmes (both internally and externally) through appropriate resourcing. It addresses the consequence through facilitation of appropriate response and contingency planning.

TREATMENT MC00604

Annual Resilience Work Programme (Appendix 2)

The programme is developed to address priority activities outlined through the CDEM capability assessment, the organisational change requirement and continuous improvement initiatives. It includes key pieces of work such as;

- Community Response & Resilience Planning
- Strategic Planning for Recovery
- Business continuity planning
- Public Education

This treatment impacts the consequence of disruptive events by increasing community preparedness, incorporating risk mitigation and response into community planning activities and through the contingency planning process.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Dec 2020

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kelly Newell

DUE DATE:

01 Dec 2020

FREQUENCY:

The first Day of every 12 months

101

TREATMENT MC00605

Implementing Risk Culture Project:

The project aims to progress Councils risk culture by enabling an appropriate and consistent approach to risk taking and encouraging the use of risk practices to inform decision making. A programme focusing on educating teams on risk purpose, organisational risk appetite and application of risk practices is a key output of the project

This treatment impacts the likelihood by providing employees a greater level of understanding of appropriate risk practice and promoting the benefits of proactive risk management and continuity planning. It also addresses the consequences of the risk through developing organisational processes associated with contingency planning.

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Jun 2020

FREQUENCY:

The first Day of every 6 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00190

BUSINESS CONTINUITY, PEOPLE, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**People & Culture;
Business outcomes are significantly impacted due to an inability to attract and or retain suitable personnel.**

Council are unable to recruit, promote or keep staff in core service positions due to a lack of appropriately trained people, industry competition or perceived or actual Council culture.

OWNER Vanessa Jenkins
 CREATED 9/5/2016 12:22:54 PM
 RISK LIKELIHOOD DESCRIPTORS Likely (4)
 RISK CONSEQUENCE DESCRIPTORS Major (4)
 RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)
 RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

102

TREATMENT MC00474

HR Strategy
 The HR Strategy guides the direction of Councils personnel management including but not limited to;
 - Succession, recruitment and workforce planning
 - Initiatives
 - Support requirements (inc technology, market analytics and metrics)
 This treatment impacts the likelihood by providing the structure to implement pro-active actions associated with attracting and maintaining resources.

TREATMENT MC00475

Maintenance of peripheral workforce.
 Council's business groups maintain relationships with key consultancy practices for the purpose of employing specialist services and/or for providing resources where personnel vacancies exist or where it is identified that supplementary personnel are required in addition to the permanent workforce.
 This treatment impacts the consequence of the risk by providing options for temporarily filling vacancies facilitating time for recruitment whilst maintaining business as usual.

TREATMENT MC00476

An organisational change program has been implemented to deliver initiatives associated with improved workplace culture and leadership. The program comprises a number of project work-streams championed by the Executive Leadership Team.

A Change Manager has been appointed to oversee and lead the process. Implementation is underway of new staff structure and reporting lines.

This treatment impacts the likelihood of the risk by providing a strategic approach to changing the organisational culture.

TREATMENT MC00600

Council has used new recruitment strategies with new media channels and new messaging which have increased the quality and quantity of applicants.

OVERDUE
 SIGNOFF(S): Vanessa Jenkins
 DUE DATE: 01 Mar 2020
 FREQUENCY: The first Day of every 6 months

SIGNOFF(S): Roger MacCulloch
 Sue O'Gorman
 Tony Whittaker
 DUE DATE: 01 Apr 2020
 FREQUENCY: The first Day of every 6 months

SIGNOFF(S): Gavin Ion
 DUE DATE: 01 May 2020
 FREQUENCY: The first Day of every 3 months

SIGNOFF(S): Jacob Quinn
 DUE DATE:
 FREQUENCY: Once

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00187

POLITICAL, REPUTATION/ IMAGE, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Stakeholder Engagement;
Council fails to deliver appropriate community outcomes and or wastes resources due to unsuitable stakeholder identification and interaction practices.**

People become/remain disengaged as a result of Council failing to communicate/consult appropriately.

OWNER Jacob Quinn

CREATED 9/5/2016 11:20:04 AM

RISK LIKELIHOOD DESCRIPTORS Likely (4)

RISK CONSEQUENCE DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD DESCRIPTORS Possibly (3)

RESIDUAL RISK CONSEQUENCE DESCRIPTORS Moderate (3)

103

TREATMENT MC00121

Engagement practices, including public meetings, are conducted to provide public engagement opportunities. These include but are not limited to:

- Long Term Plan, Bylaws and Annual Plans Special Consultative Procedure
 - Reserve Management Plan (RMP - as per the Act)
 - Policy or strategy (statutory) Special Consultative Procedure
 - Policy or strategy (non-statutory) Section 82 and significance and engagement policy specification.
- This treatment impacts the likelihood by providing opportunities for people within the community to engage with Council in a variety of different mediums.

TREATMENT MC00164

Engagement Strategy:
This Strategy provides WDC with guidance on its community engagement activities and practices.

The treatment impacts the likelihood of the risk by providing Council employees a practical guide to how we engage.

TREATMENT MC00165

Significance & Engagement Policy

The policy outlines how WDC will assess "significance", as required by the LGA amendment bill. A particular issue is the determination of whether an issue is of "high" significance or not in regard to the impact on communities, rather than just on economic impact which is generally the current basis for council decisions.

Environmental, social and cultural well-beings must also form part of a significance determination which should not be overshadowed by financial considerations.

This treatment impacts the likelihood of the risk by providing a practical guide that outlines how to assess the impact of action and suitable engagement practices to meet the assessment.

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 01 Feb 2021
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 01 Feb 2021
FREQUENCY: 1st day of every 12 months

SIGNOFF(S): Jim Ebenhoh
William Gauntlett
DUE DATE: 01 Feb 2021
FREQUENCY: 1st day of every 12 months

104

TREATMENT MC00457

Implementation of appropriate strategies and policies to ensure community needs are captured and met. These include, but are not limited to:
 - Confirmation of the Long Term Plan priority projects

- Community engagement policy
 - Significance and engagement policy
 - Community engagement strategy
 - Customer complaints and compliments policy
- This treatment impacts the likelihood of the risk by documenting Councils commitments and associated expectations relating to how councils engages with the community.

TREATMENT MC00458

Council has a Communications Framework (a 2016 strategy) in place which guides the way we do things. A specific engagement strategy is under development as a key Our Plan project in 2019, as well as a refresh of Councils Communications Framework/Strategy.

This treatment will impact the likelihood of the risk by providing practical guidance for Council to support community engagement practices and the consequence by ensuring a consistent, defined and measured approach when planning and/or managing communications.

TREATMENT MC00459

CE and Executive Team provide updates to Councillors, Community Boards and Committees on community plans through forward facing meetings.

This treatment impacts the likelihood of the risk by ensure adequate engagement with the community by communicating relevant plans, decisions and actions and by providing opportunity (through Board or Committee, venue or other medium) for feedback.

TREATMENT MC00460

Community Development roles and Operational Field Staff.

A number of roles including Youth Engagement Advisor, Iwi Liaison and Community Development Advisor, aim to ensure that appropriate engagement is conducted with specific community groups. These roles are targeted, extending and adding to the engagement activities of front facing field staff e.g. Animal Control, Building, Libraries etc

This treatment impacts the likelihood of the risk by facilitating consideration of communication and engagement practices for community minorities, isolated groups and/or key community stakeholders.

SIGNOFF(S): Jim Ebenhoh
 William Gauntlett
 DUE DATE: 01 Aug 2020
 FREQUENCY: 1st day of every 6 months

SIGNOFF(S): Jacob Quinn
 DUE DATE: 01 May 2020
 FREQUENCY: 1st day of every 3 months

SIGNOFF(S): Gavin Ion
 DUE DATE: 01 Aug 2020
 FREQUENCY: 1st day of every 6 months

SIGNOFF(S): Tony Whittaker
 DUE DATE: 01 Apr 2020
 FREQUENCY: The first Day of every 12 months

I05

TREATMENT MC00461

Engagement Virtual Team

It is anticipated that the establishment of an Engagement Virtual Team will be one of the actions of the 2020 Engagement Strategy. This team will pull together key people from across the business so they can collectively ensure the Strategy is implemented.

This treatment will impact the likelihood of the risk by providing a dedicated team whose function is to ensure cross organisational strategic alignment.

TREATMENT MC00462

Council operates library and Council services from a number of locations across the district. This provides outreach and accessibility for communities within the district. Along with the provision of multiple offices, late night opening hours have been implemented to accommodate availability and convenience for communities. This treatment impacts the likelihood of the risk by facilitating community engagement through the facilitation of front facing interactions.

SIGNOFF(S):

Jacob Quinn

DUE DATE:

01 Feb 2021

FREQUENCY:

1st day of every 12 months

SIGNOFF(S):

Brian Cathro

DUE DATE:

01 Apr 2020

FREQUENCY:

1st day of every 12 months

RESIDUAL
9.0
MODERATE

INHERENT
16.0

R00188

FINANCIAL, POLITICAL, STRATEGIC, STRATEGIC (A&R COMMITTEE)

Economic & Social Development; Waikato district suffers inhibited economic and social development and or missed funding opportunity as a result of poor planning, investment strategy, and or relationships.

Council fails to promote and or identify opportunity for economic and social growth or fails to engage appropriately to encourage growth and development.

OWNER Clive Morgan

CREATED 9/5/2016 11:32:26 AM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)

RISK CONSEQUENCE
DESCRIPTORS Major (4)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

TREATMENT MC00163

The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets.

The strategy covers the following asset types:
- Water Treatment and supply
- Wastewater Treatment and Disposal
- Stormwater Drainage
- Roads and Footpaths.

This treatment impacts the likelihood of the risk by detailing and providing visibility of expectations to ensure Council works to a consistent standard.

SIGNOFF(S):

Ross Bayer
Sharon Danks

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

106

TREATMENT MC00469

Economic Development Strategy

The strategy assesses the economic profile of the district and identifies SWOT for the purpose of informing strategic direction.

There is a limited reference to social development within the strategy however community development initiatives are active and drafting a social development strategy has been scheduled for late 2019 - early 2020.

A regional economic development strategy is also in place to serve the wider community at a regional level, this strategy is aligned to the Waikato District EDS.

This treatment impacts the likelihood of the risk by ensuring that communities and businesses are engaged on an on-going basis, allocates effort and funding to targeted economic development initiatives and promotes the district as a viable prospect for business investment, residential and visitor (lifestyle) growth and development.

TREATMENT MC00471

Social Development Initiatives

Council has adopted a number of socially related strategies that aim to consider and provide for the social outcomes in the districts communities.

These include, but are not limited to:

- Place Making Strategy
- Heritage Strategy
- Youth Engagement Plan
- Grant Funding Scheme

Although these initiatives impact the likelihood of the risk by providing a degree of focus and resources dedicated to social development they are essentially limited as a result of no guiding social development strategy or policy (for example, the ex-Frankin Social Wellbeing Policy).

TREATMENT MC00472

Cross Boundary Initiatives

These initiatives aim to foster integrated planning across territorial boundaries, ensuring greater efficiencies and settlement planning across boundaries.

Example:

- North Waikato Infrastructure Programme Business Case,
- Future Proof
- Waikato Plan
- MOU Auckland Council
- National Policy Statement on Urban

Development capacity (requires collaboration with HCC to make land available for infrastructure to support residential and commercial development)

This treatment impacts the likelihood of the risk by providing a holistic approach to economic development and preventing limitations associated with territorial authority boundaries.

OVERDUE

SIGNOFF(S):

Clive Morgan

DUE DATE:

01 Feb 2020

FREQUENCY:

The first Day of every 6 months

OVERDUE

SIGNOFF(S):

Julie Dolan

DUE DATE:

01 Feb 2020

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Vishal Ramduny

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00500

District Development (Growth) Strategy

The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

RESIDUAL

9.0

MODERATE

INHERENT

20.0

R00192

COMPLIANCE/ REGULATORY, FINANCIAL, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Compliance Management;
Council is exposed to significant financial loss or business disruption caused by non-compliance with legislative, regulatory or policy requirements.**

Council are impacted as a result of being uniformed and or failing to comply with legal requirements.

OWNER Alison Diaz

CREATED 9/5/2016 12:23:40 PM

RISK LIKELIHOOD
DESCRIPTORS Likely (4)RISK CONSEQUENCE
DESCRIPTORS Catastrophic (5)RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Possibly (3)RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

TREATMENT MC00493

Council Committees

Council has regular committee and council meetings where proposals and issues are considered and decisions are made. The format of Committee and Council reports requires staff to refer to any legislative or policy aspects and implications, i.e. statutory authorities or duties to act, or policy consideration, pertaining to the information and recommendations of the reports. Councillors are informed of proposed, new or amended legislation at Council or Committee meetings.

This treatment impacts the likelihood of the risk by providing information to reduce the possibility of Council acting in contravention of statues or policies.

TREATMENT MC00494

In-House Legal Team

council has a legal team which provides advice on legislative requirements across the organisation. The team promotes early involvement and input in projects and activities in respect of legal aspects.

This treatment reduces the likelihood of Council being unaware of, or ignoring legal obligations in the course of conducting business.

SIGNOFF(S):

Sue O'Gorman
Roger MacCulloch
Tony Whittaker

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

OVERDUE

SIGNOFF(S):

Alison Diaz

DUE DATE:

01 Feb 2020

FREQUENCY:

The first Day of every 12 months

108

TREATMENT MC00495

Corporate Documents

Long Term and Annual Plans and Reports, finance policies and documented processes mitigate Councils exposure to financial risk by documenting planning activities and financial forecasts.

This treatment reduces the likelihood of Councils planning and expenditure being undertaken in contravention of good stewardship and governance principles required under the Local Government Act 2002.

TREATMENT MC00496

Council Reporting

Regular Council function includes scheduled reporting that captures key considerations (such as financial and legal matters). Furthermore, Council is actively managing compliance with corporate procurement practices through data analytics. A report is prepared and presented to the Audit and Risk Committee every six months.

This treatment impacts the likelihood of the risk by providing Council confidence when making decisions that all pertinent legislative, regulatory and/or policy considerations have been taken into account.

TREATMENT MC00497

Periodic Audit (Internal/External)

Waikato District Council performs regular periodic audit (both internal and external) of processes and services for the purpose of identifying failures, weaknesses and/or exceptions. The audit process includes the provision of recommendations/mandate for improvement.

This treatment reduces the likelihood of non-compliance by ensuring the Council is meeting requirements and/or identifies non-compliance for action.

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Tony Whittaker
Sue O'Gorman
Roger MacCulloch

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Kurt Abbot

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

TREATMENT MC00498

Documented processes and systems that require/encourage process adherence. Council uses an internal centralized repository (Promapp) to document organisational processes to allow cross organisational visibility for access and application.

Also, many of the organisational systems used for the purpose of capturing business work flow e.g. Property and Rating, require specific steps relating to process adherence for the user to progress with system use.

This treatment impacts the likelihood of the risk by providing a tool to guide users in the application of required standardised procedures, contributing to compliance management.

TREATMENT MC00508

Waikato District Council employs a number of Specialist Technical Roles that contribute to Compliance Management. Recruitment procedures for these roles require evidence of capability and/or certification. Where roles are unable to be filled with fully qualified personnel, training and development is facilitated to ensure staff have the required level of specialist knowledge to perform their roles in line with compliance requirements.

OVERDUE
SIGNOFF(S):
DUE DATE:
FREQUENCY:

Madelina Baena-Escamilla
01 Feb 2020
The first Day of every 12 months

SIGNOFF(S):
DUE DATE:
FREQUENCY:

Vanessa Jenkins
30 Apr 2020
The last Day of every 12 months

RESIDUAL
6.0
MODERATE

INHERENT
12.0

R00189

POLITICAL, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Regional & National Strategic Planning & Legislative Reform;
Council experiences significant disruption to business function caused by structural and legislative changes by central government and or national / regional strategic planning exercises.**

Amendments to local or national legislation, government practices or other authorities require significant change to business operations.

OWNER Clive Morgan
CREATED 9/5/2016 12:21:58 PM

RISK LIKELIHOOD Likely (4)
DESCRIPTORS

RISK CONSEQUENCE Moderate (3)
DESCRIPTORS

RESIDUAL RISK LIKELIHOOD Possibly (3)
DESCRIPTORS

RESIDUAL RISK Minor (2)
CONSEQUENCE
DESCRIPTORS

TREATMENT MC00135

Council participates as a key stakeholder in the Waikato Mayoral forum, Waikato LASS and Future Proof. Through these initiatives Council proactively contributes to a single voice for the Waikato region to central government.

This treatment impacts the likelihood of the risk by capitalising on relationships with other councils in the region and by being part of a collaborative governance approach.

TREATMENT MC00490

The Long Term Plan (LTP) and Annual Plan process provide a basis for an assessment of legislative and other external and internal influences on the business.

This treatment impacts the likelihood of the risk by ensuring Council is adequately informed of Regional and National governance development and provides a set process to accommodate currency of information to future planning.

SIGNOFF(S):
DUE DATE:
FREQUENCY:

Gavin Ion
01 May 2020
1st day of every 3 months

SIGNOFF(S):
DUE DATE:
FREQUENCY:

Jim Ebenhoh
William Gauntlett
01 Apr 2020
1st day of every 3 months

110

TREATMENT MC00491

Through applied process Councils keeps abreast of Government's legislative pronouncements and becomes involved through the submissions process in any development that would advocate Councils best interest.

This treatment impacts the likelihood of the risk by ensuring that Council not only has the required information regarding developments but an avenue to respond to/influence outcomes.

TREATMENT MC00492

Councils Chief Executive (CE) is committed to building a relationship with Wellington to facilitate open communication and ensure the organisation receives timely information and has opportunity for response and contribution.

Regular meetings are held with Central Government ministers and with a key manager in the Department of Internal Affairs.

This treatment impacts the likelihood of the risk by assisting in the timely communication of information and developments.

TREATMENT MC00500

District Development (Growth) Strategy
The purpose of the District Development Strategy is to provide the Council with a strategic spatial framework for development planning. The District Development Strategy links to the District Plan Review, the Long Term Plan, the Economic Development Strategy, the Infrastructure Strategy and the Integrated Land Transport Strategy.

This treatment impacts the likelihood of the risk by ensuring Council has an integrated strategic framework for regulation and growth related decision making. This assists with better economies of scale and enables provision of affordable infrastructure. The strategy is subject to periodic review.

TREATMENT MC00598

Alignment of Council's "People and Capability" function to current and potential future needs of the organisation in terms of participating in, and responding to, national and regional strategic planning and legislative reforms.

This treatment impacts the likelihood of the risk by ensuring adequate numbers of staff, with diverse, flexible skills, including negotiation and persuasion, and the ability to provide value in a variety of planning and governance frameworks.

SIGNOFF(S):

Christine Pidduck

DUE DATE:

01 May 2020

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 May 2020

FREQUENCY:

1st day of every 3 months

SIGNOFF(S):

Jim Ebenhoh
William Gauntlett

DUE DATE:

01 Feb 2021

FREQUENCY:

The first Day of every 12 months

SIGNOFF(S):

Jim Ebenhoh
Vanessa Jenkins

DUE DATE:

06 Apr 2020

FREQUENCY:

The first Monday of every 12 months

RESIDUAL
6.0
MODERATE

INHERENT
9.0

R00183

REPUTATION/ IMAGE, STRATEGIC, STRATEGIC (A&R COMMITTEE)

**Council Partnerships;
Council experiences diminished public confidence
and or operations are significantly impacted due to
actions, representations or conduct of partnership
enterprises or associations.**

Councils reputation/operations are impacted as a result of actions, representations or conduct demonstrated by Partners and/or associates.

OWNER Sue O'Gorman

CREATED 9/5/2016 10:34:01 AM

RISK LIKELIHOOD
DESCRIPTORS Possibly (3)

RISK CONSEQUENCE
DESCRIPTORS Moderate (3)

RESIDUAL RISK LIKELIHOOD
DESCRIPTORS Unlikely (2)

RESIDUAL RISK
CONSEQUENCE
DESCRIPTORS Moderate (3)

|||

TREATMENT MC00483

Council has in place a robust tender process that includes in-depth detail regarding contractual requirements.

Long term public facing contracts and partnerships are effected through rigorous contractual agreements and continuous management plans. These include terms relating to contractual service level agreements (monitored and reported against as key performance indicators), employee training plans, safety inductions (all employees), and audit expectations. Long term contracts and partnerships include (but are not limited to):

- Belgaria Aquatics
- City Care
- Franklin Trees
- Alliance
- Water Care
- HCC (for water supply & waste water treatment)

This treatment impacts the likelihood of the risk by ensuring that all partners and long term contracts are selected through compliance with Councils requirements, and, that they understand Councils expectations and commit to delivering an agreed level of service in a safety and appropriate manner.

TREATMENT MC00485

Shared Services (HCC, Waipa & WDC)
Councils shared services agreements are managed using agreed processes and a governance structure which ensures they deliver against expectations. Arrangements include:

- Quarterly governance meetings
- Monthly operational meetings
- Auditing schedule (zero harm perspective).

The signed agreement can be found in ECM: Doc ID 856313

This treatment impacts the likelihood of the risk by ensuring regular communication and identification of emerging risks or issues and the consequence by providing opportunity for timely governance and action where issues are identified and/or it is deemed that expectations are not being met.

OVERDUE
SIGNOFF(S):

Sharon Danks
Megan May
Ross Bayer

DUE DATE:

01 Feb 2020

FREQUENCY:

The first Day of every 6 months

SIGNOFF(S):

Gavin Ion

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 12 months

112

TREATMENT MC00499

TO DO

Implement a set protocol/process that defines how Council plans to implement new partnerships/long term contracts from the perspective of providing seamless integration of systems and resources at the point of requirements design and tender review.

This treatment aims to impact the likelihood of risk by minimizing lost efficiency and the consequence by reducing the risk of impact on customer services.

TREATMENT MC00507

Section 17a Review

Local authorities are under obligation to review and consider options for governance, funding and delivery of infrastructure, local public services and local regulation to ensure cost-effectiveness and quality of service.

Section 17A is one of several measures designed to encourage councils to seek efficiency, and to encourage councils to “partner” with each other and with other bodies to deliver services efficiently.

This treatment impacts the likelihood of the risk by acting to identify and therefore act against inefficiencies and/or inadequacies in the delivery of services.

TREATMENT MC00584

The contract and tendering process has specifications which ensure that all contractors that are selected to undertake works (long or short term) supply details of H&S practices, including how and who will manage them. This process includes the contractor being added to the SHE Prequalified Contractor Database and ensures that all selected contracts include and meet Councils requirements for H&S and H&S legislative standards. Periodic checks are performed by Councils Zero Harm team to monitor contractor compliance.

This treatment impacts the likelihood of the risk by providing clear and documented expectations to contractors during the selection and on-boarding process, reducing the risk of non-compliance.

SIGNOFF(S):

Sue O’Gorman
Tony Whittaker
Roger MacCulloch

DUE DATE:

01 Apr 2020

FREQUENCY:

The first Day of every 3 months

SIGNOFF(S):

Tony Whittaker

DUE DATE:

30 Apr 2020

FREQUENCY:

The last Day of every 12 months

SIGNOFF(S):

Lynn Shirley

DUE DATE:

03 Aug 2020

FREQUENCY:

The first Weekday of every 12 months

To	Audit & Risk Committee
From	Roger MacCulloch General Manager Service Delivery
Date	23 March 2020
Prepared by	Rob Ashley Community Assets Manager
Chief Executive Approved	Y
Reference #	INF2020
Report Title	Waikato District Council Asset Management Planning - Strategic Risk Deep Dive Report

1. EXECUTIVE SUMMARY

This report will provide an opportunity for the Audit & Risk Committee to gain a true understanding of how management view risk for the activity of Community Asset Management, and to review the control actions and mitigation procedures.

It is noted a significant review of Asset Management Plans is currently underway to feed into the Long Term Plan process. Completion of this by late July 2020 will include a review of the risk profile. It is recommended that the Audit & Risk Committee be kept informed of this outcome.

The report includes:

- Waikato District Council's Asset Management background and current risk profile.
- Internal /external threats and opportunities
- Risk assessment, current state
- Recommendations, Conclusion

2. RECOMMENDATION

THAT the report from the General Manager Service Delivery be received.

3. BACKGROUND

3.1 WAIKATO DISTRICT COUNCIL'S ASSET MANAGEMENT BACKGROUND AND RISK PROFILE

The risk is currently described in the Council's Strategic Risk Register as follows:

1. Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.

- Public assets are significantly impacted as the result of poor planning and or business practice associated with erosion including, coastal, riverbank and inland. – Classified as an Operational Risk not Strategic - but noteworthy to this report.

These risks have been identified as strategic for a number of reasons:

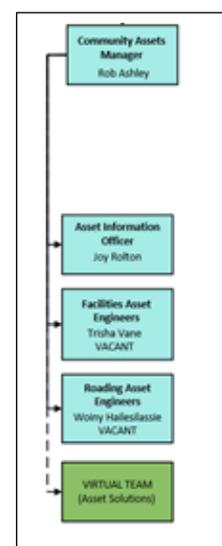
- Locally Council has struggled to attract and retain appropriately qualified asset managers that can meet the business's needs. This state is maintained in the current team with two FTE's still required to fill the team to meet business demands.
- Without a clear strategic line of sight from purpose of Local Government, to the Councils vision, to Levels of Service Statements in the LTP, and to the Activity Plans, the opportunity for elevated risk is compounded significantly. This may result in community expectation not being met, or affordability to maintain assets a challenge. The result while having different drivers has a similar outcome with poor planning and business process central to this.
- The amalgamation with former Franklin District increased the population of the district by 15,700 customers (32%) and while some time has passed there were considerable legacy issues with; Asset inventory, quality of asset data, different AMIS (Asset Management Information Systems). These issues have contributed to the current risk profile.
- Central government's recent change to restate the promotion of social, economic, environmental and cultural well-being of communities, as the statutory purpose of local government, has contributed nationally to a confused asset management framework providing challenges to best provide appropriately for each asset class and the alignment of the purpose of local government.
- Anecdotally the previous round of AMP's, the thirty year infrastructure strategy and subsequent LTP is representative of the sum of these statements, with the business engaging consultants to deliver AMP's across the business offering an outcome that is widely acknowledged had room for improvement.

This report considers the previous risk statements but also the future of Asset Management for the business and the risks that may be presented as the activity matures. While it is essential to understand historic and current risk, it is also important to note that this presents opportunities, particularly as the activity matures and takes a more strategic role within the business.

3.2 INTERNAL/EXTERNAL THREATS AND IMPACT

The threats and impact of the risks identified if realised are significant to the business. It is noteworthy that the current risk statements were developed prior to the current newly formed team structure.

The executive, in conjunction with the G4GG initiative, recognised the business need (and associated risks) establishing the new Community Assets Team (figure right) within the Service Delivery group consisting of a Community Assets Manager, and five FTE's to represent the business and the asset class's therein.



The shortage of appropriately qualified staff means this team remains under-resourced with the current shortfall of two members supported by specialist consultants funded through the surplus FTE budget.

3.3 COMMUNITY ASSETS RISK DESCRIPTION

Within Council's risk management framework, (PROMAPP) the risks below are presented for the Asset Activity. These have been brought into the table where the relevant gross and residual score is highlighted, and is consistent with the risk matrix used by the business.

RISK DESCRIPTION	RISK TRIGGERS	GROSS RISK SCORE			RESIDUAL RISK SCORE		
		Likelihood	Consequence	Factor	Likelihood	Consequence	Factor
<p>Asset Management;</p> <p>Public Assets are significantly impacted as the result of poor planning and or business practice associated with erosion including, coastal, riverbank and inland.</p>	<p>This type of risk could become a reality through (for example):</p> <ul style="list-style-type: none"> Assets that are located in high risk areas are impacted through poor planning and business practice. 	5	4	Extreme	5	4	Extreme
<p>Asset Management;</p> <p>Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose.</p>	<p>This type of risk could become a reality through (for example):</p> <ul style="list-style-type: none"> Asset failures (including Waters and Roading) caused by poor planning, maintenance and or management. 	4	3	High	4	3	High

3.4 ASSOCIATED STRATEGIC RISKS

Understanding associated risks to the strategic risks presented are important and demonstrate an understanding of the total risks to the activity, business and Council. These associated risks are also aligned with the risk matrix consistent with the risk framework.

RISK DESCRIPTION	ASSOCIATION
<p>Political Risk Poor planning and business practice resulting in infrastructure coastal or riverbank failure.</p>	<p>Significant failure in these areas presents political risk to the business. Understanding partnership (Regional Council for Rivers & Coastal, and WaterCare for Water infrastructure) responsibility in the these areas and having a common understanding of the responsibility between said parties is critical to not only mitigating risk, but also intrinsic to putting the appropriate care and management in place</p>
<p>Financial Risk Poor planning and business practice resulting in infrastructure coastal or riverbank failure.</p>	<p>Land transport and water infrastructure across the business is managed through partnership agreements where operational and to some degree strategic management is provided. Poor high level strategic planning or the inability to clearly articulate the consequence of investment is a risk that needs to be understood better. The newly formed Community Assets team understands this risk well and will be working closely with these partnerships delivering a clear decision making framework that will demonstrate the impact of investment in line with level of service and the OCI impact (Overall Condition Index) with the current round of Asset Management Planning.</p>
<p>Cultural / Community Risk Poor planning and business practice resulting in infrastructure coastal or riverbank failure.</p>	<p>Community and Cultural risk is certain where expectation is not met, (primarily through failures) or activities (work programmes) not communicated to the wider community. This is especially the case where areas have cultural significance / implication to the Treaty of Waitangi or community recreational areas that experience high visitation.</p> <p>A clear understanding of responsibility and stewardship under partnership agreements, and the provision of clear strategic planning that articulates the consequence of investment with management strategies celebrated with the communities through Asset Management Plans, that demonstrate clear planning and business processes.</p>
<p>Environmental Poor planning and business practice resulting in infrastructure coastal or riverbank failure.</p>	<p>Environmental risk is considerable across the business with good planning and business practice key to help mitigating this. Additional to this in terms of environmental is climate adaptation and the known unknown with regards to this. Maintaining current and forecasted data from agencies (NIWA) and central government and embedding this into Asset management plans will be a key mitigation strategy.</p>

3.5 INDIRECT RISKS

In addition to the direct risks associated to the activity a number of indirect risks have also been identified and considered as part of the risk assessment process:

INDIRECT RISK AREA	RISK DESCRIPTION
Reputation / Image	Related to the Political risk described above, the Council's reputation could be tarnished, or if poor relationships with other agencies result in negative media coverage. Opportunity to minimise reputational image through excellent partnership agreements and by developing a common understanding across the wider stakeholder group is intrinsic to this.
Business continuity (CONVID 19)	Business could be negatively impacted if Council has to respond formally with operational measures to the pandemic. Opportunity for significant disruption to the business is clear should the region be heavily impacted by CONVID 19 and unless Council has appropriate plans and contingencies in place that could quickly respond to a dynamic situation like a Pandemic.
People	Resource is a clear indirect risk to the business where the ability to attract and retain appropriately qualified staff to perform asset management within the business. Sound management and a clear insight to the strategic goals of the business with a vision to build, mentor and train with the development of a culture of high performance will be critical to meeting the risk while presenting opportunity to the Community.
Technical	Technical risk to the business while low, has a significant potential in terms of consequence to compromise the activity of asset management. Presently the business has AMIS (Asset Management Information System) on the IM roadmap. Risk is where this is done without appropriate consultation that may result in a reduction of functionality from data and reporting.
Financial	<p>Consequence of investment – or no investment in maintaining assets to the required level of service is a risk that needs to be better understood and realised. This is especially significant where the asset has been underfunded potentially for a period of years creating a financial bow wave in the future to bring it to an agreed standard.</p> <p>While previously identified, financial risk is also an indirect risk to the business, where if appropriate business process and strategic planning is not in place to adequately resource the Community Assets Team then the risk to the business is significant.</p>

4. SUMMARY OF INHERENT RISK SCORE & TREATMENTS

Consideration of the identified internal and external risks, and the potential impacts and associated risks, provide extreme risk profile for the activity, with the risk profile flagged as both likely and catastrophic. The residual risk for the Assets activity is assessed as one of the highest in the business and as such, requires appropriate reporting to the executive and Council, through the Audit & Risk Committee

Anecdotally staff do not consider this risk assessment is representative of the current situation given the establishment of the Community Assets Team who have developed a comprehensive works programme to deliver Asset and Activity plans to the Council and Community.

Table 4.1 is the current list of risk(s) and treatments associated with the activity. Noteworthy to the risk and treatments are the comments, which provide updated information to the current treatments and are relevant to the current asset & activity planning works programme.

The current works programme for the delivery of Asset and Activity plans sits in CAMMS and is project 1500. A summary document is attached that includes the Project and Steering Groups risk register. The works programme addresses the key strategic risks with regard to poor planning and business process in the delivery of Activity and Asset Management plans.

4.1 EXAMINE ASSOCIATED TREATMENTS

To ensure a whole of business approach, treatments have been established to address indirect and direct strategic risks.

There are also potential additional treatments that have not yet been added to the Risk Register.

RISK	TREATMENT	IMPACT	COMMENT
<p>Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose</p>	<p>TREATMENT MC00162 <i>[from Risk Register]:</i> <i>Activity Management Policy</i> Councils Activity Management Policy provides statements on how Council will manage assets and deliver associated services in a cost effective, sustainable, well planned and coordinated manner to provide agreed levels of service. Its purpose is to outline the level of management appropriate for each activity for Council to achieve best management practice and meet statutory obligations.</p>	<p><i>[from Risk Register]:</i> This treatment impacts the likelihood of the risk by outlining what level of activity management the organisation is willing to commit to, therefore setting expectations for the organisation to deliver against.</p>	<p>The likelihood of this can be further mitigated by a policy review (risk policy) that is clearer in the prescribed appropriate care of each individual class. The International Infrastructure Manual provides a clear guideline to this approach and will be a recommendation in each individual Activity Plan.</p>
	<p>TREATMENT MC00163 <i>[from Risk Register]:</i> The WDC 2015-2045 Infrastructure Strategy documents the management philosophy that is applied to Waikato Districts' infrastructure assets. The strategy covers the following asset types: - Water Treatment and supply - Wastewater Treatment and Disposal - Storm water Drainage - Roads and Footpaths.</p>	<p><i>[from Risk Register]:</i> This treatment impacts the likelihood of the risk by detailing the strategic direction of WDC and providing visibility of expectations to ensure Council works to a consistent standard.</p>	<p>The Infrastructure Policy is a key document that speaks directly to the purpose of LGNZ, WDC's Community statements, and subsequently provides a strategic guideline to the business on how each asset class shall be administered. Management understands this is a key piece of work and shall be appropriately resourcing this to ensure it meets this purpose and provides this function</p>

RISK	TREATMENT	IMPACT	COMMENT
<p>Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose</p>	<p>TREATMENT MC00464 <i>[from Risk Register]:</i> The National Asset Management Standards dictate and define the Councils Activity Management Plans (AMPs). The AMPs are reviewed yearly and undergo a 3 yearly re-write to feed into Councils Long Term Plan (LTP) cycle.</p>	<p><i>[from Risk Register]:</i> This treatment impacts the likelihood of the risk by ensuring Councils AMPs adhere with national standards.</p>	<p>Planning and delivery of the next round of Asset Management plans is well underway (CAMMS 1500) with significant engagement across the business and support from ELT in terms of the approach.</p>
<p>Asset Management; Council fails to provide sustained delivery of core services as the result of critical assets failing or becoming unfit for purpose</p>	<p>TREATMENT MC00465 <i>[from Risk Register]:</i> Council has a number of asset management specific strategies in place and under development. These include: - Parks & Facilities, Toilet Strategy, Cemetery Strategy, Trails Strategy, Te Kauwhata Trails Strategy, Esplanade Strategy, Parks Strategy, Aquatic Facilities Strategy, Sport and Recreation Strategy (joint with Sport Waikato), Playground Strategy - Roading; Waikato Integrated land transport strategy (under development presently) - Waters; -50 year water/wastewater/storm water strategies, 30 year infrastructure plan.</p>	<p><i>[from Risk Register]:</i> This treatment impacts the likelihood of the risk by detailing and making visible Councils commitments for the management and maintenance of assets along with Councils commitment to level of service requirements.</p>	<p>Individual strategy's play a critical role to informing / guiding the decision making process of AMP's – Where the strategy is under review it will be flagged in the respective AMP's improvement plan to ensure compliance from Audit (NZAG) should the strategy be out of date or under review</p>

RISK	TREATMENT	IMPACT	COMMENT
	<p>TREATMENT MC00466</p> <p><i>[from Risk Register]:</i></p> <p>Service Delivery performs regular and continual collection of asset data for the purpose of condition assessment. This data informs programmes of work associated with asset maintenance and renewals. Data collection sources include (but are not limited to):</p> <ul style="list-style-type: none"> - RAMM (Roading Assets) - Asset Finder (Currently used by WaterCare) - SPM (Property, Facilities, Parks & Open Spaces) 	<p><i>[from Risk Register]:</i></p> <p>This treatment impacts the likelihood of the risk by ensuring that data driven planning can take place to maintain assets. It also impacts the consequence by supplying the information required to ensure currency of asset condition reporting and any required contingency activities.</p>	<p>Key to achieving this is identifying areas that are in need and putting a program in place to achieve the desired outcome. Current initiatives that are in place is incorporating data collection into BAU so individual asset classes have continual data improvement – rather than taking a compliance or tri-annual approach to maintaining data.</p> <p>Management sees this as one of the key objectives to improve the quality of reporting relevant to each asset class.</p>
<p>Public assets are significantly impacted as the result of poor planning and or business practice associated with erosion including, coastal, riverbank and inland.</p>	<p>TREATMENT MC00533</p> <p><i>[from Risk Register]:</i></p> <p>TO DO</p> <p>Assess public assets that may be exposed to negative impact as the result of erosion.</p>	<p><i>[from Risk Register]:</i></p> <p>This treatment impacts the likelihood of the risk by identifying vulnerable assets and taking appropriate action to manage on-going threat. Actions may include (but are not limited to);</p> <ul style="list-style-type: none"> - Report to Council - Data collection, analysis & operational mitigation (planting/drainage etc) - Demolition/relocation 	<p>Steps to mitigate this has been addressed in the report earlier, primarily understanding partnerships, custodianship, and business process to either share the responsibility or create a common understanding with regards to the appropriate care.</p>

5. FORECAST

The strategic risk relating to Asset Management Planning, in its current form, is broad and multi-layered, with many moving parts. The current structure will be well-resourced to achieve the goal to significantly reduce the exposure of risk to the business, while providing excellence in asset management.

One of the key initiatives is to clearly articulate the implications of investment, or non-investment, to individual asset groups, in the provision of a robust decision making framework that will define level of service against investment and the consequence to the overall condition of the asset(s). This needs to be weighed carefully against affordability, community desire, and appropriate custodianship / responsibility to the community. This is being done as part of delivery project I500.

The current works programme for the delivery of Activity and Asset Plans is scheduled for completion in late July, and subsequent to that would be an appropriate time to re-assess the risk profile and treatments.

6. CONSIDERATION

The following recommendations relate to the current risk and are for consideration:

- Council consider updating the risk assessment once the review is completed late July. This will be more relevant given the current activity.
- That the current programme of work and engagement across the business is an appropriate approach to provide confidence in the activity, notwithstanding the present risk profile.
- Given the magnitude of the present risk profile to continue to provide the current levels of support and funding (FTE surplus budget allocated to specialist consultants to meet resource shortfalls)
- That the activity of asset management and the risks that it presents to the business is re-assessed within the calendar year 2020.

The following recommendations relate to learnings to date for consideration:

- The existing treatments are essential and should be monitored closely. They have already proven to be of value in terms of getting a programme of work together in a cohesive manner that address's the risks presented, and will meet the needs of central, regional and local government, ensuring Waikato District Council meets the needs of the community by providing a robust decision making framework that clearly articulates the level of service, and consequence of investment against the assets ability to perform in the manner that it required over the life of the asset.

7. CONCLUSION

Asset Management within a local government framework is complex as it encompasses all of the business. Quality information is the key currency the department trades in and is

supplied by a wide stakeholder group including Central Government, Regional Authorities, our own Council, and management. We also receive data from contractors internal business units and proactively from within our team. Compiling this information into succinct Activity and Asset plans which provide a clear decision framework for the Council and the community, and a clear position from each asset class that feeds into the LTP is the challenge that we accept and are looking forward to.

The Community Assets Team has a firm remit to drive asset maturity across the business through collaboration, partnerships and a departmental ethos of being a service arm to the business, working in partnership with asset owners to continually refine asset and activity planning to Waikato District Council. This is work in progress.

8. ATTACHMENTS

- Community Assets Team -Business Continuity Plan.
- WDC - Risk Assessment guide.
- Community Assets – Asset/ Activity Plan Project plan / Summary (Camms #1500)
- CAMMs Project 1500 – Risk register

WAIKATO DISTRICT COUNCIL BUSINESS CONTINUITY PLAN TEMPLATE

VERSION HISTORY				
VERSION	APPROVED BY	REVISION DATE	DESCRIPTION OF CHANGE	AUTHOR

BUSINESS CONTINUITY PLAN Individual Teams

PREPARED BY		TITLE		DATE	
APPROVED BY		TITLE		DATE	

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INTRODUCTION

A disruption could come in many forms – a major earthquake, flood, a prolonged power cut, pandemic or even the sudden unavailability of a critical member of your team.

A business continuity plan identifies how your business unit or team can keep its essential functions up and running during a time of disruption.

Your completed plan will identify the essential actions required to ensure your team is prepared to get through a disruption.

If you need assistance completing this plan, have any concerns or queries, email IMT@waidc.govt.nz.

I. YOUR TEAM

People are your most important asset. They bring unique skills and knowledge, hold key relationships, and provide a high level of flexibility to your team. During a time of disruption, your team could be the difference between success and failure.

Key considerations:

- Discuss with staff what a potential disruption might mean for your organisation and any vulnerabilities or commitments that might impact their availability after a disruption
- Encourage team members to take steps to be better prepared personally for an emergency
- Practice emergency evacuation plans as a team
- Confirm team contact details and next of kin contacts are up to date

List any potential vulnerabilities or commitments that might impact staff availability after a disruption

- All team members have had a discussion about personal preparedness.
- Our team has next of kin contacts for each team member located in their personnel file.

4. ESSENTIAL SUPPLIES

What are the resources and supplies needed to create and deliver your core services?

Key considerations:

- Who supplies your required resources?
- Are there alternative suppliers who can provide the same resources?
- Are there alternative products that could be substituted into your processes?
- Do any supplies take a long time to arrive?

List your essential resources, suppliers and alternative supply options

5. ESSENTIAL EQUIPMENT

What tools, equipment and systems/programmes are needed to deliver your core services?

Key considerations:

- Do you rely on any specialist equipment? If so, is it easily replaced and how long could it take to get a replacement?
- Can you get replacement equipment from a local store, or borrow or hire from another source?
- Is there alternative equipment that can be used instead?
- Do you have an up-to-date list of alternative equipment options?

List the equipment essential to delivering your core services, and the options for getting replacement equipment

6. KEY CUSTOMERS/PARTNERS

Who are your key customers/partners, and what are some options for providing your services to them?

Key considerations:

- Which customers/partners are critical to your team's core services?
- Which customers/clients have a strong relationship with your business or organisation?
- Are they reliant on your product or service? Do they have other supply options?
- How can you maintain contact with them?

Note: Keeping in contact with your customers/partners is extremely important. Even if you can't operate for a period of time, keeping customers/partners informed will help to maintain relationships.

List the key customers/partners that generate the majority of your work or are reliant on your services

7. RELOCATION OPTIONS

Some disruptions may mean you cannot continue operations at your current premises. What would you need to consider if your team needed to move to another location, even just for a short time?

Key considerations:

- Is the location of your team critical? If so, why?
- Could you share premises alongside similar organisations?
- Could you work from home? What would you need to facilitate this?
- How would you go about relocating team if you needed to?
- Do you have a contact list for your relocation options?

List some possible location options for relocating, including advantages or disadvantages of each option

8. DELEGATION OF AUTHORITY

Who can step in to run your team and make key decisions in the place of the owner or manager? Making decisions about delegating authority and taking action in advance will help prevent further disruption to your team.

Key considerations:

- Who can step in to run your team and make key decisions in the place of the team leader?
- What delegation of authority do these people have – is it sufficient to make the decisions needed and financial authorisations?
- Do you need to make arrangements for delegation of authority to be given to anyone?

List your contingency plan for delegation of authority – who can step in with the appropriate delegation to make decisions if the team leader cannot. List these people and their level of authority

9. BACK UP YOUR RECORD

What information do you need to back up and what processes do you have in place to ensure your records can't be lost?

Key considerations:

- What type of information and records do you need to back up i.e. into ECM. This could include customer/partner records, accounts, emails, contact lists, etc. Where are these backed up?
- Are your processes up to date and recorded in Promapp?
- Do you depend on paper records? How will your team continue to operate if you lose access to your paper files?
- Can you access critical information, including your business continuity plan and team processes if there was no access to a computer? If a computer was available, could you access these remotely?
- How regularly do your records need to be backed up?

Record your methods for backing up your business records

RISK CONSEQUENCE CATEGORIES

RISK CONSEQUENCE CATEGORIES										
Questions	Business Continuity	People	Financial	Reputation / Image	Compliance Regulatory	Environmental	Political & Strategic	Technical		
	What is the risk due to inadequate or failed internal processes, activities and systems (recruitment, training, change programmes, natural disasters?)	Are there risks related to health and safety, capacity and capability of staff, behavioural and or performance issues, supplier delivery confidence	What is the risk that there is inadequate funding provided for this activity/project (either by Council and/or external funders) and/or that the final activity/project cost is >10% of the budget?	What is the risk to Council's reputation / image? Potential for negative media coverage and/or negative experiences/ perceptions of the activity/project by stakeholders and the community?	What is the risk of exposure to liability (legal action, fines, non-compliance against consent conditions)?	What is the risk to the environment (ecology, soil contamination, water quality, noise levels, odour, dust, etc.?)	What is the risk at the Political and or Corporate level due to possible impact to Council's core business objectives?	Are there risks due to specific critical technologies and or the overall technical complexity of an activity/project (has it been done successfully before? Design and or implementation complexity? Specialised technical skill required? Speed of technology change, etc.)		
Likelihood	Likelihood	Probability	Frequency	Description						Rating
	Almost Certain	> 80%	Regular or frequently occurrence	Expected; Almost certain occurrence in the foreseeable future						5
	Likely	50 - 80%	1 - 5 times per year	Strong probability of occurrence in the foreseeable future / History of frequent occurrence						4
	Possible	20% - 50%	Once a year	Feasible; a possibility of occurrence / History of casual occurrence						3
	Unlikely	< 20%	Once every 2 -5 years	Not expected but there is a slight chance of occurrence at some time						2
	Rare	< 1%	Less than once every 5 years	Highly unlikely but may occur in exceptional circumstances						1
Consequence	Descriptor	Business Continuity	People	Financial	Reputation / Image	Compliance Regulatory	Environmental	Political & Strategic	Technical	Rating
	Catastrophic	Essential services are unavailable causing customer disruption (> 1 day)	Life threatening injury/fatality (Severity 1) or potential to cause life threatening injury/fatality. Significant or prolonged resourcing deficit (trained/skilled specialist roles).	Financial exposure ≥ \$1.5M in any 12 month period	Sustained (in excess of one week) high profile adverse national media campaign or sustained (in excess of 4 weeks) cumulative adverse local media campaign or irreversible loss of community confidence or initiation of government tribunal of inquiry	Breach of policy, process or legislation requiring external investigation and resulting in significant tangible loss through civil or criminal prosecution and or significant damage to reputation.	Significant environmental disaster or natural hazard or unplanned population growth causing wide spread environmental degradation/damage and/or irreversible pollution or long term effects affecting future generations or uncontained, long term serious environmental degradation.	Significant and prolonged political attention with non-achievement of LTP objectives across multiple years.	Significant and prolonged effect to levels of service, business function or resource capacity as the result of malfunction/failure of technology, tools, equipment and or design/manufacturing competency.	5
	Major	Essential services are unavailable causing customer disruption (< 1 day) or non-essential services are unavailable (<7 days)	A WorkSafe NZ notifiable injury or illness (Severity 2) or potential to cause notifiable illness or injury. Major but short term resourcing deficit (trained/skilled specialist roles).	Financial exposure ≥ \$500k but <\$1.5M in any 12 month period	High profile adverse national media attention (less than one week) or sustained (in excess of 2 weeks) cumulative adverse local media attention or loss of confidence from significant portion of community sector.	Breach of policy, process or legislation requiring external investigation and resulting in a tangible loss through civil or criminal prosecution and some damage to reputation.	Major but localised environmental degradation/damage/pollution with long term effects or major off site release caused by either a natural disaster or unplanned population growth.	Significant but short term political attention with major impact to timing or deliverables associated with LTP objectives within one given year.	Major but short term effects to levels of service, business function or resource capacity as the result of malfunction/failure of technology, tools, equipment and or design/manufacturing competency.	4
	Moderate	Essential services are unavailable causing customer disruption (< 4 hours) or non-essential services are unavailable (<3 days)	Lost time injury (Severity 4). Moderate and short term resourcing deficit (trained/skilled specialist roles).	Financial exposure ≥ \$100k but < \$500k in any 12 month period	Adverse local media coverage that if repeated over time will adversely affect Council or negatively perceived business practice leading to widespread resident/ratepayer complaints or prolonged unresolved dispute requiring legal oversight	Breach of policy, process or legislation requiring internal investigation including moderate treatment for the purpose of damage control	Moderate localised environmental degradation/damage/pollution at a localised level caused by either a natural disaster or unplanned population growth with medium term effect or off site release contained.	Short term political attention with moderate impact to deliverables associated with LTP objectives.	Moderate short term effects to levels of service, business function or resource capacity as the result of malfunction/failure of technology, tools, equipment and or design/manufacturing competency.	3
	Minor	Non-essential services maybe impacted causing customer disruption (< 1 day)	Restricted work injury or medical treatment injury or potential for medical treatment is required (Severity 5). Temporary resourcing deficit (trained/skilled specialist roles) <7days.	Financial exposure ≥ \$10k but < \$100k in any 12 month period	Adverse local media coverage or adverse social media comment or short-term issue leading to localised complaints	Breach of policy, process or legislation requiring internal investigation but requiring only minor treatment for the purpose of damage control.	Minor localised environmental damage/pollution caused by either a natural disaster or unplanned population growth.	Short term political interest with negligible impact to LTP objectives.	Minor effects to day to day business function as the result of malfunction/failure of technology, tools, equipment and or design/manufacturing competency.	2
	Insignificant	No tangible impact on services to customer but monitoring maybe required.	First aid injury or potential for a person to seek first aid (Severity 6). Temporary resourcing deficit (trained/skilled specialist roles) <1day.	Financial exposure < \$10k in any 12 month period.	Minor adverse social media comment/questions but no subsequent public interest or event affecting an individual or small group only	Minor breach of policy or process requiring no investigation and only an approval or variance to prevent any damage control requirement.	Negligible localised environmental damage caused by either a natural disaster or unplanned population growth.	Negligible political interest with no impact on LTP objectives.	Negligible effects to day to day business function as the result of malfunction/failure of technology, tools, equipment and or design/manufacturing competency.	1

Project Status Report

PR-1500 - LTP 2021: Asset Management Plans 2021-2031

Report Date	13-Mar-2020	Overall Status	Monitor Closely
Project Sponsor	Roger MacCulloch	Project Manager	Robert Ashley
Business Owner	Robert Ashley	Project Phase	EXECUTE
Project Objectives	The objective of this project is to present the requirements for the delivery of a portfolio approach to Asset Management planning, highlighting interdepartmental constraints, and risks. This is a project under the LTP2021-31 LTP Programme (PR-1366).		

Project Status Summary

Overall Project Status Summary	
Meaningful engagement with the asset class owners, Level of Services reviews are in the process of being completed. Additionally, the process and timeline with regards to AMP delivery has been shared and understood.	

Include details of a Plan/Action to go to **Green**, if any area is **RED** or **AMBER**

Schedule	Amber	Need completion of Level of Service reviews urgently.
Scope/Quality	Green	Currently on track but needs to be monitored carefully.
Budget	Green	FTE budget is partially funding consulting services.
Resources	Green	Due to the accelerated works program and the delivery of asset management plans, resources are tight.
Risks	Green	On track but needs to be monitored carefully.
Issues	Green	On track but needs to be monitored carefully.
Engagement	Amber	Experiencing challenges with engagement with Council Facilities.

Key: **GREEN** = On Track, **AMBER** = Issues but being managed, **RED** = Requires urgent attention/escalation.

Rules for overall Status: One **RED** in any area then Overall = **RED**, Three or more **AMBERs** then Overall = **AMBER**

Project Status Summary

Key Milestones	Finish Dates			On Track
	Baseline	Forecast	Completed	

Key achievements/ activities this period	Meaningful engagement with the asset class owners, with level of service reviews underway. Additionally, the process and timeline with regards to AMP delivery has been shared and understood.
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Planned for this period but not achieved	Greater engagement with Watercare management. Levels of Service reviews are currently behind schedule.
--	--

Planned for next period	Follow the project plan and Gantt chart.
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Key Active Risks

Risk #	Init Date	Description	Rating Initial / Revised	Owner

Unresolved Issues

Issue #	Log Date	Description	Status	Owner
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Budget

Preliminary Budget	Approved Budget	Forecast at Completion	Actuals YTD	Variance (Forecast v Approved)	Variance %
		0			0

Risk Register (Standard)

Project Name: **WDC Asset Management Plan**Project Number: **1500**

Completed By:

Rob Ashley

Date:

26/11/2019

Risk Ref #	Risk Statement <i>Risk statement to include "Bad outcome - cause"</i>	Gross Risk score			Treatment plan <i>What can we do about each significant risk to either eliminate it or reduce it?</i>	Residual Risk score			Contingency <i>If the risk becomes reality... what action(s) will we implement?</i>	Risk Owner <i>Who will take responsibility for this risk? (One person!)</i>	Monitoring/ Reporting <i>Who will monitor and report on this risk?</i>	Timeframe <i>What is the frequency for monitoring/ reporting?</i>
		Likelihood	Consequence	Factor		Likelihood	Consequence	Factor				
	Resourcing; Asset owners and contributors	3	3	Moderate	Appropriate planning / scheduling well in advance	2	2	Low	seek additional resources	Rob Ashley	Project Steering Group	monthly
	AMP funding	4	2	Moderate	Ensure CAT Team FTE surplus is maintained to fund consultants, other Asset class's code Asset related costs to CC 123 and journal from existing budgets accordingly	4	2	Moderate	Escalate to ELT. Ensure that the department has appropriate budget (zero based) going forward to ensure future needs are met.	Rob Ashley	Project Steering Group	monthly
	Roles and responsibilities with AMP delivery	2	3	Moderate	Clearly map responsibilities to project and governance groups	2	2	Low	"Re-set" the outcomes and responsibilities with a wider audience. Potentially with governance and Project groups collectively	Rob Ashley	Project Steering Group	monthly
	Transition risk with water care – budget/staff resourcing	3	4	High	Engage with the WC team and set expectation in terms of timeliness and deliverable	2	3	Moderate	Raise with Water Gov Board, ELT	Rob Ashley	Project Steering Group	monthly
	Communication with Councillors and ELT	4	4	High	Early engagement with Council signalling significant change if appropriate	4	4	High	ELT / EDAG / Councillor workshop	Rob Ashley	Project Steering Group	monthly
	Legislative changes	2	2	Low	Ensure recent legislative changes are reflected in the AMPs - Peer review (Waugh Infra) will ensure that this is compliant	2	2	Low	Outsource	Rob Ashley	Project Steering Group	monthly
	Level of service consultation	3	3	Moderate	Level of consultation will be low, with no fundamental changes to LOS. The METHOD of measurement is the area that staff will be focusing.	4	4	High	Risk will be mitigated with ELT review.	Rob Ashley	Project Steering Group	monthly
	Climate Change	4	4	High	High levels of uncertainty with regards to climate adaptation and change. Uncertainty will be flagged in the improvement plan section.	3	4	High	Flagged in the AMP improvement plan.	Rob Ashley	Project Steering Group	monthly
	Financial modeling encompassing all asset class's presented in appropriate time	4	4	High	Work programmes need to be brought forward to meet the consultation requirement by Council - meeting NZTA funding deadlines. (AMPS Complete 30th July)	4	4	High	Potentially seek external / Internal resource can assist with building the AMP budget model	Rob Ashley	Project Steering Group	monthly
	Project teams availability	2	3	Moderate	Engage early with teams - ensuring that time for completion is set aside	2	3	Moderate	Escalate to ELT - People Leaders - Bring into the Assets team to complete on Asset owners behalf.	Rob Ashley	Rob Ashley	monthly
	Finance teams availability to support	3	3	Moderate	Engage early with the Finance team mapping the requirements.	3	3	Moderate	Escalate to ELT - potentially outsource.	Rob Ashley	Rob Ashley	monthly
	Uncertainty around Solid Waste review	3	3	Moderate	SW AMP will be completed as a sprint once more certainty is gained with the activity review	4	4	High	Additional resourced/internal	Rob Ashley	Rob Ashley	monthly

Risk Register (Standard)


Project Name: WDC Asset Management Plan

Project Number: 1500

Completed By:

Rob Ashley

Date: 26/11/2019

Risk Ref #	Risk Statement <i>Risk statement to include "Bad outcome - cause"</i>	Gross Risk score			Treatment plan <i>What can we do about each significant risk to either eliminate it or reduce it?</i>	Residual Risk score			Contingency <i>If the risk becomes reality... what action(s) will we implement?</i>	Risk Owner <i>Who will take responsibility for this risk? (One person!)</i>	Monitoring/ Reporting <i>Who will monitor and report on this risk?</i>	Timeframe <i>What is the frequency for monitoring/ reporting?</i>
		Likelihood	Consequence	Factor		Likelihood	Consequence	Factor				
	All Assets Data reliability	2	3	Moderate	Run gap analysis across data sets to determine where holes are, ensure budget is set aside to maintain data. Ensure Data updates are incorporated as BAU	2	3	Moderate		Rob Ashley	Rob Ashley	monthly
	Incompletion of Growth Strategy	4	4	High	Early engagement, communicate need for data for AMPS	3	3	Moderate	Failure of this information to be incorporated into our AMPS will have significant impact.	Rob Ashley	Rob Ashley	monthly
	Integration of community Blueprints	4	4	High	Community Blueprints have been included in the AMPS as part of the CAPEX review. Unfortunately the detail around CBP is very light, suspect that most will fall into the improvement plan for inclusion into Yr 1	4	4	High	TBC - Update will provided as details are available.	Rob Ashley	Rob Ashley	monthly

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	11 March 2020
Prepared by	Christine Pidduck Legal Counsel
Chief Executive Approved	Y
Reference #	CPM2106 / 2538416
Report Title	Risk Conversations – Legal Team

I. EXECUTIVE SUMMARY

The purpose of this report is to enable key staff within the organisation who are managing risk in their everyday activities (expect this to be third tier managers and/or team leaders) to come and share “their business”, from a risk perspective, with the Audit & Risk Committee. This will provide the Committee an opportunity to dialogue with these staff to obtain assurance, from a governance perspective, that appropriate controls and culture are in place.

The intention is to have one of these conversations at every Audit & Risk Committee meeting. The Legal Team will attend the March Audit & Risk meeting for this purpose.

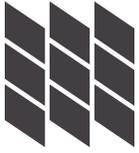
Attached is the business risks register and Hazard and Risks Management (HARM) register for the Legal Team. The register includes operational risks and controls affecting this area of the business.

2. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

3. ATTACHMENTS

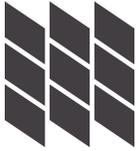
1. Risk Conversations – Legal Team Risk Register (Operational)
2. Risk Conversations – Legal Team HARM Register



Hazard and Risk Management (HARM) Register



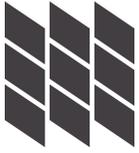
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
Hot liquids / Steam	Potential minor burn or scold from hot water or steam (zip, kitchenette 'billi' unit taps, steam from dishwasher)	3	<p>E: Eliminate - Take caution when using the boiling water taps or dispensers</p> <p>E: Eliminate - Be aware and cautious of steam escaping from the dishwasher. Stand back and allow too cool first.</p> <p>M: Administrative - Advisory signange</p>	3	Currently Managed	
Manual Handling - There are a number of tasks that require workers to handle, lift and move loads. Examples of loads include animals, overfilled boxes, library books, office equipment including meeting room furniture and computers	Strains or sprains resulting from incorrect manual handling or repetitive handling.	15	<p>E: Eliminate - Where possible mechanical manual handling aids (plant and/or equipment) should be used to eliminate the need to manually handle a load.</p> <p>M: Administrative - The Risk Assessment of a manual handling task shall be completed by a competent person in accordance with the Approved Code of Practice for Manual Handling.</p> <p>M: Administrative - Where required ProMapp processes</p>	6	Currently Managed	



Hazard and Risk Management (HARM) Register



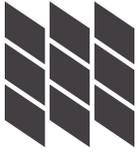
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			<p>should detail controls for manual handling hazards associated with completing a task.</p> <p>M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential manual handling hazards.</p> <p>M: Administrative - Pre-employment health monitoring is undertaken where there is a high likelihood that a worker may be exposed to manual handling. Job Hazard Cards have been documented detailing the pre-employment health monitoring requirements for each role.</p> <p>Minimise - Where required and possible "Team Lifts" or a "Two Person" lift should be utilised to</p>			



Hazard and Risk Management (HARM) Register



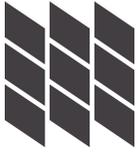
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			<p>reduce the risk of injury.</p> <p>Minimise - Training shall be provided to all workers who may be required to undertake manual handling. To ensure they are aware of the hazard and the controls to prevent injury.</p> <p>Minimise - LIBRARIES - Where installed at Libraries ensure that Book Returns Boxes are cleared regularly to avoid overflow and reduce load.</p> <p>Minimise - LIBRARIES - When shelving books ensure correct lifting and handling techniques are applied and take frequent breaks.</p> <p>Minimise - LIBRARIES - When transporting books around the libraries consider where practicable the use of manual handling aids</p>			



Hazard and Risk Management (HARM) Register

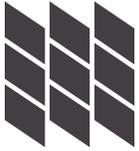


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			e.g. trolleys. If carrying books manually avoid heavy loads.			
Slip and/or fall in Office Environment		12	E: Eliminate - Cleaning up any spills immediately M: Isolate - Signage is installed indicating any wet areas, for example during cleaning activities M: Isolate - Non slip mats are used in kitchen and breakout areas Minimise - When moving around areas especially areas covered in lino or tiles use an appropriate speed for the conditions	6	Currently Managed	
Trip and/or fall in Office or Library Environment	Sprain, strain or fracture resulting from trip and/or fall	12	E: Eliminate - Ensure items are not placed on the floor in pedestrian traffic areas throughout the office. M: Isolate - LIBRARIES - Advise customers around	6	Currently Managed	



Hazard and Risk Management (HARM) Register

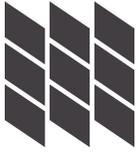
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			the wifi stations and couches to make area safe by lifting or removing any device cables. M: Isolate - Ensure all cords and cables are secured safely M: Administrative - Regular visual inspections of the workplace to identify and manage any potential trip hazards. M: Administrative - Ensure chairs are pushed in when leaving a workstation. Minimise - When moving around ensure you remain focused on watching where you are going			
Using Visual Display Units (VDUs) in Office Environment	Pain and discomfort or injury resulting from repetitive strain	15	M: Administrative - A risk assessment shall be undertaken prior to any changes being made or new equipment being brought into the workplace to identify any potential	6	Currently Managed	



Hazard and Risk Management (HARM) Register



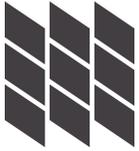
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			<p>ergonomic hazards.</p> <p>M: Administrative - Training shall be provided to all workers who are required to use a Visual Display Unit. To ensure they are aware of the hazard and the controls to prevent injury for example taking regular breaks, practicing micro pauses and stretches.</p> <p>M: Administrative - All workers are informed of the requirement to report pain or discomfort to their People Leader and complete a Worker Discomfort or Pain Self-Report Form</p> <p>M: Administrative - Pre-employment health monitoring is undertaken where there is high Visual Display Unit use. Job Hazard Cards have been documented detailing the pre-</p>			



Hazard and Risk Management (HARM) Register



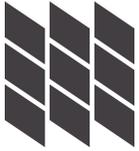
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk:						
			employment health monitoring requirements for each role. Minimise - Where required specific ergonomic equipment shall be purchased and provided to workers for example copy holders, foot stools etc Minimise - A Work Station Assessment is undertaken by a competent person (Occupational Health Nurse) for all new workers to ensure the correct Visual Display Unit setup.			
Hazard / Risk: Fatigue						
Fatigue/Tiredness is a temporary loss of strength and energy resulting from hard physical or mental work or from lack of adequate rest/sleep. Fatigue is a physical or mental weariness that does not go away after a period of		20			Assessing	True



Hazard and Risk Management (HARM) Register



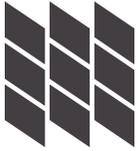
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Fatigue						
rest. Both condition have a negative impact on the ability to concentrate and react. Other manifestations include, forgetfulness, errors, decreased production and insomnia. Fatigue and tiredness is associated with shiftwork, an ageing workforce, standing on hard surfaces for extended periods, poor work-life balance, excessive or poorly managed workloads, poor time and/or stress management.						
Hazard / Risk: On Road Driving - Light Vehicles						
On Road Driving - Light Vehicles	Drivers and passengers of light vehicles driven on a public road or access way are at risk of sustaining potential serious injuries or becoming a fatality when involved in accidents or incidents with other vehicles,	20	- M: Engineer - The organisation shall ensure that where items are required to be transported in light vehicles that a means of restraining items or physically separating them from vehicle	10	Assessing	True



Hazard and Risk Management (HARM) Register

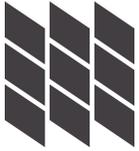


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
	<p>structures, animals or people. Light vehicles include cars and light trucks used by employees or contractors who either drive a company owned, leased or privately owned vehicle for work related purposes. Road crashes are one of the most common causes of work-related fatalities, injuries and absence from work and are responsible for significant numbers of bystander and commuter fatalities.</p>		<p>occupants is in place. M: Administrative - A process is in place for a visual pre start check to be undertaken by the driver to ensure it is in good working order and fit for purpose. M: Administrative - The organisation shall ensure that it has in place a preventative maintenance regime for all light vehicles to ensure they are legally compliant to operate on road, fit for purpose and in good working condition. M: Administrative - Personal health monitoring e.g. blood pressure and cholesterol checks are available for all workers. M: Administrative - A process is in place for a weekly documented vehicle check to ensure that</p>			



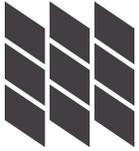
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>the vehicle is in good working order and fit for purpose.</p> <p>M: Administrative - Vision testing is available for all workers who are required to drive as a core function of their role</p> <p>M: Administrative - The organisation shall ensure that it has in place a process for the establishment of a preventative maintenance regime for all Council owned or leased light vehicles based on the manufacturers or suppliers recommendations.</p> <p>M: Administrative - The organisation shall ensure that it meets the requirements of the Waikato District Council Safe Use Of Council Vehicles Policy in relation to mobile communication</p>			



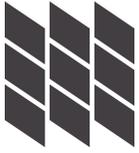
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>devices.</p> <p>M: Administrative - The organisation shall ensure a process is in place to regularly check assigned emergency equipment for each Council owned or leased vehicle.</p> <p>M: Administrative - The organisation shall ensure a process is in place to identify roles/individual personnel who may require extra training to operate a light vehicle over and above NZ Legislation. Extra training may include but not be limited to defensive driver training</p> <p>M: Administrative - The organisation shall ensure it has in place a process that all workers as identified in the training needs analysis received the required training</p>			



Hazard and Risk Management (HARM) Register

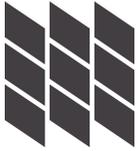
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			associated with operating a light vehicle. M: Administrative - The organisation shall ensure that Council owned, leased or rented vehicles are operated in accordance with the manufacturers recommendations, and/or with the instructions of the leasing or renting organisation (including limitations to carrying capacity M: Administrative - The organisation shall ensure that all Council owned, leased or rented light vehicles are roadworthy and fitted with seatbelts. The preferred choice of vehicles must be those that achieve a minimum ANCAP rating of 4 or greater. M: Administrative - The organisation shall ensure that it			



Hazard and Risk Management (HARM) Register



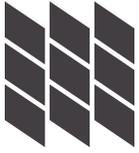
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>has in place a process to determine if travelling on road should be conducted during an abnormal situation or conditions. Such situations or conditions could include but not be limited to, weather conditions, natural</p> <p>M: Administrative - The organisation shall ensure that vehicle events involving any Council owned, leased or rented vehicle or private vehicle, while being used on Council business shall be reported to the local authorities in accordance with the requirements of the insuranc</p> <p>M: Administrative - All events which have or may have resulted in harm to our workers, contractors and members of the public must be</p>			



Hazard and Risk Management (HARM) Register

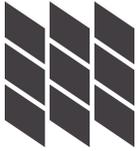


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>managed in such a manner that complies with the Council's Event Management Standard and also meet the business expectations around duty of car</p> <p>M: Administrative - The organisation shall ensure that a suitably charged fire extinguisher is located in all Council owned or leased light vehicles and there is a process for ensuring the fire extinguisher is maintained.</p> <p>M: Administrative - The organisation shall ensure that a process is in place to assess and monitor overtime to ensure light vehicle operators' fitness to safely carry out their assigned duties.</p> <p>M: Administrative - The organisation shall have in place a policy and/or</p>			



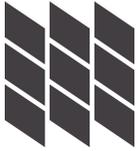
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			procedures detailing any legal and best practice requirements regarding the safe operation of an on road light vehicle. M: Administrative - The organisation shall ensure it has in place an effective induction process specific to On Road Light Vehicles to ensure all workers are aware of the requirements of the WDC Safe use of Council Vehicles Policy and also risks and controls associated with M: Administrative - The organisation shall ensure a process is in place to ensure that all workers and contractors hold and maintain the correct licences as required by NZ Legislation to operate a Council owned, leased or rented light vehicle.			



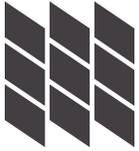
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>M: Administrative - The organisation shall ensure a process is in place to check the validation period and status of all licence holders operating a Council owned, leased or rented light vehicle.</p> <p>M: Administrative - The organisation shall ensure that all Council owned or leased vehicles are fitted with a means of monitoring between the vehicle and its base of operations, for example GPS.</p> <p>M: Administrative - The organisation shall ensure that all Council owned or leased light vehicles are fitted with an emergency distress function to raise the alarm in the event of a vehicle accident (e.g. rollover)</p> <p>M: Administrative - All events which have or may have</p>			



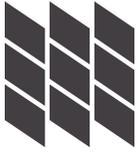
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			resulted in harm to our workers, contractors and members of the public must be reported and investigated as per the Council's Event Management Standard. M: Administrative - The organisation shall ensure that a suitably stocked first aid kit to address any minor injuries that could occur are located in all Council owned or leased light vehicles and there is a process for ensuring the contents of the kits are maintained. M: Administrative - The organisation has in place a process by which the organisation manages the wider impact of business continuity events, incidents or crises until it is under control and			



Hazard and Risk Management (HARM) Register

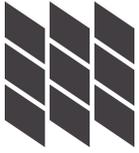
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			contained. M: Administrative - The organisation shall ensure Emergency Response procedures are in place detailing the response and action required to manage all likely potential events related to this risk. The emergency response procedures should provide a structure that identifies w M: Administrative - The organisation shall ensure that a process is in place to annually test and review emergency response procedures for all likely potential events and to identify any areas for improvement. M: Administrative - The organisation shall ensure that a process is in place to educate workers on fatigue and how to manage fatigue. M: Administrative -			



Hazard and Risk Management (HARM) Register



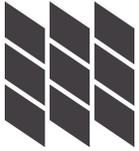
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: On Road Driving - Light Vehicles						
			<p>The organisation shall ensure that where required physical maps and/or GPS units are available to prevent staff getting lost.</p> <p>M: PPE Controls - The organisation shall ensure that sufficient, fit for purpose personal protective eyewear is available for drivers e.g. polarised safety sunglasses for high risk drivers and safety sunglasses are available for adhoc vehicle users.</p> <p>M: PPE Controls - The organisation shall ensure that where a vehicle is being used as a tool of trade, the vehicle shall be fitted with a first aid kit, fire extinguisher, high visibility vest and safety triangle</p>			
Hazard / Risk: Stress						
Stress - Harmful physical and		15	M: Isolate - Managed on case by	6	Assessing	True



Hazard and Risk Management (HARM) Register



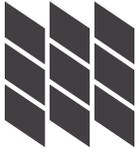
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Stress						
emotional responses that can result when there is a conflict between job demands on the employee and the amount of control an employee has over meeting these demands.			case basis M: Isolate - Communication M: Administrative - Post Traumatic Critical Incident Response Standard and ProMapp process in place. M: Administrative - Vitae Services available for staff and their immediate family to access.			
Hazard / Risk: Workplace Violence and Aggression						
Workplace violence and aggression is defined as violent acts, including physical assaults and threat of assaults, directed toward persons at work or on duty. Workplace violence ranges from offensive or threatening language to homicide.	Death or serious injury	20	M: Engineer - Factors with the potential to impact the risk of violence are considered during the design phase of all new facilities. These shall include but are not limited to separating workers from the public, controlling access and providing a safe retreat. M: Administrative - A process is in place to provide training and refreshers for identified first aiders;	15	Assessing	True



Hazard and Risk Management (HARM) Register



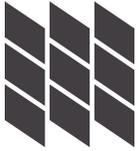
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>to notify workers, contractors and visitors who the identified first aiders are; and to ensure suitably stocked and maintained first aid kits to address any minor injury</p> <p>M: Administrative - A process is in place to annually test and review Emergency Response Plans for all likely potential events.</p> <p>M: Administrative - A process is in place to review emergency events to ascertain how the emergency response plan operated, was it effective, did the plan operate as intended and what if any amendments are required</p> <p>M: Administrative - The minimum training for roles is identified in the Emergency Response Plan, when this should be completed</p>			



Hazard and Risk Management (HARM) Register



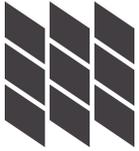
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>(e.g. changes to responsibilities, procedures, legal requirements and technology take place), re-training requirements.</p> <p>M: Administrative - The Emergency Response Plan details authority levels, responsibilities and reporting relationships for control and liaison between all parties involved during an emergency.</p> <p>M: Administrative - A process is in place to identify the customer experience skills and competencies required for each roles/individual personnel to deliver on the customer experience</p> <p>M: Administrative - Processes are in place to enable Manager/Leaders to have an</p>			



Hazard and Risk Management (HARM) Register



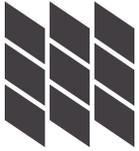
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>understanding of what impacts exist with an individual's personal circumstances that may impede work performance and support accordingly</p> <p>M: Administrative - The Emergency Response Plan has a structure that identifies workers / managers, individually or teams, who are responsible for co-ordinating the response plan and who are responsible for specific duties during an emergency.</p> <p>M: Administrative - A designated individual is responsible for the implementation and maintenance of the Emergency Response Plans</p> <p>M: Administrative - Emergency Response Plans are in place detailing the</p>			



Hazard and Risk Management (HARM) Register

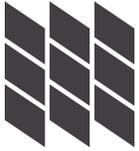


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>response and actions required to manage all likely potential events.</p> <p>M: Administrative - A process is in place to ensure that all workers as identified in the training needs analysis received the required customer experience training</p> <p>M: Administrative - Organisation to verify that is has in place documented procedures for the management and security of desirable assets</p> <p>M: Administrative - A process is in place to manage all workplace violence documentation including but not limited to: risk assessments, training records etc. to ensure they are retained and available for workers</p> <p>M: Administrative - Documented procedures are in</p>			



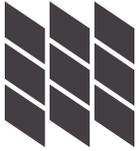
Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			place for recording and alerting workers of potential "high risk" customers or properties M: Administrative - A register or alert system is in place to identify premises or property where customers have been identified as "high risk" M: Administrative - A register or alert system is in place to record the details of persons who's access to Council services has been restricted for example those who have been issued a Trespass Notice M: Administrative - Documented procedures are in place to access and review alerts before undertaking work with high risk clients or in high crime areas/situations M: Administrative - A process in place			



Hazard and Risk Management (HARM) Register

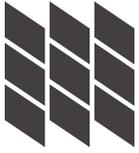
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			for conducting risk assessments for contracted work and the process includes consideration of workplace violence as a potential risk M: Administrative - A process is in place for monitoring and managing contracted work M: Administrative - Where relevant the risk of workplace violence is formally communicated to the contractor and controls for managing the risk are discussed and agreed by the organisation and the contractor before contracted work is commenced M: Administrative - A contractor management process in place that covers all contracted works M: Administrative - An Event Reporting Procedure is in place and it is also			



Hazard and Risk Management (HARM) Register

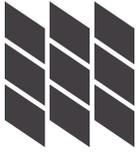


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>compliant with legislative requirements.</p> <p>M: Administrative - A process is in place to manage the outcomes of any harm to workers, contractors or visitors in such a manner that complies with the WDC Event Management Standard and also meet the businesses expectations around duty of care.</p> <p>M: Administrative - Documented procedures are place to initiate and provide early psychological and welfare support for any worker involved in a serious or traumatic event</p> <p>M: Administrative - Rehabilitation processes are in place for workers who are affected by workplace violence and are unable to</p>			



Hazard and Risk Management (HARM) Register

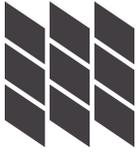
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			continue in their present role M: Administrative - A worker induction process is in place to ensure all workers are aware of the risk of workplace violence and the controls to manage this risk. M: Administrative - A process is in place to ensure a documented risk assessment is completed as per the Change Control Procedure to ensure the risk of workplace violence is considered before any new additions or modifications to the workplace, equipment, processes, service M: Administrative - A documented Change Control Procedure is in place to clearly articulate and inform all parties of any new additions or modifications to the workplace,			



Hazard and Risk Management (HARM) Register



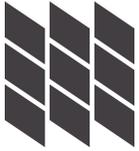
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>equipment or changes to existing procedures.</p> <p>M: Administrative - Documented procedures are in place for tasks that may expose workers to the risk of workplace violence and detail the actions to be taken to protect workers and others from violence</p> <p>M: Administrative - A process is in place to ensure that all workers as identified in the training needs analysis received the required training to manage the risk of workplace violence</p> <p>M: Administrative - A process is in place to identify roles/individual personnel who may or are at risk of workplace violence</p> <p>M: Administrative - For high risk roles a daily check process is in place to ensure</p>			



Hazard and Risk Management (HARM) Register



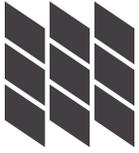
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>there are sufficient competent workers available to complete planned work safely</p> <p>M: Administrative - Planning processes are in place to allow for adjustments in staffing levels to manage situations or periods of additional risk</p> <p>M: Administrative - Trigger points for stopping work activity due to inadequate staffing levels or other extraordinary factors are established and communicated to all workers</p> <p>M: Administrative - There is a process whereby managers/leaders interact with workers daily as a means to assessing exposure to workplace violence and how individuals are coping</p> <p>M: Administrative - Effective processes</p>			



Hazard and Risk Management (HARM) Register

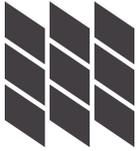


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>are in place to inform workers and others of managements commitment to zero-tolerance of workplace violence</p> <p>M: Administrative - A policy statement or similar is in place detailing management's commitment to zero-tolerance of workplace violence</p> <p>M: Administrative - Documented organisational risk assessments are completed as required by the ZHSMS 3.2 Workplace Violence Management Standard for facilities and workgroups.</p> <p>M: Administrative - A process is in place to capture and implement any corrective actions arising from the workplace violence risk assessment</p> <p>M: Administrative -</p>			



Hazard and Risk Management (HARM) Register

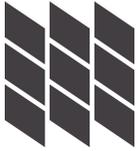
Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			A process is in place to undertake a risk assessment when workers are required to work with high risk clients or in high crime areas/situations M: Administrative - Personnel facilitating risk assessments are suitably trained and competent and the risk assessments included a physical observation and worker consultation. M: Administrative - Documented procedures are in place for the opening and closing of facilities including the provision of security services where required M: Administrative - Documented procedures are in place for all emergency alarm systems (for example panic or duress alarms) detailing how to use			



Hazard and Risk Management (HARM) Register

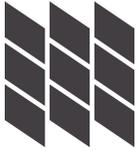


Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			<p>them</p> <p>M: Administrative - Processes are in place to monitor lone workers who are working in the community or away from the workplace.</p> <p>M: Administrative - Documented procedures are in place for managing the risk of working alone</p> <p>M: Administrative - A risk assessment is completed when workers are required to work alone and considers the hazard of workplace violence where applicable.</p> <p>M: Administrative - Pre-employment procedures are in place that outline the minimum suitability standards that must be met by candidates</p> <p>M: Administrative - A screening process is in place as part of recruitment to check individual job candidates for their</p>			



Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			role suitability for example Police Checks M: Administrative - An Employee Assistance Program is in place and available to all workers M: Administrative - A policy statement or similar is in place detailing management's commitment to zero-tolerance of workplace bullying and harassment M: Administrative - There is a documented Code of Conduct and a process is in place to ensure all workers are aware of its content M: Administrative - A process is in place to regularly check assigned security equipment M: Administrative - Organisation to verify that it has in place a register of all			



Hazard and Risk Management (HARM) Register

Risk / Hazard	HARM Description	IRA	Control methods	RRA	Status	Critical Risk
Hazard / Risk: Workplace Violence and Aggression						
			security equipment (for example panic and duress alarms) M: PPE Controls - Sufficient, fit for purpose personal protective equipment is available for workers as identified in the risk assessment process			

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	10 th March 2020
Prepared by	Lynn Shirley Zero Harm Manager
Chief Executive Approved	Y
Reference/Doc Set #	GOV1318 / 1866302
Report Title	Waikato District Council Zero Harm Report

1. EXECUTIVE SUMMARY

The purpose of this report is to present an overview of the Waikato District Council Zero Harm Safety Management System (ZHSMS) to the Audit & Risk Committee and provide an update on current health and safety performance.

2. RECOMMENDATION

THAT the report from the Chief Executive be received.

3. REPORT

Primary Objective

Council is committed to pursuing a culture of Zero Harm by eliminating or managing health, safety and wellbeing risks.

Our Zero Harm Safety Management System (consisting of policy, standards, processes and procedures) will enable us to develop a sustainable zero harm culture and achieve best practice health and safety performance.

We aim for more than just compliance by observing the principle that workers and others should be given the highest level of protection against harm to ensure their health, safety and wellbeing.

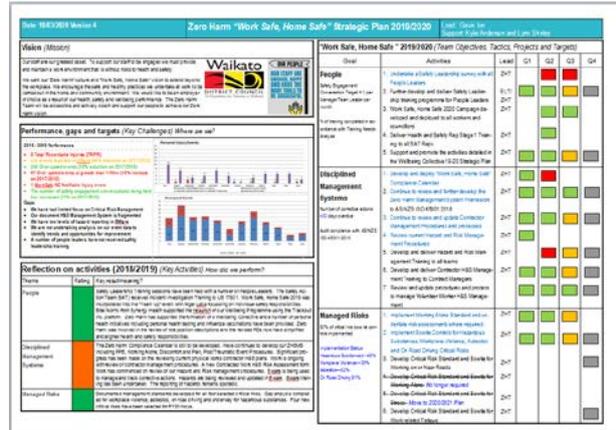


Disciplined Management Systems

Strategic Planning

The Zero Harm Team continues to progress activities detailed in the Zero Harm “Work Safe, Home Safe” Strategic Plan for FY20. Key activity over the last quarter has been the planning and delivery of the Work Safe, Home Safe 2020 Week in February.

The Zero Harm “Work Safe, Home Safe” Strategic Plan 2019-2020 V4 March Update is attached to this report for reference.



Zero Harm Safety Management System (ZHSMS)

Work has continued on reviewing and updating our documented safety management system. Recently developed and published components of include:

- ZHSMS 3.0 Critical Safety Risk Management Standard - following feedback from the KPMG External Health & Safety Governance Audit
- ZHSMS 3.5 On Road Driving Management Standard – new standard developed following review of the existing On Road Driving and Safe Use of Council Vehicle Policy

Key areas of focus for the next quarter include developing the critical risk management standards for:

- Work-related fatigue
- Working on or near roads

Hazard and Risk Management

The Executive Leadership Team (ELT) Champions have been assigned to each of the 14 critical safety risks as illustrated in the table below.

Critical Safety Risks	ELT Critical Safety Risk Champion
Asbestos	Alison Diaz
On Road Driving	Gavin Ion
Workplace Violence	Sue O’Gorman
Hazardous Substances	Clive Morgan
Working on or Near Roads	Roger McCulloch
Working with Dangerous Animals	Jacob Quinn
Working in a Confined Space	Ian Cathcart
Working at Height	Kurt Abbot
Work in or Near Trenches/Open Excavations	Ian Cathcart
Working with Energy	Gene Oudes
Working Over on Near Water	Tony Whittaker
Working with Firearms	Sue O’Gorman
Work-related Stress	Vanessa Jenkins
Work-related Fatigue	Vanessa Jenkins

In conjunction with the Zero Harm Team the role of a Critical Safety Risk Champion will include the following activities;

- Championing the management of critical safety risks

- Approving Critical Safety Risk Standards and any changes made to them
- Approving Bowties for the management of critical safety risks
- Allocating or gaining the support of ELT for the allocation of appropriate resources to identify and manage the critical safety risk
- Ensuring controls are implemented for managing critical safety risks
- Reporting and providing assurance to Council and the Audit and Risk Committee on the outcome of critical safety risk management activities

At the February Safety Action Team (SAT) meeting, representatives were also asked to select one or two critical safety risks that they would like to support the management of in conjunction with the ELT Champion. This approach has been well received by all the SAT representatives.

Over the next quarter the Zero Harm Team will meet with the champions of the following risks to establish and trial the newly revised critical safety risk management process;

- On Road Driving
- Workplace Violence

Zero Harm System Auditing

Work has been steadily progressing over the last three months on a number of the improvement actions identified during the Health & Safety Governance Audit undertaken by KPMG in November 2019. Proposed corrective actions have been developed for all improvement recommendations. These have been assigned and time bound using our electronic health and safety management system “BWare Safety Manager”. The following actions completed to date include;

- New Zero Harm Commitment (previously known as our Zero Harm Policy) has been reviewed, approved and launched as part of the Team Up event.
- H&S induction delivered to the newly elected Council
- Quarterly Zero Harm Councillor Workshop scheduled, with first workshop taking place on 16th March
- Critical Safety Risk Management Standard updated
- Executive Leadership Team (ELT) members assigned to each of the 14 critical safety risks
- Organisational governance structure reviewed and clarity provided in relation to health and safety governance activities

Contractor Management

The Zero Harm Team continues to meet with Community Projects Team on regular basis to co-design and review the Contractor Management process and its associated tools. Work is now underway to develop a more specialised audit tool to improve the auditing of a Contractor’s Health and Safety Plan for long term service delivery contracts

Consultation, Cooperation and Coordination

Work is progressing on finalising the Multiple PCBU H&S Consultation, Cooperation and Coordination Plan, following the meeting held with the co-located PCBUs at the Brownlee Avenue site.

Critical Safety Risk Management

Critical Safety Risk Management

As part of the Work Safe, Home Safe” FY 20 Strategic Plan quarterly review, an assessment of critical risk bowtie control implementation has been completed. An implementation target of 80% for our first four critical safety risks has been set for FY20. The following table summarises the current control implementation status.

Critical Safety Risk	Controls Implemented	Controls not yet Implemented	Implementation % (target of > 80%)
Workplace violence	16	25	39%
On Road Driving	30	3	91%
Asbestos	23	5	82%
Hazardous substances	22	21	48%

On Road Driving – Light Vehicles

Fourteen staff who were considered high risk drivers due to the amount of time they spend driving as part of their role, recently attended a one day pilot Driver Skills Workshop. The workshop included the following content;

- Braking
- Tyre maintenance
- Driver distraction
- Effects of Alcohol
- Driving on rural roads
- Speed
- Cruise control

Positive feedback was received from all participants and the Zero Harm Team will now investigate and progress the delivery of this training to other Council staff.

On Road Driving risk management was also key focus of the recent Work Safe, Home Safe Week. Key topics that were covered included;

- Pre-start visual checks
- Emergency equipment
- Fleetcoach Online Driver Training Programme



Workplace Violence

Lone worker personal safety monitoring devices (as illustrated in the photo) have been purchased and are being implemented in all high and medium risk teams. Workplace Violence risk management was also selected as a key focus during Work Safe, Home Safe Week.



People and Organisational Safety Culture

Work Safe, Home Safe Week 2020

Over the last six months the Zero Harm Team in conjunction with a number of other stakeholders have been planning our first ever “Work Safe, Home Safe” (WSHS2020) week. The week was held from 17th to 21st February and focussed on the following themes or areas of risk;

- Organisational commitment to Zero Harm
- Personal responsibilities for Zero Harm
- Health and wellbeing
- Critical safety risk - Workplace violence
- Critical safety risk – On road driving

The week commenced with all employees being provided with a Work Safe, Home Safe Induction Guidebook for 2020. Employees were then sent an online survey that required them to refer to the guidebook for the answers. To date 254 employees (74%) have completed the induction survey. All employees who completed the survey were given a cooler lunch bag.

We also engaged with a number of external agencies to provide training and information sessions during the week including;

- Fire and Emergency New Zealand (FENZ)
- St Johns
- Fleetcoach
- NZ Police
- Cert
- Waikato Occupational Health Consultancy Ltd

The following table illustrates the level of attendance and participation at the events held during the week.

Event or activity description	Number of attendees or participants
NZ Police Serious Crash Investigation Unit presentation	49
On Road Driving Vehicle Inductions	47
Cert Personal and Situational Safety presentation	47
Fleetcoach Driver Training presentation	32
FENZ Kitchen Fire Safety presentation	26
FENZ and St Johns Motor Vehicle accident display	61
Personal health testing	135

Safety Engagement Conversations

Engaging with our people and discussing health, safety and wellbeing issues and providing recognition has continued to remain a key area of focus. A total of 437 conversations were recorded in BWare Safety Manager for the period Dec 2019 to Feb 2020. There was only 277 conversations recorded during the same time period in 2018/2019. The attached Zero Harm Dashboard illustrates safety performance for February.

4. DISCUSSION AND ANALYSIS OF OPTIONS

4.1 DISCUSSION

This report is to assist Councillors with their due diligence requirements as Officers. The report should start the conversation and provide opportunities for Councillors to raise questions and discuss progress.

4.2 OPTIONS

Council could choose to accept the report or not. Council could ask for additional information if needed.

5. CONSIDERATION

5.1 FINANCIAL

There are no direct financial requirements identified in this report.

5.2 LEGAL

This report is prepared as part of assisting Council to meet its duties in accordance with the Health and Safety at Work Act 2015 and associated regulations.

5.3 STRATEGY, PLANS, POLICY AND PARTNERSHIP ALIGNMENT

Council has a Zero Harm Commitment (Policy) and Zero Harm Strategy which forms the basis of our health and safety philosophy and management system.

5.4 ASSESSMENT OF SIGNIFICANCE AND ENGAGEMENT POLICY AND OF EXTERNAL STAKEHOLDERS

Highest levels of engagement	Inform	Consult	Involve	Collaborate	Empower
	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Councillors, as Officers under the Health & Safety at Work Act 2015 are required to undertake due diligence to ensure appropriate health & safety systems are in place and operating.				

State below which external stakeholders have been or will be engaged with:

Planned	In Progress	Complete	
			Internal
			Community Boards/Community Committees
			Waikato-Tainui/Local iwi
			Households
			Business
			Other Please Specify

6. CONCLUSION

This report provides an update on our Zero Harm Safety Management System and monthly health and safety performance.

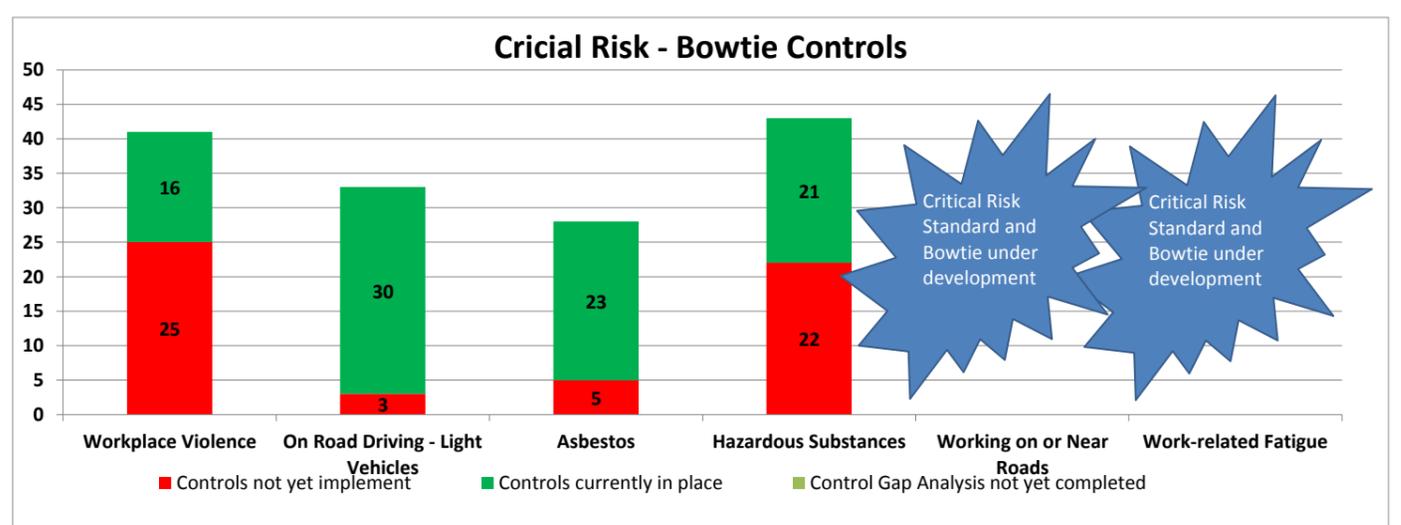
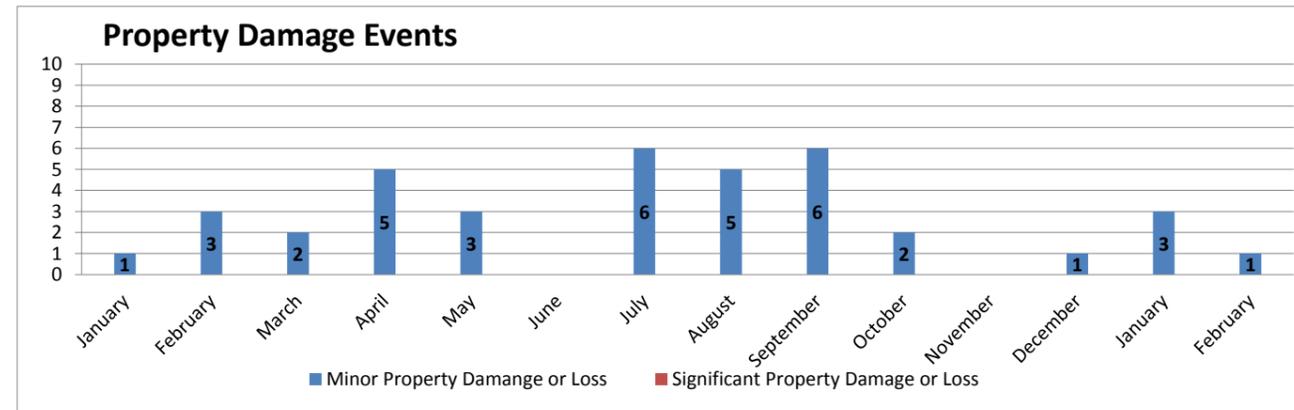
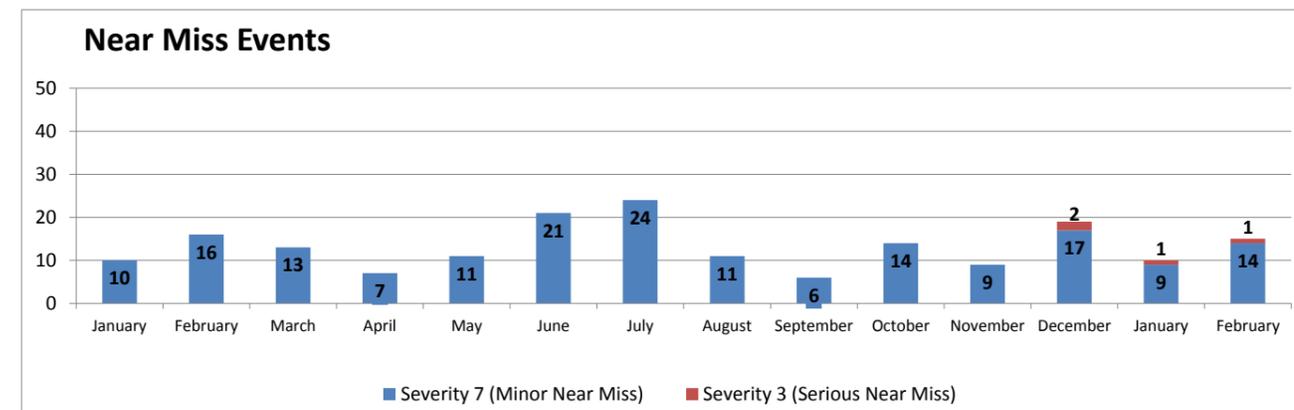
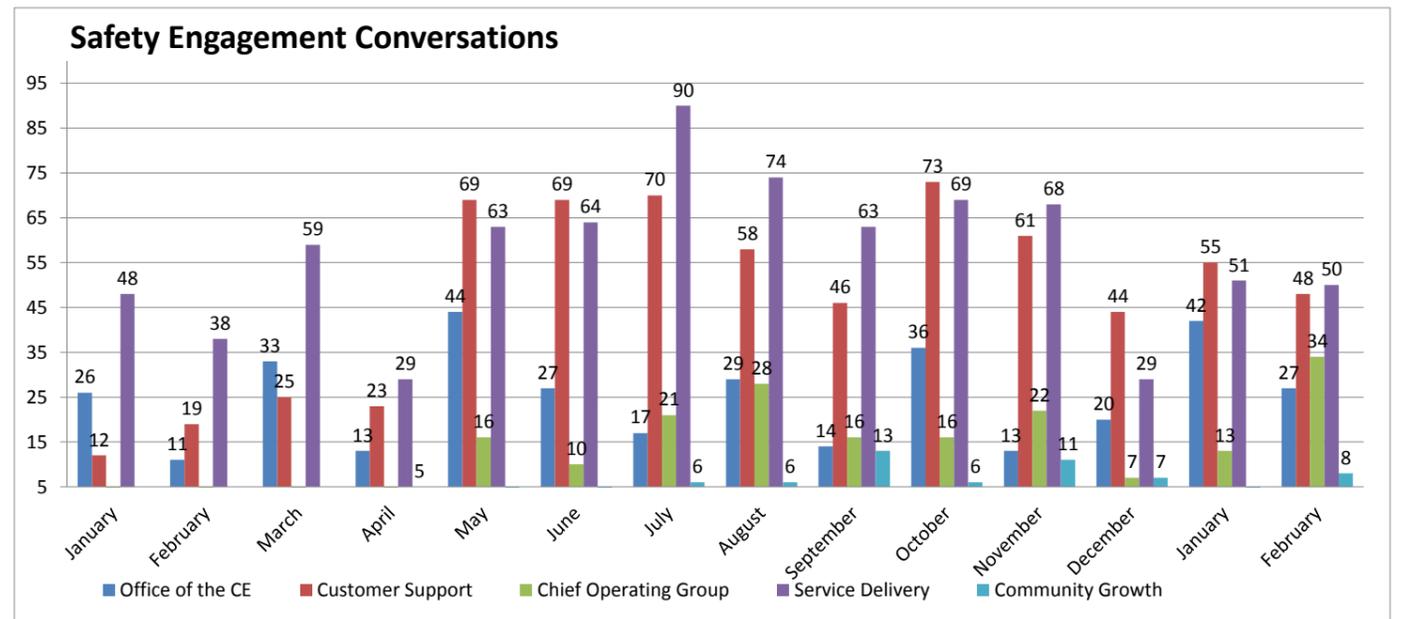
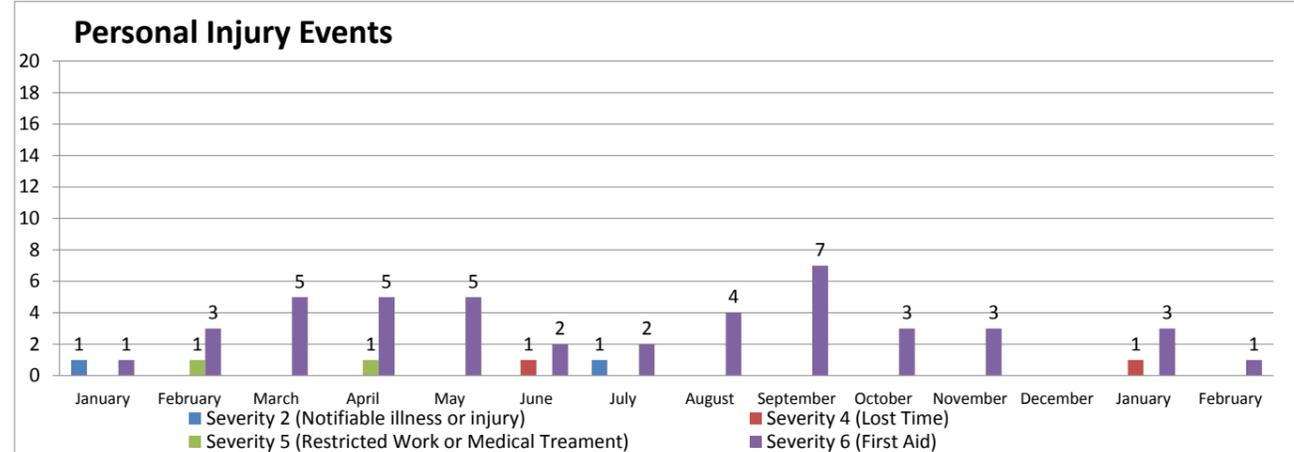
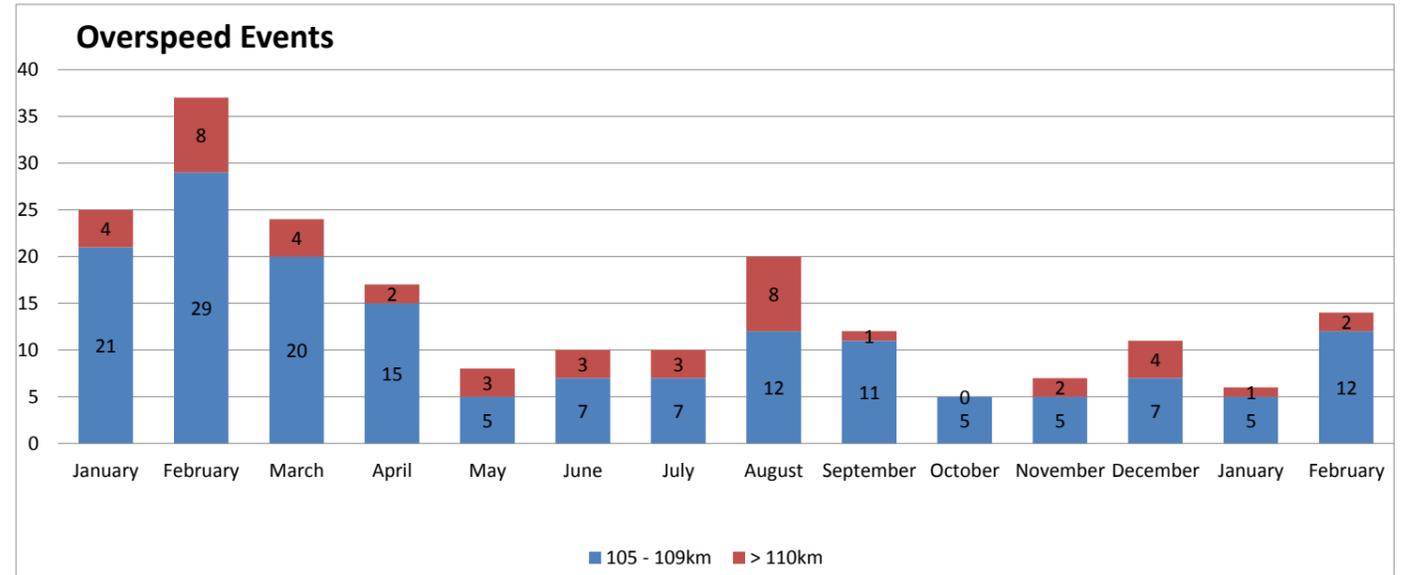
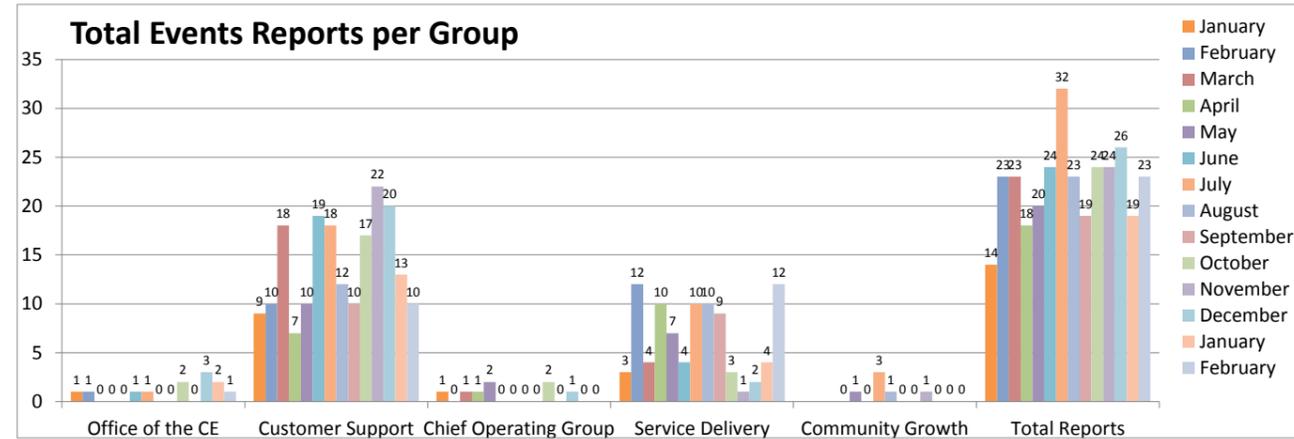
7. ATTACHMENTS

Zero Harm Dashboard – (February 2020)

Zero Harm “Work Safe, Home Safe” Strategic Plan 2019-2020 V4 March 2020

Zero Harm Dashboard - February 2020

As at 6 March 2020



“Work safe, home safe”

Vision (Mission)

Our staff are our greatest asset. To support our staff to be engaged we must provide and maintain a work environment that is without risks to health and safety.

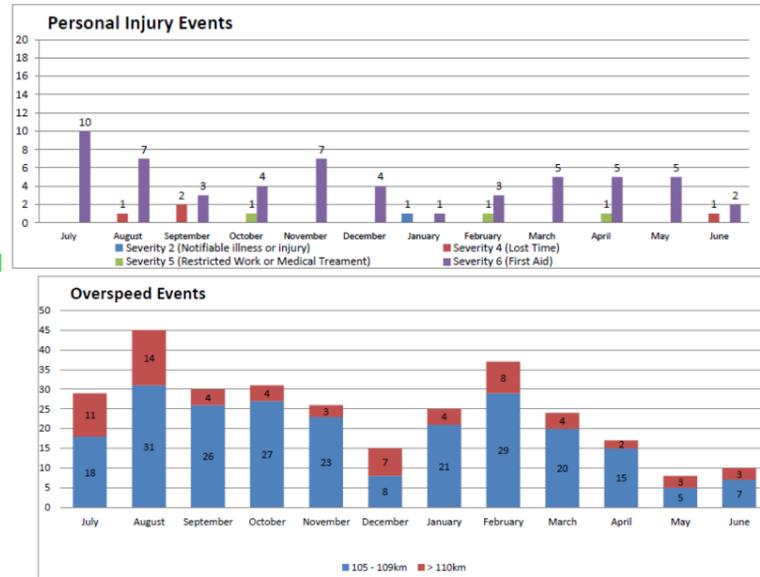
We want our "Zero Harm" culture and "Work Safe, Home Safe" vision to extend beyond the workplace. We encourage the safe and healthy practices we undertake at work to be carried out in the home and community environment. We would like to be an employer of choice as a result of our health, safety and wellbeing performance. The Zero Harm Team will be accessible and actively coach and support our people to achieve our Zero Harm vision.



Performance, gaps and targets (Key Challenges) Where are we?

2018 / 2019 Performance

- 8 Total Recordable Injuries (TRIFR)
- 334 events reported in BWare (46% reduction on 2017/2018)
- 248 Over speed events (10% reduction on 2017/2018)
- 67 Over speed events at greater than 110km (15% increase on 2017/2018)
- 1 WorkSafe NZ Notifiable Injury event
- The number of safety engagement conversations being held has increased (71% on 2017/2018)



Gaps

- We have had limited focus on Critical Risk Management
- Our document H&S Management System is fragmented
- We have low levels of hazard reporting in BWare
- We are not undertaking analysis on our event data to identify trends and opportunities for improvement
- A number of people leaders have not received safety leadership training

Reflection on activities (2018/2019) (Key Activities) How did we perform?

Theme	Rating	Key result/meaning?
People	Green	Safety Leadership Training sessions have been held with a number of People Leaders. The Safety Action Team (SAT) received Incident Investigation Training to US 17601. Work Safe, Home Safe 2019 was incorporated into the "Team Up" event with Nigel Latta focussing on individual safety responsibilities. Brad Norris from Synergy Health supported the relaunch of our Wellbeing Programme using the Tracksuit Inc. platform. Zero Harm has supported the formation of a Wellbeing Collective and a number of personal health initiatives including personal health testing and influenza vaccinations have been provided. Zero Harm was involved in the review of role position descriptions and the revised PDs now have simplified and aligned health and safety responsibilities.
Disciplined Management Systems	Orange	The Zero Harm Compliance Calendar is still to be developed. Have continued to develop our ZHSMS including PPE, Working Alone, Discomfort and Pain, Post Traumatic Event Procedures. Significant progress has been made on the reviewing current physical works contractor H&S plans. Work is ongoing with review of contractor management procedures. A new Contracted Work H&S Risk Assessment form. Work has commenced on review of our Hazard and Risk management procedures. Bware is being used to manage and track corrective actions. Hazards are being reviewed and updated in Bware. Bware training has been undertaken. The reporting of hazards remains sporadic.
Managed Risks	Green	Documented management standards developed for all four selected critical risks. Gap analysis completed for workplace violence, asbestos, on road driving and underway for hazardous substances. Four new critical risks have been selected for FY20 focus.

"Work Safe, Home Safe" 2019/2020 (Team Objectives, Tactics, Projects and Targets)

Goal	Activities	Lead	Q1	Q2	Q3	Q4
People Safety Engagement Conversation Target = 2 per Manager/Team Leader per month % of training completed in accordance with Training Needs Analysis	1. Undertake a Safety Leadership survey with all People Leaders	ZHT		Red	Red	
	2. Further develop and deliver Safety Leadership training programme for People Leaders	ELT/ ZHT	Green	Green	Yellow	Grey
	3. Work Safe, Home Safe 2020 Campaign developed and deployed to all workers and councillors	ZHT		Green	Green	
	4. Deliver Health and Safety Rep Stage 1 Training to all SAT Reps	ZHT		Green		
	5. Support and promote the activities detailed in the Wellbeing Collective 19-20 Strategic Plan	ZHT	Green	Green	Yellow	Grey
Disciplined Management Systems Number of corrective actions >30 days overdue Audit compliance with AS/NZS ISO 45001:2018	1. Develop and deploy "Work Safe, Home Safe" Compliance Calendar	ZHT	Green	Red		
	2. Continue to review and further develop the Zero Harm Management System Framework to AS/NZS ISO 45001:2018	ZHT	Green	Green	Green	Grey
	3. Continue to review and update Contractor Management Procedures and processes	ZHT	Green	Green	Yellow	Grey
	4. Review current Hazard and Risk Management Procedures	ZHT	Green			
	5. Develop and deliver Hazard and Risk Management Training to all teams	ZHT		Red	Yellow	Grey
	6. Develop and deliver Contractor H&S Management Training to Contract Managers	ZHT	Green	Green	Yellow	Grey
	7. Review and update procedures and process to manage Volunteer Worker H&S Manage-	ZHT	Green	Green	Green	Grey
Managed Risks 80% of critical risk bow tie controls implemented Implementation Status Hazardous Substances—48% Workplace Violence—39% Asbestos—82% On Road Driving 91%	1. Implement Working Alone Standard and undertake risk assessments where required.	ZHT	Green	Green	Yellow	
	2. Implement Bowtie Controls for Hazardous Substances, Workplace Violence, Asbestos and On Road Driving Critical Risks	ZHT	Green	Green	Yellow	Grey
	3. Develop Critical Risk Standard and Bowtie for Working on or Near Roads	ZHT				Grey
	4. Develop Critical Risk Standard and Bowtie for Working Alone <i>No longer required</i>	ZHT				
	5. Develop Critical Risk Standard and Bowtie for Stress <i>Move to 2020/2021 Plan</i>	ZHT				
	6. Develop Critical Risk Standard and Bowtie for Work-related Fatigue	ZHT				Grey

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	6 March 2020
Prepared by	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2541870
Report Title	Tax Risk Management Update

I. EXECUTIVE SUMMARY

The Audit & Risk Committee supported the adoption of a Tax Governance Framework in 2015. The purpose of the framework is to ensure Council moves towards and maintains best practice governance and tax compliance standards. The framework documents Council's tax risk management strategy (low risk profile), staff responsibilities, and reporting mechanisms for tax related issues. Inland Revenue has also signalled its expectations that all large organisations have tax risk management incorporated within their governance framework.

This report identifies the relevant tax issues for the 2018/19 financial year and the current year to date in accordance with Council's Tax Governance Framework.

2. TAX RISK MANAGEMENT UPDATE

Tax issues in excess of \$10,000

Staff identified one GST compliance issue in the financial year to date. As a result, Council's tax advisors, PwC, have been instructed to make the following voluntary disclosure to the Inland Revenue Department ("IRD"):

- a) GST incorrectly returned on Council's dog registrations during the GST periods ended 31 May 2014 to 28 February 2018 (inclusive) – Refer *Appendix A and B*. PwC have had verbal confirmation that the legal team of Inland Revenue have supported the disclosure and hence the matter should be concluded soon.

Tax Returns and Payments

All tax returns and tax payments were made within the relevant timeframes during the 2018/19 financial year and in the current year to date. Procedures put in place since the last report to Council have ensured deadlines are met and no penalties have been incurred.

Tax Advice

Council sought external tax advice from PwC on the following issues during the course of the 2018/19 financial year:

- Requested assistance with the preparation and filing of Council's income tax return for the year ended 20 June 2019.
- Requested an updated Tax Governance Framework to replace Council's outdated framework.
- Requested assistance in relation to the tenancy agreements for accommodation provided to employees.
- Requested assistance in determining the GST treatment of an insurance excess payment.
- Requested advice regarding the tax treatment of backdated remedial payment of holiday pay.

Reviews

Only one review has been undertaken during the period covered by this report. The PAYE and WHT compliance evaluation was completed in March 2020.

The evaluation found a high level of compliance and notes the payroll risk areas often seen at the other organisations and targeted by Inland Revenue in investigations do not appear to be risks for Council.

Notwithstanding the high level of compliance by Council, the report documents some areas which require attention. The principal risk areas and mitigating actions are:

- Key person risk – ensuring processes are well documented
- Employee versus contractor distinction – ensuring budget holders are aware of potential tax issues and using a systematic process to assess each situation
- Higher salary employees (total remuneration vs salary sacrifice) – existing and future arrangements to be referenced as total remuneration packages

Possible Risks

- While Inland Revenue has not been active in the local authority sector in the past few years, one local authority received a risk review in late 2019, the focus of which was on indirect taxes and income tax.
- Inland Revenue's ongoing internal transformation has caused disruption in some areas. It has been noted that funds are automatically being swept from one tax type to another tax type to meet a tax payment in another account, in some cases prior to the due date.
- Council is reconciling monthly all MyIR balances as part of the compliance process.

Other matters of note

Some other relevant points of note:

- Inland Revenue continues to encourage public sector organisations to be tax compliant. One of the standard questions when Inland Revenue review any organisation is whether there has been an independent assessment of tax compliance, and if so, to request any reports issued.
- Once the Inland Revenue transformation project is fully operational more data will be available to the department. The final step in the transformation journey is for individuals to receive pre-populated accounts. It is expected that from 31 March 2020 all individuals

will be issued with these. Council is ensuring our Payday filing transitions have been successful.

- Inland Revenue recently confirmed that local authorities should not account for GST on rates in relation to Council owned residential properties. Council will commence an investigation into its approach to GST for rates on residential properties it owns to ensure the correct GST treatment is applied. If Council has historically accounted for output tax in relation to rates on residential property, we will quantify the refund and consider claiming a refund or filing voluntary disclosure.

3. RECOMMENDATION

THAT the report from the Chief Financial Officer be received

4. ATTACHMENTS

PwC Annual Update

Waikato District Council Annual Tax Update Year to 30 June 2019

By Phil Fisher & Josie Goddard
September 2019



1

Report: Tax
Annual Update
to the Audit and
Risk Committee

Tax Governance & Tax Risk Management

Introduction

Waikato District Council (Council) adopted its Tax Governance Framework in 2015. It was a proactive step towards identifying and managing tax risk in order to maintain Council's low risk profile.

A Tax Risk Management Strategy was established at the time of the Tax Governance Framework being introduced, and has been operational for 3 full years. It is timely for Council's Tax Governance Framework and Tax Risk Management Strategy to be refreshed. In February 2019 Council requested an updated Tax Governance Framework for presentation to the Audit and Risk Committee (Committee).

We have prepared this annual tax update as a report to Council's Committee on progress made during the period to 30 June 2019.

This memorandum provides:

- A summary of the more substantive tax advice Council has sought from PwC during the period 1 July 2018 to 30 June 2019.
- Commentary on tax matters currently being addressed as at 30 June 2019.
- A more general update on the wider tax environment which may affect Council, albeit kept to a high-level – refer *Part Three*.

Context

Council is largely exempt (not completely) from income tax. However, Council pays significant amounts of indirect taxes including:

Tax Type	12 months to 30 June 2019
GST Output tax paid	\$19,190,939
GST Input tax claimed	\$13,938,117
PAYE & ACC	\$8,800,714
FBT	\$137,718

Significant work undertaken in Year to 30 June 2019

It is appropriate to report to the audit and risk committee on significant tax issues that arose throughout the year.

Council set a Tax Risk Management Strategy in conjunction with their Tax Governance Framework. Council has historically been proactive in achieving its planned strategy. Details of Council's proposed future strategy can be seen in *Part Two*.

For the most part, the tax compliance of Council has been 'business as usual' for much of the year with the various tax returns (income tax, GST, PAYE, FBT, etc.) being filed on time and without any concerns being raised.

Relevant tax work undertaken throughout the year included Council:

- Requesting assistance with the preparation and filing of Council's income tax return for the year ended 30 June 2018.
- Requesting an updated Tax Governance Framework to replace Council's outdated framework.
- Requested assistance in relation to the tenancy agreements for accommodation provided to employees.
- Requested assistance in determining the GST treatment of an insurance excess payment.

In addition, to support the ongoing tax risk management, Council:

- Sought assistance on a number of ad hoc queries by utilising the PwC Tax Helpdesk to strengthen their business decisions with confirmation of the potential impact of the relevant tax issues.
- Has continued to subscribe and actively use PwC's online tax policies and guides.

During the year, Council had a temporary hiatus in tax work, due to a change in personnel. However, Council has requested that PwC undertake a PAYE Compliance Evaluation in November 2019, in line with Council's proposed Tax Risk Management Strategy.

Council has taken a proactive approach to tax risk management in the past. This is particularly relevant given the increased focus by Inland Revenue on tax governance and the tax control framework. It is important to continue to keep this focus moving into the future. To develop this focus we have proposed an updated Tax Risk Management Strategy in accordance with Council's proposed Tax Governance Framework, – refer *Part Two*.

2

Report:
Tax Strategy
Year to 30 June 2022

Tax Strategy

Current Proposed Strategy to 30 June 2022

Tax services	Prior strategy			Proposed Future strategy		
	Financial year ending 30/6/2017	Financial year ending 30/6/2018	Financial year ending 30/6/2019	Financial year ending 30/6/2020	Financial year ending 30/6/2021	Financial year ending 30/6/2022
Tax helpdesk facility	✓	✓	✓	✓	✓	✓
Access to online taxation policies	✓	✓	✓	✓	✓	✓
Tax compliance reviews						
• Traditional PAYE / withholding taxes				✓		
• PAYE Analytics				✓		
• GST	✓				✓	
• FBT						✓
• MyTax Strategy review		✓				
Income tax return independently reviewed	✓	✓	✓	✓	✓	✓
Tax agency – income tax	✓	✓	✓	✓	✓	✓
External advice sought on major tax issues	✓	✓	✓	✓	✓	✓
Tax training provided to staff	As Required					

Council personal will be in attendance at PwC's local government taxes training in November 2019.

3

Report:
Tax
Developments

Tax Developments

A brief overview of relevant tax developments over the year.

Other relevant points of note that will impact Council include:

- Inland Revenue continues to encourage public sector organisations to be tax compliant. One of the standard questions when Inland Revenue review any organisation is whether there has been an independent assessment of tax compliance, and if so, to request any reports issued. We note that the increasing focus of the BCP programme (used for large Corporates) has been on the employment taxes and GST, with a significantly reduced focus on income tax matters. While Inland Revenue has not been active in the local authority sector for a couple of years now, one local authority received a risk review this month, the focus of which was on indirect taxes and income tax.
- Inland Revenue's ongoing internal transformation has caused disruption to usual services. Clients are noting refunds automatically being swept from one tax type to meet a tax payment in another account. This is sometimes occurring prior to a due date. This is frustrating and time consuming to rectify, often requiring multiple communications with Inland Revenue. We encourage clients to ensure all MyIR account balances are reconciled as a final step in the compliance process. We recommend that this reconciliation occur at least monthly.
- Once the Inland Revenue transformation project is fully operational we can expect to see the results of their ability to see significantly more data about each taxpayer. The final step in the Transformation journey is for individuals to receive pre-populated accounts. While there have been some such accounts issued this year, we expect from 31 March 2020 that all individuals will be issued with these. We are encouraging our clients to ensure they are comfortable that their Payday filing transitions have been successful by applying analytical tools across their payroll data. Ideally employers would identify any risk areas before employees are given their first pre-populated accounts.
- The Tax Working Group issued its final report in February 2019. The Government is currently considering the recommendations made. The most significant recommendation was the proposed introduction of a capital gains tax which has now officially been rejected by the Government.
- Inland Revenue's policy regarding mileage allowances is that an allowance that is based on either the Inland Revenue's published reimbursement kilometre rates or a reasonable estimate of actual motor vehicle costs can be paid tax free. Updated mileage reimbursement rates are set out in [OS 19/04a](#) and [OS 19/04b](#). The most relevant operational statement is [OS 19/04b](#), which relates to reimbursing employees for mileage. This statement is not for those who are self-employed, such as elected officials and members of boards and committees.
- Donee organisations must now be either on Schedule 23 of the Income Tax Act 2007 as approved donee organisations or listed on the charities register in a move to ensure greater transparency of donations tax credits. This could impact local authorities income tax positions.
- Inland Revenue recently confirmed that local authorities should not account for GST on rates in relation to Council owned residential properties. We suggested revisiting how Council is approaching the GST for rates on residential properties it owns to ensure the correct GST treatment is applied. If Council has historically accounted for output tax in relation to rates on residential property, we recommend quantifying the refund and considering claiming the refund in a subsequent GST return (subject to thresholds below), or filing a voluntary disclosure.

Broader Tax Developments

A brief overview of relevant tax developments over the year.

Other broader tax developments include:

- From 1 July 2019 a local authority who is a member of a Tax Consolidated Group will no longer receive all of the benefits of being in a Tax Consolidated Group. Whilst local authorities will remain eligible to be members of Consolidated Tax Groups, from 1 July 2019 dividends derived by a local authority from a CCO that is member of a Consolidated Tax Group will no longer be excluded income for income tax purposes ie such dividends will have to be included in the calculation of taxable income of the Consolidated Tax Group. Effectively this means that dividends paid by a CCO to a local authority will be subject to income tax post 1 July 2019, although imputation credits can be attached to those dividends. Other non-dividend income such as interest, rental income, management fees etc that are paid between the tax CCO and parent local authority will continue to be 'ignored' where a consolidated tax group exists. This is potentially a 'temporary' change, with a more fulsome review of local authority taxation to be undertaken by Inland Revenue.
- From 1 April 2020 Donee Organisations are required to be listed with Charities Services in order for donors to be able to claim tax credits for donations made to them. [QB 19/10](#) was also released clarifying the requirements of a donee organisation to establish and maintain a fund under s LD 3(2)(c) of the Income Tax Act 2007. The consultation reference for this item was PUB00337.
- Payday Filing went live 1 April 2019 requiring employers to submit PAYE returns within 2 days of a payday.
- Interpretation Statement [IS 18/07](#): "Goods and services tax — zero-rating of services related to land" was released December 2018. The interpretation statement concerns 1 April 2017 amendments to the Goods and Services Tax Act 1985. The amendments relate to the circumstances in which services related to land can be zero-rated under s 11A(1)(e) and (k).
- Interpretation statement [IS 18/04](#): "Goods and services tax – single supply or multiple supplies" updates and replaces IS 17/03: "Goods and services tax – single supply or multiple supplies".
- IRD Numbers required on all property transactions [Supplementary Order Paper \(SOP\) No 248](#) to the Taxation (Annual Rates for 2019-20, GST Offshore Supplier Registration, and Remedial Matters) Bill (114-2). The SOP includes a proposal that will require all buyers and sellers of property to provide their IRD number as part of the transaction process. Previously, those buying or selling a main home did not have to provide an IRD number.
- Regulations have been issued providing for how errors in an employer's employment income information for a payday may be corrected. Tax Administration (Correction of Errors in Employment Income Information) Regulations 2019 (LI 2019/62) were notified on 28 March 2019.
- Standard Practice Statement [SPS 19/02](#) — Voluntary disclosures has been released by Inland Revenue with application from 27 March 2019. It replaces SPS 09/02 and follows the 2018 consultation document, ED0201.
- [IS 19/01: Income tax — application of schedular payment rules to non-resident directors' fees](#) The Interpretation Statement considers the situations in which tax must be withheld from directors' fees paid to non-residents. This includes a discussion of when directors' fees paid to non-residents are considered to have a New Zealand source. The Interpretation Statement then goes on to consider when and how much tax must be withheld and paid to the Commissioner, if withholding is required from directors' fees paid to a non-resident.

Broader Tax Developments (cont'd)

A brief overview of relevant tax developments over the year.

- Research and Development tax credit scheme introduced. The 15% tax credit is available from the beginning of the 2019/20 income year for income tax payers.
- GST on low value (under \$1,000) imported goods rules will apply from 1 December 2019. GST will apply at 15% on what will be known as “distantly taxable goods” and offshore sellers, marketplaces and re-deliverers who exceed the GST threshold (NZD\$60,000) will be required to register for GST.
- The criteria for self-correction of errors in later income tax, FBT or GST returns been replaced with a combination of a monetary threshold and materiality threshold. Taxpayers now have the option of correcting an error in a subsequent return, provided it is not material and the purpose isn't to delay the payment of tax, when the error results in a difference of tax to pay that is equal to or less than the lower of:
 - \$10,000 of tax; and
 - 2% of the taxpayers annual gross income, or GST output tax.

Local Government relevant matters

- PwC undertook some research recently into urbanisation. Whilst focussed around the 6 largest centres in New Zealand, it is an interesting read and provides some food for thought. A further article in the New Zealand Herald discussing the comparison in discretionary income between Auckland and Napier after factoring in housing and transport costs is also worth noting. Links below.
 - https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12148026
 - <https://www.pwc.co.nz/insights-and-publications/2019-publications/citiesinstitute.html>
- Infrastructure Funding - The Government is currently investigating means by which large infrastructure projects can be funded where local authorities have funding constraints. This is an ongoing piece of work and brings into spotlight the limited means by which local authorities can currently generate revenue.
- Local Government Funding Inquiry - The Productivity Commission released their draft (and rather lengthy!) report – the briefer summary can be found at the following link. Submissions can be made on the draft report before the end of August, and a final report is due to be issued by 30 November 2019. The Department of Internal Affairs conducted workshops with over 60 councils to review the operation of the Local Government Financial Management System and were intending to feed the insights from those workshops into their response.
 - <https://www.productivity.govt.nz/inquiry-content/3819?stage=3>
- The Wellbeing Budget has been the most recent output following some increased focus of the government in this area. Whilst there are a number of criticisms being imposed, and this is very much the start of a journey, this will be a key focus of this government, and is naturally of relevance to local government given the four key Wellbeing pillars of the Local Government Act
- Tax Policy have invited us to an open discussion on the tax framework for local government. Whilst it may be some time before any conclusions are reached, and legislative changes enacted, this is consistent with their previously signalled review of the income tax legislation as it applied to local government.

Tax Working Group Final Report

Released February 2019

Key recommendations with regards to the New Zealand tax system:

- **Capital gains tax:** Extend the existing coverage of taxing capital gains. Eight of the 11 members of the TWG favoured a broad capital gains tax that would apply at full income tax rates, on realisation (sale or other disposal) of an asset and with no allowance for inflation. This has now been ruled out by the Government and will not go ahead.
- **Environment taxes:** In the short term, expand the coverage and rate of the Waste Disposal Levy, strengthen the Emissions Trading Scheme (ETS) and advance the use of congestion charging. Strengthening the ETS would involve all emissions (including from agriculture) facing a price. Tax instruments that address water pollution and the extraction of water from rivers, streams and aquifers, are also discussed.
- **Company tax:** No plans to alter the company tax rate or move away from the imputation system.
- **Personal income tax:** Consideration was given to raising the bottom income tax threshold (currently \$0 - \$14,000) to \$20,000 or \$30,000, and potentially combining this with an increase in the second marginal tax rate (currently 17.5%) to 21%.
- **Retirement savings:** Encourage greater participation in KiwiSaver for low-income earners through various measures, including refunding the ESCT for KiwiSaver members earning less than \$48,000, increasing the member tax credit from 0.50 to 0.75 per \$1 of contribution and reducing the PIE rates for KiwiSaver funds,
- **Digital services tax:** Be ready to implement a digital services tax to if a critical mass of other countries move in that direction and New Zealand's export industries are not materially impacted.

Other possible areas earmarked for reform are changes to the loss continuity rules for start-ups, bringing back depreciation deductions on buildings if capital gains tax is extended, expanding deductions for 'black-hole' expenditure, and concessions for nationally significant infrastructure projects.

The full report can be found at: <https://taxworkinggroup.govt.nz/resources/future-tax-final-report>

PwC commentary on the report can be found at: <https://www.pwc.co.nz/insights-and-publications/subscribed-publications/tax-tips/2019-02-21.html>

Thank you

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Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	13 March 2020
Prepared by	Madelina Baena-Escamilla (Continuous Improvement Analyst) Bessie Clarke (Corporate Planner) Lynn Shirley (Zero Harm Manager)
Chief Executive Approved	Y
Reference #	GOV1318 / 2541534
Report Title	Quality and Governance Assurance

I. EXECUTIVE SUMMARY

This report outlines those activities within programmes designed to provide quality improvement and assurance within the organisation. It covers:

- Business Process Improvement Programme;
- Internal Audit activity; and
- Independent Audit NZ reviews.

2. DISCUSSION

2.1. Business Process Improvement Programme

- **Internal Audit Schedule (2019 – 2020)**

The process audit programme for quarter three of the 2019/2020 financial year has been completed. Note however that two internal audits from this period were postponed and have been included in the schedule for the final quarter.

A dashboard summary of Internal Audit outcomes is presented in Table I, including the number the internal audits planned and undertaken, the findings and the number of outstanding non-conformances.

The detail of the two major non-conformances identified in the Internal audits undertaken in the last three months, and the actions to be taken by the process owner and expert are shown in Table 2.

Table 1 - Outcome of the 2019-2020 Internal Audit schedule

Team	Internal Audits - Planned	Internal Audits - Undertaken	Major Non-Conformances	Minor Non-Conformances	Recommendations	Outstanding Non-conformances
Total			6	18	118	9
Animal Control	4 Audits 15 Processes	4 Audits 15 Processes	4	0	37	1
Operations - Finance - Revenue	1 Audit 3 Processes	1 Audit 3 Processes	1	1	5	1
Operations - People & Capability	1 Audit 4 Processes	1 Audit 4 Process	0	12	6	4
Service Delivery – Community connections - Venue and Events	1 Audit 2 Processes	1 Audit 2 Processes	0	1	11	1
Service Delivery – Strategic Property	1 Audit 3 Processes	1 Audit 3 Processes	0	0	8	0
Service Delivery – Contracts & Partnering	1 Audit 4 Processes	1 Audit 4 Processes	0	0	26	0
Service Delivery - Community Assets	1 Audit 3 Processes	Postponed				
Chief Executive	1 Audit 2 Processes	1 Audit 2 Processes	0	3	9	0
Community Growth - Economic and Community Development	1 Audit 2 Processes	The internal auditor has carried out the audit, he is writing the report.				
Customer Support - Consents	1 Audits 2 Processes	1 Audit 2 Processes	1	1	16	2
Customer Support - Consents	1 Audits 2 Processes	Postponed				
Red	Major Non-conformances haven't been addressed					
Orange	Minor Non - Conformances haven't been addressed					
Green	All Non - Conformances have been addressed / There were no Non - Conformances					

Table 2- Actions to be taken

Name of Process	Auditor's Findings	Recommendations and Actions to be Taken (Process Owner)
Prepare and Strike Annual Rates	The Rates Strike Process Lacks Detail	Agreed. The Rates Strike Process lacked detail to the extent that it would not have been a sufficient tool to undertake the process. Resources will be allocated to document the correct process as the Rates Strike and Charge Run process informs how Council will charge and collect the correct rates revenue to fund its activities. All Rates processes in will be updated in Promapp prior to 30 June 2020
Receive, set up and undertake Section 88 Check	Step 1.0 (B) Step is not being carried out by staff and another step has been introduced in its place. Outlines that cheques are received, photocopied and put in a safe. This does not take place and should be removed as payment is receipted into building suspense account. Promapp process should be updated	The report was sent to the process owner on the 2nd of March; they have until the first week of April to respond to the report.

One non-conformance from previous internal audits is still outstanding; in the table below is the update on this action.

Name of Process	Auditor's Findings	Recommendations and Actions to be Taken (Process Owner)	Update on outstanding Actions (Process Owner)
AdHoc Bulk Mail Out (via Word Mail Merge)	Requests to service desk for raw data is not always done, staff are using their own databases.	<p>Promapp process is required from the appropriate business owner.</p> <p>Records have little control over groups using their own databases. If groups are using their own standalone data source they must still review this data using the same proposed checklist in NIC3.</p> <p>Include in the revised process the requirement that data from standalone data sources must also be reviewed by Records before use.</p> <p>Include detail in the revised process about the risk of using standalone data sources.</p>	A business owner for raw mailing data requests has not yet been identified however, through the redrafting of promapp process Records are being kept better informed by the Solutions TL of data requests that are being made through the Service Desk

For more detailed information about the outcome of the Internal Audits. See 2. Process Audit Status (2019-2020) as at 09-03-2020 document attached.

- **Policy Review**

The work programme for reviewing internal and external Council policies is progressing as follows:

Policies published and/or reviewed and updated in the last three months:

- Protected Disclosures Policy 2020
- Records Management Policy 2019
- Gifts and Hospitality Policy 2019
- The Zero Harm Commitment/Policy 2020

Other policies being created or reviewed are:

- Backflow Prevention Policy
- Dog Control Policy
- Firearms Policy
- Unreasonable Complainant Conduct Policy

Policies planned to be reviewed in the following months:

- Development Contributions Policy
- Significance and Engagement Policy

- **Improvement Forum**

The Improvement Forum is focused on actions defined in the Continuous Improvement (CI) Plan. Work has also been completed in determining guidelines for the Management of Improvement Ideas and Opportunities for Improvement. The Improvement Forum representatives (CI Agents) are being more visible in their team, promoting Continuous Improvement and the importance of effective Business Process Management.

Process mapping training continues to be delivered. In the past three months, 16 new starters have been trained on process mapping and process improvement as part of their induction.

2.2 Independent Audit Activities

The tables below outline the areas and status of issues – either completed, in progress or pending, since the last report in December 2019.

Table 1 - Areas of audit issues- March 2020

	Complete but awaiting confirmation by Audit NZ	Work in progress	Complete	Total
Audit New Zealand	3	1	31	35
Cyber security	3	1	30	34
Internal audit	0	0	5	5
Procurement and contract management	1	1	13	15
Risk management	0	0	37	37
Project management	0	0	33	33
Total	7	3	150	159

Table 2 - “Work in progress” Issues

Audit Area	Domain	Recommendation/ Action Required	Date first raised	Proposed Action/Plan – March 2020 A&R Committee comment
AuditNZ	Contract management	Develop and implement a contract management system	Jul-16	We are currently maintaining a Contracts Register in an Excel Format which will ultimately be the data that is imported into the CMS once going live. We are working with IM, Procurement and Waipa District as they have recently implemented the Techone solution so are looking to ensure we learn from their experience.
Cyber Security	IM practices	Rec09: Review and improve monitoring for security incidents, incident response plan, patch	Dec-15	Have ongoing auditing with our new rollout of our laptops to staff. With the Windows 10

		management, change control and release management processes		Project in flight during the roll out we will be auditing these at the time.
KPMG review of Procurement and Contract Management	Procurement	Develop a procurement strategy and ensure consistency and clarity of procurement guidelines.	Dec-16	No update this quarter.

There are a total of 159 issues that have been raised by various audits across the organisation, 156 of which are complete.

Table 3 reflects those items staff consider are closed. These will be validated by Audit NZ during the interim audit process.

2.3. KPMG Health and Safety Governance Audit

An independent Health and Safety Governance audit was undertaken by KPMG in November 2019. The focus was on those framework items needed to reflect best practice on Health and Safety Leadership, particularly the readiness of officers to meet their due diligence responsibilities.

Work has been steadily progressing over the last three months on the proposed corrective actions for all improvement recommendations. These have been assigned and time bound using our electronic health and safety management system “BWare Safety Manager”. The following completed actions included;

- Zero Harm Commitment (previously known as our Zero Harm Policy) has been reviewed, approved and launched as part of the Team Up event.
- Zero Harm induction delivered to the newly elected Council
- Quarterly Zero Harm Councillor Workshop scheduled, with first workshop taking place on 16th March
- Critical Safety Risk Management Standard updated
- Executive Leadership Team (ELT) members assigned to each of the 14 critical safety risks
- Organisational governance structure reviewed and clarity provided in relation to health and safety governance activities

Risk Ranking	Task Size	Proposed Corrective Action	Status	Action Owner	Timeframe	Entered into Bware	Priority	Completed Action Comments
Medium	Small	The Zero Harm Policy has been rewritten by the Zero Harm Team and is currently with the Communications Team for review and formatting before being sent to the ELT and SAT for consultation. CEO to approve Zero Harm Commitment for publication.	Completed	Zero Harm Manager and Chief Executive	Next 1-2 months	Yes	High	New policy has been reviewed, approved and launched
Medium	Medium	Develop due diligence work plan in consultation with ELT	Underway	Zero Harm Manager	Next 3-4 months	Yes	High	Work has commenced on developing a Health and Safety Governance Standard
Medium	Large	Develop health and safety legislative obligations register.	Not started	Zero Harm Manager and Legal Counsel	Next 6 months	Yes	High	
Medium	Large	Conduct gap analysis using newly developed obligations register	Not started	Zero Harm Manager and Legal Counsel	Next 12 months	Yes	High	
Medium	Large	Develop assurance plan for health and safety management system and where possible integrate into existing audit programme.	Underway	Zero Harm Manager, Risk Advisor, Continuous Improvement Analyst	Next 12 months	Yes	High	Have had initial discussions with Continuous Improvement Analyst regarding commencing auditing of health and safety management system this year. Will begin with 1.3 Event Management Standard. Currently preparing the audit tool.
Medium	Large	Develop Contractor Health and Safety Auditing Programme. Identify and source resourcing to undertake auditing programme	Underway	Zero Harm Team and GM Service Delivery	Next 12 months	Yes	High	Have commenced work on developing an audit tool for a service delivery contract. Currently have tool in place for physical works contract only.

3. RECOMMENDATIONS

THAT the report from the Chief Operating Officer be received.

4. ATTACHMENTS

1. Combined Audit Recommendations
2. Process Audit Status (2019-2020) as at 09-03-2020
3. KPMG Health and Safety Governance Audit Action Plan V3 I10320

Attachment I: Combined Audit Recommendations

Audit Area	Domain	Recommendation/ Action Required	Date first raised	Proposed Action/Plan – <u>March 2020</u> A&R Committee comment	Who	By When	Status
AuditNZ	Contract management	Develop and implement a contract management system	Jul-16	Progress on this has been slower than anticipated. This is due to the current workloads and the holiday season reducing people's availability. We are actively maintaining a Contracts Register in an Excel Format which will ultimately be the data that is imported into the CMS once going live. We are working with IM, Procurement and Waipa District as they have recently put this system in place so are looking to ensure we learn from their experience.	Contracts and Partnering	Dec-19	Work in progress
Cyber Security	IM practices	Rec09: Review and improve monitoring for security incidents, incident response plan, patch management, change control and release management processes	Dec-15	Have ongoing auditing with our new rollout of our laptops to staff. With the Windows 10 Project in flight during the roll out we will be auditing these at the time.	IM	Oct-19	Work in progress
KPMG review of Procurement and Contract Management	Procurement	Develop a procurement strategy and ensure consistency and clarity of procurement guidelines. 1) WDC should consider developing a procurement strategy. The strategy should set out: <ul style="list-style-type: none"> • procurement aims and objectives for the next 3 to 5 years • procurement vision • demonstrates the support by senior management • maps out the major initiatives to be addressed in the forthcoming 3 to 5 years • WDC's public commitment to maintain and improve the day-to-day procurement work within WDC and emphasises a determination to make continual improvements in that work • framework upon which WDC's procurement policy and procedures are based • objectives against which progress can be measured and reported 2) Review procurement guidelines to ensure there is consistency between procurement policy, the manual and ProMapp process descriptions.	Dec-16	No update this quarter.	Procurement	Sep-19	Work in progress

Audit Schedule 2019-2020 – Status Report

Group/Team	Processes	Owners and experts	Auditors	Date of the audit	Comments	Link to report	Major NC (high)	Minor NC (medium)	Rec (Low)
							2	18	81
Operations - Rates	<ul style="list-style-type: none"> Prepare and Strike Annual Rates Process a Charge Run Process Rates Annual Recalculation of Direct Debit Payments 	<ul style="list-style-type: none"> - Colin Bailey - Catherine Lapwood 	Elijah Tamati Helen Kirby	28 & 29 November 2019	Audit completed. Report sent to Owners 3 Dec 2019. Owner has responded the report, changes in the processes will be completed before the 30 th of June 2020	Report- Rates processes	1	1	5
Operations - People and Capability	<ul style="list-style-type: none"> Prepare for and Carry Out Staff Induction Set Up New User Account Induct New Staff – Security Induct New Staff - Vehicles 	<ul style="list-style-type: none"> - Vanessa Jenkins - Tharsha Adamstein 	Tracey Oakes Sandra van der Westhuizen	11 December 2019	<p>Internal audit for Prepare for and Carry Out Staff Induction and Induct New Staff – Vehicle have been completed</p> <p>The other 2 processes are under review and the audit has been suspended at this time.</p>	Report-Prepare for and Carry Out Staff Induction process Report-Induct New Staff – Vehicle	0	12	6
Service Delivery – Community connections	<ul style="list-style-type: none"> Organise an event Manage Event Application for WDC Reserve or Facility 	Samantha Baker Jordy Wiggins	Mark Shaw	09 January 2020	<p>Managed Event Application for WDC reserve sent to owners, waiting for their response.</p> <p>Organise event is yet to be audited. The process has moved teams</p>	Report-Manage Event Application for WDC Reserve or Facility	0	1	11
Service Delivery – Strategic Property	<ul style="list-style-type: none"> Create New, Renew or Vary Lease or Licence Surrender Lease or License Evict Lessee or 	Nicolas Wells James Hanright	Jonathan Ward	22 November 2019	Audit completed. Report sent to owners 29 Nov 2019, waiting for their response.	Report – Strategic Property Processes	0	0	8

Group/Team	Processes	Owners and experts	Auditors	Date of the audit	Comments	Link to report	Major NC (high)	Minor NC (medium)	Rec (Low)
							2	18	81
	Licence Holder								
Service Delivery – Contracts & Partnering	<ul style="list-style-type: none"> Audit Stickered Bags through Refuse Contracts Ordering of Rubbish Stickers Daily Process for Handling Rubbish Stickers Month End Process for Rubbish Sticker Balances 	Phil Ellis Patricia Cronin	Christine Cunningham	22 January & 12 February	Audit completed. Report sent to owners, waiting for their response.	Report - Audit Stickered Bags through Refuse Contracts Report - Audit Process for Handling Rubbish Stickers Report - Audit Process for Month End Process for Rubbish Sticker Balances Report - Audit Ordering of Rubbish Stickers	0	0	26
Service Delivery - Community Assets	<ul style="list-style-type: none"> Complete Parks & Facilities Asbuilt Data Sheets Enter P&F Asset Data into Asset Finda Enter P&F Asset Data into SPM 	Robert Ashley Joy Rolton	Mark Te Anga Kay Warren	Postponed	The auditors were unable to complete the internal audit that was scheduled, The Lead auditor has left the organisation recently and thus the audit has been re-prioritised and it will be included in the next IA schedule				
Chief Executive	<ul style="list-style-type: none"> Report a Serious Wrongdoing under the Protected 	Tony Whittaker Vanessa Jenkins Alison Diaz	Shelley Woollett Terrence Hayes	20 & 22 November 2019	Audit completed. Report sent to owners 28 Nov 2019 Waiting response from process owners	Report - Report a Serious Wrongdoing under the Protected	0	3	9

Group/Team	Processes	Owners and experts	Auditors	Date of the audit	Comments	Link to report	Major NC (high)	Minor NC (medium)	Rec (Low)
							2	18	81
	<ul style="list-style-type: none"> Disclosure Act Report and Investigate Fraudulent or Suspected Fraudulent Activity 					Disclosure Act Report - Report and Investigate Fraudulent or Suspected Fraudulent Activity			
Community Growth - Economic and Community Development	<ul style="list-style-type: none"> Process a Development Agreement Large Scale Development Enquiries 	Annette Brodie	Paul Harrison	To be scheduled in February	The internal auditor has carried out the audit, he is writing the report.				
Customer Support - Consents	<ul style="list-style-type: none"> Receive, set up and undertake Section 88 Check Accept Resource Consent Application 	Wade Hill Deborah Scott Jason Wright Sara Abusidou	Phyllis Hefang James Hanright	Dec 2019 – February 2020	<p>Audit completed. Report sent to owners 02 March 2020</p> <p>Waiting response from process owners</p>	Report - Consents S88 and Accept Resource Consent	1	1	16
	<ul style="list-style-type: none"> Ensure iwi engagement in Resource Consents for activities on the surface of the river First steps to Determining Notification 	AnaMaria d'Aubert Sam Toka Ella Makin Emma Ensor	Pam Osborne	Postponed	The auditor was unable to complete the internal audit due personal issues. This IA will be scheduled in the next IA programme.				

Risk Ranking	Hours Required	Task Size	Proposed Corrective Action	Status	Action Owner	Timeframe	Entered into Bware	Priority	Completed Action Comments
Medium		Small	The Zero Harm Policy has been rewritten by the Zero Harm Team and is currently with the Communications Team for review and formatting before being sent to the ELT and SAT for consultation. CEO to approve Zero Harm Commitment for publication.	Completed	Zero Harm Manager and Chief Executive	Next 1-2 months	Yes	High	New policy has been reviewed, approved and launched
Medium		Medium	Develop due diligence work plan in consultation with ELT	Underway	Zero Harm Manager	Next 3-4 months	Yes	High	Work has commenced on developing a Health and Safety Governance Standard
Low		Medium	Councillor Zero Harm induction is currently being updated. 22/12/2019 Induction has been updated and delivered to New Councillors	Completed	Zero Harm Manager	Next 1-2 months	No	High	Induction has been updated and delivered to New Councillors
Low		Medium	A number of ELT have completed Modules 1,2 and 3 of the People Leader Safety Training Programme. Zero Harm Team to work with those ELT members who are yet to attend to schedule training for them and their People Leaders.	Underway	Zero Harm Manager and ELT	Next 12 months	Yes	Medium	
Low		Medium	Investigate the availability of an external training provider to provide this training to the Councillors and ELT. Arrange and deliver training to cover this information	Not started	Chief Executive	Next 6 months	Yes	High	
Low		Medium	Arrange a regular (quarterly) Zero Harm meeting with the Mayor and Councillors. This session could be used to review strategy, share information, deliver training.	Completed	Chief Executive	Next 6 months	Yes	High	Meeting has been schedule quarterly with the Councillors, Mayor and Zero Harm Team. Appointments have been set in Councillors calendars. First meeting is 16th March 2020
Low		Medium	Identify and investigate the availability of external speakers via the Business Leaders Health and Safety Forum to present to the Councillors and ELT.	Not started	Chief Executive	Next 6 months	Yes	High	
Low		Medium	Undertake a review of the Zero Harm Strategic Plan Objectives and develop or refine existing KPIs. Ensure that KPIs are SMART.	Not started	Zero Harm Manager and Chief Executive	Next 6 months	Yes	Low	
Low		Small	Arrange meeting with Risk Advisor and Zero Harm Manager to discuss plan regarding Bware Safety Manager and ProMapp. Provide update and clarity to the ELT on how Zero Harm Critical Safety Risks and hazards will be recorded and managed in the short and long term.	Completed	Chief Executive and Zero Harm Manager	Next 1-2 months	Yes	Low	Meeting held with Risk Advisor to discuss and confirm management of Zero Harm risks at WDC. The following was decided and confirmed. At a high level a strategic risk associated with Zero Harm is recorded and monitored through ProMapp. All operational Zero Harm risks including the 14 Critical Risks are managed via Bware. Consistent tools are used for both systems in relation to the assessment and management of risk.
Low		Small	Develop Critical Safety Risk review process in conjunction with Risk Advisor to ensure its alignment with the process used to review Strategic Risks.	Not started	Zero Harm Manager and Risk Advisor	Next 1-2 months	Yes	Medium	
			Identify ELT Risk Sponsors for each of the Critical Safety Risks.	Completed	Chief Executive and Chief Operating Officer	Next 1-2 months	Yes	Medium	Memo sent to ELT from Zero Harm recommending which ELT members for each critical risk. Zero Harm Manager attended ELT meeting to outline role of critical risk sponsor and answer any questions. Recommendations in memo approved by ELT.
		Small	Determine what role the Audit and Risk Committee will have in the governance of Critical Safety Risks. Could this be the same as the process that is in place for the Strategic Risks	Not started	Chief Executive and Chief Operating Officer	Next 3-4 months	Yes	Medium	
Low		Small	Undertake a review of the current organisational structure and provide clarity on who is an officer.	Completed	Chief Executive and Chief Operating Officer	Next 1-2 months	Yes	Low	Have completed a review of the organisational governance structure including review of relevant delegations and have drafted memo to provide clarity to Zero Harm team. This will be incorporated into the Zero Harm Safety Management System.
Low		Small	Undertake a review of the current governance structure and provide clarity to the Zero Harm team on the roles of ELT, Elected Members and the Audit and Risk Committee in relation to governance activities.	Completed	Chief Executive and Chief Operating Officer	Next 1-2 months	Yes	Low	Have completed a review of the organisational governance structure including review of relevant delegations and have drafted memo to provide clarity to Zero Harm team. This will be incorporated into the Zero Harm Safety Management System.
Low		Small	In conjunction with Risk Advisor define how critical risks are decided and update the Critical Safety Risk Management Standard to include this process and who is involved e.g. workers and officers.	Completed	Zero Harm Manager and Risk Advisor	Next 3-4 months	Yes	Low	Critical Risk Management Standard has been updated to included this information. Now covered in the following sections; Section 5.2 and 6.1
Low		Small	Update the Critical Risk Management Standard to clarify who is responsible and accountable for the monitoring of each critical risk and its controls in relation to the first, second and third lines of defence.	Completed	Zero Harm Manager	Next 3-4 months	Yes	Low	Critical Risk Management Standard has been updated to included this information. Now covered in the following sections; Section 4 and 5.5, 5.6 and 5.7
Low		Small	Update the Critical Risk Management Standard to clearly define the role of the Zero Harm Team in relation to risk review and the line of assurance they provide.	Completed	Zero Harm Manager	Next 3-4 months	Yes	Low	Critical Risk Management Standard has been updated to included this information. Now covered in section 5.5.1
Medium		Small	Update the CE Position Description with the required content in relation to health and safety accountability.	Not started	People and Capability Manager	Next 3-4 months	Yes	Low	
Medium		Medium	Identify training requirements and set budget for Councillor training	Not started	Chief Executive and Zero Harm Manager	Next 12 months	Yes	Low	
Medium		Medium	Review the existing plan to include resourcing to deliver on the current Zero Harm Strategic Plan and Health and Safety Management System. Identify and budget for any additional resourcing requirements accordingly	Not started	Zero Harm Manager	Next 12 months	Yes	Medium	
Low		Small	Undertake a review of the Monthly Council Zero Harm Report to identify any improvement opportunities and links to the delivery of the Strategic Plan	Not started	Chief Executive and Zero Harm Manager	Next 3-4	Yes	Low	
Low		Small	Undertake a review of the Weekly Dashboard to determine if any changes to reporting metrics are required.	Not started	Chief Executive and ELT	Next 3-4 months	Yes	Low	
		Medium	Investigate the development of a monthly or quarterly dashboard for ELT and officers to establish that they officers are meeting the goals and objectives	Not started	Chief Executive and Zero Harm Manager	Next 6 months	Yes	Low	
Low		Small	Undertake a review of feedback mechanisms to workers and clearly document and educate workers how these mechanisms work.	Not started	Zero Harm Team and Communications and Marketing Team	Next 6 months	Yes	Low	
Medium		Large	Develop health and safety legislative obligations register.	Not started	Zero Harm Manager and Legal Counsel	Next 6 months	Yes	High	
Medium		Large	Conduct gap analysis using newly developed obligations register	Not started	Zero Harm Manager and Legal Counsel	Next 12 months	Yes	High	
Medium		Large	Develop assurance plan for health and safety management system and where possible integrate into existing audit programme.	Underway	Zero Harm Manager, Risk Advisor, Continuous Improvement Analyst	Next 12 months	Yes	High	Have had initial discussions with Continuous Improvement Analyst regarding commencing auditing of health and safety management system this year. Will begin with 1.3 Event Management Standard. Currently preparing the audit tool.
Medium		Large	Develop Contractor Health and Safety Auditing Programme. Identify and source resourcing to undertake auditing programme	Underway	Zero Harm Team and GM Service Delivery	Next 12 months	Yes	High	Have commenced work on developing an audit tool for a service delivery contract. Currently have tool in place for physical works contract only.

Open Meeting

To	Audit & Risk Committee
From	Alison Diaz Chief Financial Officer
Date	9 March 2020
Prepared By	Colin Bailey Finance Manager
Chief Executive Approved	Y
Reference #	GOV1318 / 2541597
Report Title	2019/20 Annual Report preparation

I. EXECUTIVE SUMMARY

Attached is the Audit Plan for 30 June 2020 received from Audit New Zealand.

The plan details the areas of focus and lays out the proposed timetable for the completion of the Annual and Summary Reports and Audit Opinion.

In addition to the areas of focus identified by Audit New Zealand, areas of risk have been identified:

- The Public Benefit Entity (PBE) Accounting Standards changes.
- Winding up Strada Corporation Limited.
- 2019/20 Legislative breach.

Work is underway to prepare for the audit and particular focus is placed on the areas of focus and risk. The overall level of risk associated with the annual audit is deemed low.

2. AREAS OF RISK

A. Audit New Zealand (Audit NZ) has identified four areas of focus:

I. Property, plant and equipment.

Audit NZ will be reviewing the scope and standard of the assets revaluation, consider whether the entire asset class has been revalued, enquire of the Valuer regarding the valuation assumptions and review adjustments posted to the general ledger as part of the revaluation.

Infrastructure assets are revalued each year. Land and buildings are revalued every three years and are due for revaluation this year. Regular communication is underway with Council Asset Management Team and Watercare to ensure actions have been taken and are planned to meet the revaluation requirements and timetable.

Fixed assets held in the AssetFinda system have been transferred in the SPM system in order to standardise asset management processes. There are reports available confirming the accuracy of the data input into SPM and these will be made available to Audit NZ during their first interim audit visit.

2. **Development Contributions.**

Audit NZ will be reviewing controls to check that development contributions are charged in accordance with policy.

The teams responsible for charging development contributions and applying the funds will review controls prior to the audit to ensure charges are in accordance with the development contribution policy and funds are correctly accounted for.

3. **“Three waters” management.**

Audit NZ will update their understanding of the impact of staff changes at Council and of the systems and processes for the water assets at Council and Watercare.

The Audit NZ report to Council for the year ended 30 June 2019 recommended external accounting advice been obtained on how the contract should be treated in the 2019/20 financial statements.

(Anything more needed re AOG review of Watercare contract accounting treatment – contract arrangements are interim until July 2021 with assets management arrangements and cost transfers only?)

In advance of receiving this advice, Audit NZ will be reviewing the audit impacts and the Council’s approach to accounting for this contract during April 2020 and June 2020. Early requests to Audit NZ have been made to establish their detailed requirements, most importantly seeking their agreement that a Type 2 Report is not required. A Type 2 Report is an audit report from WSL’s external auditors as to the accuracy of the financial transactions and operating information supplied in terms of the contract.

4. **The risk of management override of internal controls.**

Audit NZ will be testing the appropriateness of selected journal entries, reviewing accounting estimates and evaluating any unusual or one-off transactions.

B. Public Benefit Entity Standards 34 to 38: financial reporting and disclosure assessment

The five new accounting standards, replacing standards 6 to 8 came into effect on 1 July 2019 and cover Council’s interests in other entities. The new standards are:

- PBE IPSAS 34 Separate Financial Statements
- PBE IPSAS 35 Consolidated Financial Statements
- PBE IPSAS 36 Investments in Associates and Joint Ventures
- PBE IPSAS 37 Joint Arrangements
- PBE IPSAS 38 Disclosure of Interests in other Entities

The purpose of the new standards is to convey the results of Council's assessment of the impact on Council's financial reports and the identification of potential risks.

There are two main differences between the new set of standards and the previous standards:

- I. The first of the differences is contained in the expanded definition of Control found in PBE IPSAS 35. The differences are as follows:

Old Standard	New Standard
Defines Control as the power to govern the financial and operating policies of another entity so as to benefit Council.	Defines Control as when Council is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over that entity.

At present there are two entities classified as subsidiaries over which Council has control. Those are *Strada Corporation Limited (Strada)* and the *Waikato District Community Wellbeing Trust (WBT)*.

In the case of Strada, Council has 100% ownership of the shares and voting rights while Council members and Council appointees make up the Board of Trustees of WBT.

These two relationships clearly fit with the revised definition, meaning that Council continues to have control and the current accounting treatment remains valid.

The equity investments in three other entities are currently treated as financial assets and are carried at either cost or fair value. Those companies are: *Waikato Regional Airport Limited (WRAL)*, *Waikato Local Authority Shared Services Limited (WLASS)* and *Civic Financial Services Limited (Civic)*. Council's shareholding in each of these companies is between 0.37% and 15.6%. To determine whether the current treatment remains appropriate, new Standard PBE IPSAS 36 requires Council to review whether Joint Control or Significant Influence, as defined below, exist.

Joint Control	Significant Influence
An agreed sharing of control of an arrangement by way of a binding arrangement which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.	Council has the power to participate in the financial and operating policy decisions of another entity but does not have control or joint control of those policies.

Council's relationship with these entities does not conform with Joint Control or Significant Influence, therefore the accounting treatment remains unchanged.

2. The second difference can be found in PBE IPSAS 32 which defines a Service Concession Arrangement as a binding arrangement between a grantor and an operator in which:

- The operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time, and
- The operator is compensated for its services over the period of the service concession arrangement.

Council has had two contracts with Watercare Services Limited (WSL). The first contract has been in place since late 2010 and relates to the supply of bulk water and treatment of wastewater in the Pokeno and Tuakau areas of the District. This contract is a contract for service and does not involve the use of Council's assets and does not conform to the definition of a Service Concession Arrangement.

The second contract with WSL began operation from 1 October 2019 with the objective of WSL undertaking the operation and management of the facilities and assets owned by Council in order to deliver reticulated potable water supply, stormwater services and wastewater services to customers within the District. In this case the service concession assets are the Three Waters Assets and WSL is being compensated in terms of the contract. This contract is clearly a Service Concession Arrangement.

The PBE IPSAS 32 Standard requires Council to amend the financial disclosures to identify the assets in the Notes to the Financial Statements included in the Annual Report. An example of a relevant disclosure is attached. No other amendments are required.

Council contracts with both Downer New Zealand Limited and City Care Limited to provide services. There are no Service Concession Assets involved in these contracts, the services are provided to Council and do not involve any element of control or influence outside that service provision. There are no disclosure requirements under the new standards.

C. Strada Corporation Limited.

Council's tax advisors, PricewaterhouseCoopers (PwC) provided advice regarding how best to wind down the company in a way that reduces the reporting burden and retains the sizeable tax losses held by this entity. Their advice is to liquidate the remaining assets (these comprise funds on deposit only) and to transfer all funds to Council. As soon as this has been done (expected completion date is 31 March 2020) PwC will apply on behalf of Council for Strada to be classified as not active and therefore non-reportable.

D. Statutory Breach Note in the 2019/20 Annual Report in respect of incomplete Funding Impact Statement Disclosures in respect of 2018/19 Annual Plan

The Audit NZ report to Council for the year ended 30 June 2019 identified a breach of schedule 10 clause 20(5) of the Local Government Act 2002: the 2019/20 Annual Plan Rates Funding Impact Statement does not include examples of the impact of the rating proposals on the rates assessed on differential categories of rateable land with a range of property values.

This breach will be remedied in the 2020/21 Annual Plan. A disclosure relating to the statutory breach will be noted in the Annual Report but is not expected to create significant risk to rates revenue.

3. RECOMMENDATION

THAT the report from the Chief Financial Officer be received.

4. ATTACHMENTS

Audit NZ - Engagement Letter dated 19 February 2020
Waikato DC – Audit Plan 30 June 2020
Example Service Concession Assets disclosure

19 February 2020

Level 4, 127 Alexandra Street
PO Box 256, Waikato Mail Centre
Hamilton 3240
Ph 04 496 3099

Allan Sanson
Mayor
Waikato District Council
Private Bag 544
Ngaruawahia 3742

Dear Allan

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 Waikato District Council (the District Council), under section 14 of the Public Audit Act 2001 (the Act). The Auditor-General has appointed me, Clarence Susan, 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 District 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 2020 to 30 June 2022.

This letter outlines:

- the terms of the audit engagement and the nature, and limitations, of the annual audit; and
- the respective responsibilities of 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 District 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 and the International Standards on Auditing (New Zealand) 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 District 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.

Your responsibilities

Our audit will be carried out on the basis that the Council acknowledges that it has responsibility for:

- preparing the financial statements and performance information in accordance with any applicable legal requirements and financial reporting standards;
- 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 District 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;
- for making the audited summary financial statements and summary performance information readily available to the intended users of that information; and
- for 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.

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 District 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 financial statements and performance information and in respect of financial management and accountability matters. These specific responsibilities are set out in Appendix 1. Appendix 2 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 District Council:

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

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

- presents fairly, in all material respects, the levels of service for each group of activities for the year, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;

- 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.

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 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 financial statements and performance information.

We do not examine every transaction, nor do we guarantee complete accuracy of the 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 District 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 District 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 District 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 District 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 the District 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 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 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 contain an opinion that provides the same level of assurance as the audit report on the full financial statements and full performance information.

We will also issue a report 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 the District 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



Clarence Susan
Appointed Auditor
On behalf of the Auditor-General

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

Signed: _____
Allan Sanson
Mayor

Date: _____

Appendix 1: Respective specific responsibilities of the Council 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.</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 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 financial performance and cash flows for the financial year; • comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards. <p>We are also responsible for forming an independent opinion on whether the performance information:</p> <ul style="list-style-type: none"> • presents fairly, in all material respects, the levels of service for each group of activities for the year, 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; ○ 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. <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>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<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> <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;

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<ul style="list-style-type: none"> • 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> <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 District Council; • enable you to monitor the resources, activities, and entities under your control; • enable the District 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 of the Council	Responsibility of the Appointed Auditor
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 District 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> <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 District 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 District 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.</p>

Responsibilities of the Council	Responsibility of the Appointed Auditor
	<p>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>
<p>Responsibilities for compliance with laws and regulations</p>	
<p>You are responsible for ensuring that District Council has systems, policies, and procedures (appropriate to the size of the District Council) to ensure that all applicable legislative, regulatory, and contractual requirements that apply to the activities and functions of the District 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 of the Council	Responsibility of the Appointed Auditor
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 District 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> <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 of the Council	Responsibility of the Appointed Auditor
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 public entity'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>

Appendix 2: Health and safety of audit staff

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 we need to make arrangements with you to keep our audit staff safe while they are working at your premises. We expect you to provide a safe work environment for our audit staff. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment, where required. We also expect you to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

Audit Plan

Waikato District Council

For the year ending 30 June 2020

Audit Plan

I am pleased to present our Audit Plan for the audit of Waikato District Council for the year ending 30 June 2020. The purpose of this Audit Plan is to discuss:

Areas of emphasis for the audit and our audit response	2
Group audit	5
Our audit process.....	6
Reporting protocols	10
Audit logistics.....	11
Expectations.....	13

The contents of this Plan should provide a good basis for discussion when we meet with you.

We will be happy to elaborate further on the matters raised in this Plan.

Our work improves the performance of, and the public's trust in, the public sector. Our role as your auditor is to give an independent opinion on the financial statements and performance information. We also recommend improvements to the internal controls relevant to the audit.

If there are additional matters that you think we should include, or any matters requiring clarification, please discuss these with me.

Yours sincerely



Clarence Susan
Appointed Auditor
19 February 2020

Areas of emphasis for the audit and our audit response

Focus areas



Based on the planning work and discussions that we have completed to date, we have identified the areas which we consider to be of audit emphasis. This includes business risks and issues facing the Waikato District Council (the District Council) that may result in risks of material misstatement in the District Council's financial statements and/or service performance reporting.

The table below sets out the risks and issues that we have identified in line with these requirements. The left-hand column describes these risks and issues. In the right-hand column, we describe how we plan to respond to these during the audit.

Area of audit focus	Our audit response
Property, plant and equipment	
<p>In line with the accounting policies of the District Council, infrastructure assets, land and buildings are periodically revalued.</p> <p>PBE IPSAS 17 <i>Property, Plant and Equipment</i> requires that valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from fair value.</p> <p>For those asset classes that are not earmarked to be revalued this year, the District Council needs to perform a fair value assessment to determine if there is a material difference between their carrying amount and their fair value and whether a revaluation is required or not. It is important that this assessment is made at an early stage to avoid the risk of this becoming an issue at a late stage of the audit.</p>	<p>We understand the District Council intends to revalue infrastructure and land and buildings this year. For classes of assets subject to revaluation during the year we will:</p> <ul style="list-style-type: none"> • review the scope of the valuation performed and ensure it has been completed in accordance with the appropriate standards; • consider whether the entire asset class has been revalued; • make enquiries of the valuer regarding the assumptions used in the valuation and assess their suitability to undertake the valuation; and • review adjustments posted to the general ledger as part of the revaluation and related disclosures. <p>For classes of assets not subject to revaluation, we will review the District Council's assessment of whether there is any material difference between the carrying value and fair value.</p>

Area of audit focus	Our audit response
Development contributions	
<p>Because of growth in the district, development contributions form a significant part of revenue and funding for capital projects. Total development contribution revenue was \$10.5 million in the 2018/19 financial year and \$12.6 million in 2017/18.</p>	<p>We will review the District Council's controls to check that development contributions are charged in accordance with the development contribution policy.</p> <p>We will confirm that the use and application of development contribution funds are appropriate and correctly accounted for.</p>
"Three waters" management	
<p>This year, there are changes in the way the District Council's waters assets are managed. The Waters Governance Board controls the "three waters" operations and service delivery, but the Council retains ownership of the infrastructure and continues to provide the corporate support required. Watercare Services Limited (Watercare) will provide management services under a contract for supply. The contract became effective on 1 October 2019.</p> <p>As a result of this change, there is an impact on the staffing levels in the Service Delivery group at the District Council.</p> <p>The District Council is also required to report against non-financial performance measures in the Annual Report. This includes measures for the three waters activities, the targets for which are set in the 2018-28 LTP. It is important for the District Council that adequate systems and processes are in place to record the data required for reporting purposes.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the impact of staff changes at the District Council; and • update our understanding of the systems and processes for the waters assets at the District Council and Watercare, to enable financial and non-financial performance reporting in the District Councils annual report. <p>As part of our audit work, we may be required to meet staff at Watercare. We will liaise with management to make any necessary arrangements.</p>
The risk of management override of internal controls	
<p>There is an inherent risk in every organisation of fraud resulting from management override of internal controls. Management are 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.

Please tell us about any additional matters we should consider, or any specific risks that we have not covered. Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Fraud risk

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. In considering fraud risk, two types of intentional misstatements are relevant – misstatements resulting from fraudulent reporting, and misstatements resulting from misappropriation of assets.

The primary responsibility for the prevention and detection of fraud and error rests with the Council, with assistance from management. In this regard, we will discuss the following questions with you:

- What role does the Council play in relation to fraud? How do you monitor management's exercise of its responsibilities?
- Has a robust fraud risk assessment been completed? If so, is the Council satisfied that it had appropriate input into this process?
- How does management provide assurance that appropriate internal controls to address fraud risks are in place and operating?
- What protocols/procedures have been established between the Council and management to keep you informed of instances of fraud, either actual, suspected, or alleged?
- Are you aware of any actual, suspected, or alleged fraud? If so, have the results of management's investigation been reported to Council? Has appropriate action been taken on any lessons learned?

Our responsibility

Our responsibility is to obtain reasonable, but not absolute, assurance that the financial statements and performance information are free from material misstatement 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 substantive audit procedures; 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.govt.nz/reports/fraud-reports.

Group audit



The group comprises:

- Waikato District Council;
- Strada Corporation Limited;
- Waikato District Community Wellbeing Trust; and
- Waikato District Crime Prevention Technology Trust 2019.

Our auditor's report covers the group as a whole. Our audit approach is developed to ensure we have sufficient information to give an opinion on the group. In designing our group audit approach, we considered the structure of the group and identified the entities which are included in the group financial statements. Each entity is referred to as a component. We have assessed the risks of material misstatement and have identified our approach for each component.

The table below shows the work planned for each significant component.

Significant component	Work to be performed
Waikato District Council	<p>This will be audited by the same Appointed Auditor using the Audit New Zealand audit team.</p> <p>The significant areas of emphasis relevant to this component are:</p> <ul style="list-style-type: none"> • property, plant and equipment; • development contributions; • "three waters" management; and • the risk of management override of internal controls <p>More information on these can be found in the <i>Areas of emphasis for the audit and our audit response</i> section above.</p> <p>The audit work on this component will be a full financial statement and performance report audit.</p>

For non-significant components, we will perform analytical procedures at the group level to identify unexpected movements.

We will report any significant internal control deficiencies to the Council and management of the group. This will include any deficiencies identified by the group engagement team. We will communicate deficiencies related to:

- group-wide internal control; or
- internal controls at each component.

We will also communicate any fraud identified by the group engagement team.

Our audit process

Initial planning

Initial planning activities include verifying compliance with independence requirements and building the audit team.

Understand your business and environment

We use our extensive sector and business knowledge to make sure we have a broad and deep understanding of the District Council, your business, and the environment you operate in.

Assess audit risk

We use our knowledge of the business, the sector and the environment to identify and assess the risks that could lead to a material misstatement in the financial statements and performance information.

Evaluate internal controls

We update our understanding of internal controls relevant to the audit. This includes reviewing the control environment, risk assessment process, and relevant aspects of information systems controls. Most of this work is done during the initial audit visits. We evaluate internal controls relevant to the audit for the whole financial year, so we consider internal controls relevant to the audit at all visits.

Finalise the audit approach

We use the results of the internal control evaluation to determine how much we can rely on the information produced from your systems during our final audit.

Gather audit evidence

During the final audit we audit the balances, disclosures, and other information included in the District Council's financial statements and performance information.

Conclude and report

We will issue our audit report on the financial statements and performance information. We will also report to the Council covering any relevant matters that come to our attention.

Enhancing year-end processes

The year-end financial statement close process and the preparation of the annual report requires a large number of resources to be committed to complete it effectively. This diverts the attention of your staff away from the current financial year and focuses them on past events. 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

Substantive audit procedures are traditionally performed after the year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on:

- testing sensitive expenditure items;
- testing property, plant and equipment additions and disposals;
- testing bonus, severance, retirement and redundancy payments;
- discussing the process for property, plant and equipment revaluations; and
- reviewing the rates setting process for the 2020/21 year.

Completion of these tests earlier in the year should allow for more timely identification and resolution of errors. This testing will be completed during the interim audits. If we can complete this work earlier in the year, we expect this to reduce the final audit onsite work. This requires us to have the right information available during this visit to enable us to complete this work.

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

Materiality

In performing our audit, we apply the concept of materiality. In the public sector, materiality refers to something that if omitted, misstated, or obscured could reasonably be expected to:

- influence readers' overall understanding of the financial statements and 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.

Accounting standards also require the Council and management to consider materiality in preparing the financial statements. IFRS Practice Statement 2, *Making Materiality Judgements*, provides guidance on how to make materiality judgements from a financial statements preparer's perspective.

Although this guidance is primarily aimed at for-profit entities, the same principles can be applied by public benefit entities.

Whether information is material is a matter of judgement. We consider the nature and size of each item judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Materiality will be lower for some items due to their sensitivity.

Misstatements

Misstatements are differences in, or omissions of, amounts and disclosures that may affect a reader's overall understanding of your financial statements and performance information. During the audit, we will provide details of any such misstatements we identify to an appropriate level of management.

We will ask for each misstatement to be corrected, other than those that are clearly trivial. Where management does not wish to correct a misstatement we will seek written representations from representatives of the Council that specify the reasons why the corrections will not be made.

Professional judgement and professional scepticism

Many of the issues that arise in an audit, particularly those involving valuations or assumptions about the future, involve estimates. Estimates are inevitably based on imperfect knowledge or dependent on future events. Many financial statement items involve subjective decisions or a degree of uncertainty. There is an inherent level of uncertainty which cannot be eliminated. These are areas where we must use our experience and skill to reach an opinion on the financial statements and performance information.

The term "opinion" reflects the fact that professional judgement is involved. Our audit report is not a guarantee but rather reflects our professional judgement based on work performed in accordance with established standards.

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 mind-set. A sceptical mind-set drives us to adopt a questioning approach when considering information and in forming conclusions.

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

How we consider compliance with laws and regulations

As part of the Auditor-General's mandate, we consider compliance with laws and regulations that directly affect your financial statements or general accountability. Our audit does not cover all of your requirements to comply with laws and regulations.

Our approach involves first assessing the systems and procedures that you have in place to monitor and manage compliance with laws and regulations relevant to the audit. We may also complete our own checklists. In addition, we will ask you about any non-compliance with laws and regulations that you are aware of. We will evaluate the effect of any such non-compliance on our audit.

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 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 Council or by one or more of its members, office holders, or employees.

Based on our assessment of risk, we will determine the types of sensitive expenditure incurred at the District Council that will be tested and the extent of that testing. Our testing will include specific consideration of the Chief Executive and Mayor's sensitive expenditure.

Reporting protocols

Communication with management and the Council



We will meet with management and the Council 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



We will provide a draft of all reports to management (and the Council) for discussion/clearance purposes. In the interests of timely reporting, we ask management to provide their comments on the draft within 10 working days. Once management comments are received the report will be finalised and provided to the Council.

We will also follow up on your progress in responding to our previous recommendations.

Audit logistics

Our team



Our engagement team is selected to ensure that 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:

Clarence Susan	Appointed Auditor
Debbie Perera	Engagement Quality Review Director
Kataraina Macown	Audit Manager
Jaimala Singh	Assistant Manager
Robyn Dearlove	Information Systems Auditor

The Engagement Quality Review (EQR) Director forms an important part of our internal quality assurance process to maintain and enhance the quality of your audit. The EQR Director is an experienced Audit Director who has sufficient and appropriate experience to objectively evaluate the judgements made by the audit team. They are independent from the day to day audit field work, and so can provide an independent challenge to the audit team on their judgements. The EQR will work with your Appointed Auditor and the audit team, but will not have direct contact with you.

Timetable



Our proposed timetable is:

Interim audit begins	20 April 2020
Second interim audit begins	8 June 2020
Draft Report to the Council on the interim audit issued	29 June 2020
Management comments received on draft interim report	13 July 2020
Final Report to the Council on the interim audit issued (including management comments)	15 July 2020
Draft annual report and summary annual report available for audit	19 August 2020
Final audit begins	24 August 2020
Updated annual report and summary annual report available, incorporating all the amendments agreed to between us	14 September 2020
Verbal audit clearance given	23 September 2020
Draft Report to the Council issued	23 September 2020
Management comments received on the Report to the Council	2 October 2020
Adoption of Annual and Summary Reports and audit opinion issued	5 October 2020
Final Report to the Council issued (including management comments)	5 October 2020

Expectations



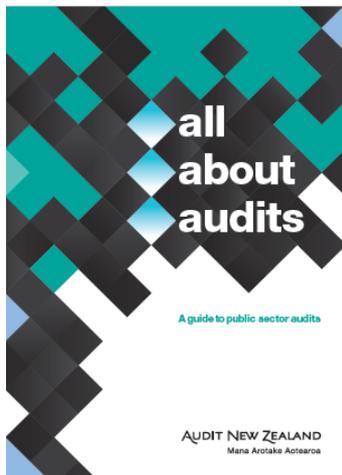
For the audit process to go smoothly for both you and us, there are expectations that each of us need to meet.

Our respective responsibilities are set out in our audit engagement letter.

We expect that:

- you will provide us with access to all relevant records and provide information in a timely manner;
- staff will provide an appropriate level of assistance;
- the draft financial statements, including all relevant disclosures, will be available in accordance with the agreed timetable;
- management will make available a detailed workpaper file supporting the information in the financial statements; and
- the annual report, financial statements and performance information will be subjected to appropriate levels of quality review before being provided to us.

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 have also published information to help explain the audit process:



Health and safety



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, we need to make arrangements with management to keep our audit staff safe while they are working at your premises.

We expect you to provide a work environment for our audit staff that minimises or, where possible, eliminates risks to their health and safety. This includes providing adequate lighting and ventilation, suitable desks and chairs, and safety equipment where required. We also expect management to provide them with all information or training necessary to protect them from any risks they may be exposed to at your premises. This includes advising them of emergency evacuation procedures and how to report any health and safety issues.

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

PO Box 256
Waikato Mail Centre
Hamilton 3240
Phone: 04 496 3099

www.auditnz.govt.nz



Notes to the financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

4. Property, plant and equipment (continued)**Service concession assets – included in the previous page**

Service concession assets are infrastructure assets owned by Watercare and operated by Veolia Water Services (ANZ) Pty Limited (Veolia) for the provision of water and wastewater services in the Papakura district. The franchise agreement stipulates the services Veolia must provide, to whom it must provide them and regulates the price. Veolia is responsible for upgrading and maintaining the entire network in Papakura so that at the end of the contract period (initial term of 30 years ending on 30 June 2027 with a 20-year right of renewal), the network shall be in a better overall condition than that which existed at the time the contract was commenced in 1997. At the commencement of the contract, a franchise fee was paid in exchange for the rights to operate the assets as detailed in note 21, page 92. Watercare retains ownership of the infrastructure assets franchised to Veolia.

Where Watercare recognises an asset for the upgrades made by Veolia to the existing service concession assets, where material Watercare also recognises a liability at the same amount as the asset. The liability so recognised is reduced over the remaining period of the service concession arrangement.

	PIPELINES \$000	MACHINERY \$000	TOTAL \$000
Balance at 1 July 2016			
Cost or valuation	156,624	4,175	160,799
Accumulated depreciation	(3,519)	(165)	(3,684)
Carrying amount	153,105	4,010	157,115
Year ended 30 June 2017			
Additions to PPE	7,256	693	7,949
Disposals	(133)	–	(133)
Depreciation	(3,516)	(182)	(3,698)
Closing carrying amount	156,712	4,521	161,233
Balance at 30 June 2017			
Cost or valuation	163,738	4,868	168,606
Accumulated depreciation	(7,026)	(347)	(7,373)
Carrying amount	156,712	4,521	161,233
Year ended 30 June 2018			
Additions to PPE	1,976	–	1,976
Disposals	(5)	–	(5)
Revaluation	22,794	221	23,015
Depreciation	(47)	–	(47)
Closing carrying amount	181,430	4,742	186,172
Balance at 30 June 2018			
Cost or valuation	181,477	4,742	186,219
Accumulated depreciation	(47)	–	(47)
Carrying amount	181,430	4,742	186,172

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	19 March 2019
Prepared by	Sharlene Jenkins Executive Assistant
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Updated Future Work Plan

1. EXECUTIVE SUMMARY

The purpose of this report is to present an updated Future Work Plan for the Audit & Risk Committee's information.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

- Updated Future Work Plan

	25 March 2020	03 June 2020	23 September 2020	09 December 2020	Standing items for all meetings
Risk	<p>Review of Council Controlled Organisations Statements of Intent</p> <p>Risk Appetite Review (workshop in April)</p>	<p>Annual Report Risk Assessment Annual Report Programme Compliance</p> <p>Risk Management Framework Review</p>		<p>Waikato District Council Health & Safety Framework Review H&S Management framework</p>	<ul style="list-style-type: none"> ▪ Strategic Risk Register and Emerging Risks Update on key strategic risks & associated management actions. Opportunity to discuss emerging risks with potential for strategic impact. ▪ Risk Framework Update on direction risk framework & organizational engagement. ▪ Risk Conversations Opportunity for Committee to dialogue with key staff to obtain assurance that appropriate controls and culture are in place. ▪ Strategic Risk Deep Dive Detailed inspection of a key risk for the purpose of assurance in the context, assessment & mitigation space. ▪ Zero Harm Update H&S update on H&S performance against agreed targets, systemic issues identified which can be fed into the risk control framework. To include monthly statistics. ▪ Quality Governance and Assurance Rolling review of bylaw & policies – schedule to be agreed. Update on progress against Audit management report. ▪ Post Implementation Reviews and/or Incident Debrief Reports Post project appraisals on key investments. ▪ Procurement Update Update on procurement and contract management.
Internal Audit		<p>Procurement and Contract Management Framework Review</p>	<p>Spend Analysis Update</p>		
Insurance			<p>Insurance Renewal Process Update Insurance review</p>	<p>Insurance Policy / Premium Confirmation</p> <p>Insurance Risk Strategy</p>	
Annual Report	<p>Annual Report Project Planning Annual Report Programme</p>		<p>Annual Report</p>	<p>Final Management Report Audit Management Report</p>	
Other	<p>KPMG Health & Safety Audit and the Health & Safety Framework actions</p>	<p>Zero Harm Site Visit</p> <p>Review of Policies</p>	<p>Audit & Risk Committee Key Achievements Review of Audit & Risk Committee performance against Terms of Reference</p> <p>Zero Harm Site Visit</p>	<p>Waikato District Council Health & Safety Framework Review H&S Management framework (moved from December 2019)</p>	

Strategic Risks

- | | | | |
|---|--|--|--|
| <ul style="list-style-type: none"> ▪ Council Partnerships ✓ ▪ Zero Harm ✓ ▪ Asset Management ✓ | <ul style="list-style-type: none"> ▪ Waters Social Franchise Model ✓ ▪ Stakeholder Engagement ✓ ▪ Economic and Social Development | <ul style="list-style-type: none"> ▪ People and Culture ✓ ▪ Regional / National Strategic Planning ✓ ▪ Projects and Initiatives | <ul style="list-style-type: none"> ▪ Compliance Management ▪ Business Resilience ✓ ▪ Cyber Security |
|---|--|--|--|

Open Meeting

To	Audit & Risk Committee
From	Tony Whittaker Chief Operating Officer
Date	25 March 2020
Prepared by	Brendan Stringer
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Register of Interests – Elected and Appointed Members

I. EXECUTIVE SUMMARY

The purpose of this report is to provide a summary of interests declared by elected and appointed members of Council's committees and community boards, and the elected members of community committees.

The summary reflects the new declaration of interest form completed by members in February and March 2020, noting that some members have yet to complete their declarations.

2. RECOMMENDATION

THAT the report from the Chief Operating Officer be received.

3. ATTACHMENTS

Summary of Register of Interests – Elected and Appointed Members

Financial Interests	
Statement Reference	
1	I am, or my spouse or partner is, a party to a contract with Waikato District Council
2	I, or my spouse or partner, individually or together own(s) 10% or more of the shares in a contracting company or controlling company .
3	I am, or my spouse or partner is, a shareholder in a contracting company or controlling company , AND either I am, or my spouse/partner is, also a shareholder of the controlling company .
4	I am, or my spouse or partner is, a managing director or a general manager of a contracting company AND either I am, or spouse/partner is, also a shareholder of the controlling company .
5	I, or my spouse or partner, individually or together, has/have an indirect concern or interest in a contract with Waikato District Council not already disclosed above.
6	If you answered 'Yes' to any of questions 1 to 5, does the total value of all contracts listed above, exceed \$25,000 (including GST) for the current financial year.

Register of Elected Members Interests

COUNCIL	Financial Interests <i>Please refer to Statement Reference here.</i>		Non - Financial Interests								
	1 to 6	With the exception of	Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Other Bodies				
Aksel Bech	No	N/A	<ul style="list-style-type: none"> Frost Solutions Ltd (Frost protections and HR consultancy) 	<ul style="list-style-type: none"> Synthase Biotech (Enzyme Company) NDA Engineering (Stainless Steel Manufacturing) Wing Acoustics (Audio Driver Manufacturing) Heilala Vanilla (Vanilla Producer) Waiapu Investments (Medical Cannabis Producer) Spoke Network Ltd (Telecom Software) Mighty River Power (Electricity Generator) Genesis Energy (Electricity Generator) James Street Ltd. (Property Investment) Snell Street Ltd (Property Investment) <ul style="list-style-type: none"> Mastaplex (Animal Welfare Co.) Beany (Accounting Software Co) Inhibit Coatings Ltd. (Anti-microbial Surface Coating) 	<ul style="list-style-type: none"> Synthase Biotech (Director) St. Peters Trust (Board Trustee) 	<ul style="list-style-type: none"> St. Peters School & Foundation (Trustee) Jepsen Family Trust (Trustee) A.B. Jepsen Trust (Trustee) Feline Adventure Trust (Trustee) 	<ul style="list-style-type: none"> Coastguard (Northern) - (Ordinary Member) Kerikeri Cruising Club (Ordinary Member) 	1x Tamahere (Beneficiary of Trust)	Complimentary access to Promoter's Lounge at Sevens tournament with +17 (Donor- 37 South Ltd)	N/A	• Loan to Individual in Ward.
Carolyn Eyre	No	N/A	<ul style="list-style-type: none"> Pepepe Investments (Farming) 	<ul style="list-style-type: none"> Pepepe Investments (Farming) 	<ul style="list-style-type: none"> SM Eyre Trust (Office Manager) 	<ul style="list-style-type: none"> SM Eyre Trust (Beneficiary) 	<ul style="list-style-type: none"> Waikato Diocesan School for Girls Proprietors Board (Representative) 	<ul style="list-style-type: none"> Huntly (Beneficiary of Trust) 	N/A	N/A	N/A
Chris Woolerton	No	N/A	<ul style="list-style-type: none"> Middle Ridge Farms Ltd. (Dairy farm) 	<ul style="list-style-type: none"> Fonterra Balance LIC 	<ul style="list-style-type: none"> Middle Ridge Farms Ltd. 	<ul style="list-style-type: none"> Woolerton Trust 	<ul style="list-style-type: none"> Oaks Church (Parish Council/ Building Committee) 	<ul style="list-style-type: none"> Taupiri (Owner) 	N/A	N/A	N/A
Eugene Patterson	No	N/A	<ul style="list-style-type: none"> Complete Painting & Decorating (Painting) 	N/A	N/A	N/A	<ul style="list-style-type: none"> Ngaruawahia Bowling Club (Treasurer) 	<ul style="list-style-type: none"> Ngaruawahia (Owner) 	N/A	N/A	N/A
Frank McInally	No	N/A	<ul style="list-style-type: none"> McInally Truckpainters (Panel-paint) 	N/A	N/A	N/A	<ul style="list-style-type: none"> Huntly RSA (President) 	<ul style="list-style-type: none"> 2x Huntly (Owner) 	N/A	N/A	N/A
Jacqui Church	No	N/A	<ul style="list-style-type: none"> Great Goods Limited (Coffee & Food Service Wholesale Distributor) 	N/A	N/A	<ul style="list-style-type: none"> Southwest Trust (Trustee) 	<ul style="list-style-type: none"> Pukekohe Lions (Member) Franklin & Districts Justices of the Peace Association (Member) BPW Franklin – Business & Professional Women Franklin (Member) Port Waikato Pink Breakfast (Committee Chair) <ul style="list-style-type: none"> Tuakau Cleanup & Planting (Member) Franklin & North Waikato [FAWN] Trails Forum (Member) Onewhero Golf Club (Husband – Member & on Match Committee) Port Waikato Blue Breakfast (Colin Church – Husband – committee member) 	<ul style="list-style-type: none"> 2x Tuakau (Owner) 	N/A	N/A	N/A
Jan Sedgwick	No	N/A	N/A	<ul style="list-style-type: none"> Auckland Airport Contact Energy <ul style="list-style-type: none"> AMP Methven Cochlear Telstra Wherescape CBA Bank of Queensland (public shareholder in all above) 	N/A	<ul style="list-style-type: none"> Holbrook Family Trust (beneficiary) Carrara Wharf Trust (Beneficiary) Harvey S'pore Trust (Beneficiary) WWF NZ - Trustee (Board Member) Te Araroa Trail Trustee (Board Member) 	N/A	<ul style="list-style-type: none"> Te Kauwhata (Shareholder in company) 	N/A	N/A	N/A
Janet Gibb	No	N/A	<ul style="list-style-type: none"> JMG Ltd (Rental Properties) Ede Investments Ltd (Farming) 	N/A	<ul style="list-style-type: none"> Ede Investments Ltd (Farming) 	<ul style="list-style-type: none"> Janet Gibb Family Trust (Trustee/Settlor/Beneficiary) Rarangi Trust (Trustee/Beneficiary) Mangatokatoka Trust (Trustee/Beneficiary) Tironui Trust (Trustee/Beneficiary) 	<ul style="list-style-type: none"> Business + Professional Women NZ (Advocacy + Education – Member/Past Executive) 	<ul style="list-style-type: none"> 2x Taupiri (Owner) 4x Taupiri (Trustee or Director) 2x Taupiri (Trustee/Beneficiary/Director) 	N/A	N/A	<ul style="list-style-type: none"> ASB (mortgages Rental Properties) ASB (Farm Mortgages + Overdrafts)
Lisa Thompson	No	N/A	N/A	N/A	<ul style="list-style-type: none"> Raglan Area School (Board of Trustees & Administrator) Trade Aide Importer (Retail) 	<ul style="list-style-type: none"> Raglan Event & Multi Sport Trust (Event Coordinator/Trustee) 	<ul style="list-style-type: none"> Whaingaroa Raglan Affordability Project/Affordable Housing/Council Raglan Naturally (Community Organisation) Raglan Business Chamber (Local Business Development) Council & Community Board 	<ul style="list-style-type: none"> 1x Raglan (owner) 	N/A	N/A	N/A

COUNCIL	Financial Interests <i>Please refer to Statement Reference here.</i>		Non - Financial Interests								
	1 to 6	With the exception of	Companies		Employment/Paid Positions	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21)	Debts
			Director/Manager	Financial Interests		Trustee/Beneficiary	Other Bodies				
Noel Smith	No	N/A	N/A	<ul style="list-style-type: none"> National Australian Bank (Bank) Farmlands Loop Ltd (Farm Supplies) 	• Self Employed (Farming)	N/A	<ul style="list-style-type: none"> Waikato JP Assn Inc (JP Duties – Senior Vice President) Huntly JP Assn (JP Support – IPP) 	x2 Ngaruawhaia (owner)	N/A	N/A	N/A
Rob McGuire	No	N/A	N/A	• Fonterra (Shareholder)	• Self-employed (Farming)	• McGuire Family Trust (Beneficiary)	N/A	1x Puketaha (Family Trust/Beneficiary)	N/A	N/A	N/A
Mayor Allan Sanson	No	N/A	Sanpat Ltd (Farming)	Sanpat Ltd (Farming)	N/A	AM & PA Sanson Family Trust (Trustee)	N/A	x3 Huntly (owner)	January 2020 Return Airfare to Guangzhou (China) from Yashili International Holdings, including 3 nights accommodation.	N/A	N/A
Stephanie Henderson	No	N/A	N/A	N/A	N/A	N/A	N/A	1x Te Kohanga (owner)	N/A	N/A	N/A
Shelley Lynch	No	6. No answer entered	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Huntly Rotary (Charity) – Organisation has received, or applied to receive, funding from Council/Community Board/Community Committee BPW Huntly (Dinner meetings) Huntly & Ngaruawahia RSA (Dinner) 	x3 Huntly (owner)	N/A	N/A	N/A

Register of Elected Members Interests

		Statements <i>Please refer to Statement Reference here.</i>		Non - Financial Interests								
Name	Community Board	1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21)	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Gabrielle Parsons	Raglan	No	N/A	• Valencia Limited (Marine Engineering)	• Valencia Limited (Marine Engineering)	• Raglan Naturally (Community led development)	• Bradley Family Trust (Trustee)	• COGS Waikato West (Committee)	1x Raglan (Owner)	N/A	N/A	N/A
Bob McLeod	Raglan	No	6 - No answered entered	• CLOUDS (Training)	N/A	N/A	N/A	• Raglan Ratepay Community Inst (President)	1x Raglan (Owner)	N/A	N/A	N/A
Satnam Bains	Raglan	No	N/A	• Satnam's Supermarket Ltd (Retail) • Rano Community Trust (Grants/Community) • Downunder Developments (Property)	N/A	• Satnam's Supermarket Ltd (Retail) • Rano Community Trust (Grants/Community)	• Rano Community Trust (Chairman) • Bains Family Trust (Beneficiary)	• St Johns Raglan (Executive Member)	N/A	N/A	N/A	N/A
Dennis Amooore	Raglan	No	5 - No answered entered	Fairlight Developments (Director)	N/A	Fairlight Developments (Director)	Raglan Surfliife Saving - Amenities Trust (Trustee)	N/A	4x Raglan (Owner)	N/A	N/A	N/A
Tony Oosten	Raglan	No	N/A	No interests to declare	N/A	Fonterra (Dairy Manufacturer)	Waikato Trust A&B (Trustee)	N/A	2x Raglan (Owner)	N/A	N/A	N/A
Chris Rayner	Raglan	No	N/A	Raglan Farmstay (Accomodation)	N/A	Raglan Farmstay (Accomodation)	• Te Whare Trust (Director) • J & V Rayner Trust (Beneficiary)	N/A	1x Raglan (Director of Te Whare Trust)	N/A	N/A	N/A
Shaun Jackson	Onewhero Tuakau	No	5 - Smart Environmental (Tuakau) Have an indirect interest as Council lease a building I manage which is owned by a family member	• Lavalla Farm Ltd. (Farming Activity) • Lavalla Functions Ltd. (Function & Event Centre) • Jackson Group Developments Ltd. (Property Development) • Jackson Property Group Holdings (Property Maintenance)	N/A	Jackson Property Group Holdings Ltd. (Property Maintenance)	• Tuakau Youth Sport Trust (Chairperson)	• Tuakau Combined Sports Society (Chairperson) (has applied for Lightbody Reserve funding for field lighting)	5x Tuakau (Owner)	N/A	N/A	ANZ (Property Loan)
Caroline Conroy	Onewhero Tuakau	No	N/A	N/A	N/A	• Counties Mankau DHB (Midwife) • Midwifery Employee Representation & Advisory Service MERAS (Co-Leader of service that represents employed midwives)	N/A	Glen Murray Community Equestrian Group- Riding Centre (Chair) Received funding from OTCB in 2017 for a defibrillaotr for the County Hall & Equestrian Grounds	2x Tuakau (Owner)	N/A	N/A	N/A
Jonathan Lovatt	Onewhero Tuakau	No	N/A	• Supply Program Solutions Ltd. (Packaging Supplier)	• Powella Ltd. (Exporter) • Lovatt Holdings Ltd. (Domestic Renovations)	N/A	N/A	N/A	3x Onewhero (Owner)	N/A	N/A	N/A
Vernon Reeve	Onewhero Tuakau											
Kandi Ngataki	Onewhero Tuakau											
Bronwyn Watson	Onewhero Tuakau											
Kiri-Kauhrangi Breeze Morgan	Ngaruawahia	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Greg Wiechern	Ngaruawahia	No	N/A	• Wiechern Properties Ltd (Rental Properties)	• Wiechern Properties Ltd (Rental Properties)	• Motorhome Solar Ltd (Electrical/Solar to Motorhomes)	N/A	N/A	N/A	N/A	N/A	N/A
Jack Ayers	Ngaruawahia	No	N/A	N/A	N/A	N/A	• Waipa School Board of Trustees (Board Member)	N/A	N/A	N/A	N/A	N/A
Rongo Kirkwood	Ngaruawahia	No	N/A	• Riverbed Motel (Accomodation)	• Riverbed Motel (Accomodation)	• Trust Waikato (Community Trust)	N/A	N/A	N/A	N/A	N/A	N/A

		Statements Please refer to Statement Reference here.		Non - Financial Interests									
Name	Community Board	1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October 2019)	Payments for activities and services (since 21)	Debts	
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body					
Dianne Firth	Ngaruawahia	No	N/A	N/A	<ul style="list-style-type: none"> Soalchery (Soap Making) Shipits (Dress Making) 	N/A	<ul style="list-style-type: none"> Dianne Firth Family Trust (Trustee) KH & CL Ulrich Trust (Beneficiary) 	<ul style="list-style-type: none"> Glen Massey School PTA (Treasurer) 	1x Ngaruawahia (Beneficiary of Trust) 1x Hamilton (Beneficiary of Trust)	N/A	N/A	N/A	
Venessa Rice	Ngaruawahia	No	N/A	N/A	N/A	<ul style="list-style-type: none"> Ngaruawahia Community House (local community services and activities) Ngaruawahia High School (Husband employed as groundsman) 	N/A	N/A	N/A	2x Ngaruawahia (Owner)	N/A	N/A	N/A
David Whyte	Huntly	No	N/A	N/A	<ul style="list-style-type: none"> Zestos (Boutique citrus production, writing on environmental/tree issues, rental property management) 	N/A	N/A	<ul style="list-style-type: none"> New Zealand Tree Crops Association (President moving to Past President in 2021) Waikato Tree Crops (Committee Member) 	2x Ohinewai (Owner) 2x Huntly (Owner) 2x Ngaruawahia (Owner)	N/A	N/A	<ul style="list-style-type: none"> Westpac (bank loan) 	
Red Wootton	Huntly												
Rewi Cork	Huntly												
Greg McCutchan	Huntly	No	N/A	N/A	N/A	Declined to answer	N/A	N/A	Declined to answer	N/A	N/A	N/A	
Kim Bredenbeck	Huntly	No	5. GM of WEA who hold a contract for ISITE delivery services for Raglan. Contract will end possibly in June 2020 (value of contract 142k)	N/A	N/A	<ul style="list-style-type: none"> Waikato Enterprise Agency Trust Inc. (Education and Tourism services) 	<ul style="list-style-type: none"> Friendship House Inc (Treasurer) 	<ul style="list-style-type: none"> Huntly War Memorial Hall Committee (Secretary) (Currently negotiating funds to continue the refurbishment of the hall as outlined by Chairperson who is the project manager aligned to plan) Huntly Residency and Ratepayers Association (Secretary) Lets Get Together Huntly (Committee member - delivers Wearable Arts Competition every second year- will apply to the culture fund and community board for this event in July) 	1x Huntly (owner)	N/A	N/A	N/A	
Eden Watawai	Huntly	No	N/A	N/A	N/A	<ul style="list-style-type: none"> Waikato District Council (Employee-Customer Service) 	N/A	<ul style="list-style-type: none"> Huntly RSA (Committee Member) Harty Sistaz Huntly Girls Youth Group (Co-Facilitator) <p>Anzac Day funding for Huntly RSA Access to Council resources as Huntly Youth Action Group Contributors (Harty Sistaz)</p>	1x Huntly (Tenant)	N/A	N/A	N/A	
Dorothy Lovell	Taupiri	No	1	N/A	N/A	<ul style="list-style-type: none"> Hamilton Hearing Assoc. (Administrator) 	N/A	N/A	N/A	N/A	N/A	N/A	
Howard Lovell	Taupiri												
Rudy Van Dam	Taupiri	No	N/A	<ul style="list-style-type: none"> St. Isadore Co Ltd. (Farming) 	N/A	N/A	N/A	N/A	1x Taupiri (Owner)	N/A	N/A	N/A	
Joanne Morley	Taupiri	No	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Sharnay Cocup	Taupiri	No	N/A	N/A	N/A	N/A	<ul style="list-style-type: none"> Taupiri School Board Trustees (Trustee) Taupiri Youth Group (Trustee) Waikato Trout Committee (Trustee) 	<ul style="list-style-type: none"> Taupiri Rugby Club (Weigh in deligate) 	N/A	N/A	N/A	N/A	
Jacqueline Henry	Taupiri	No	N/A	N/A	N/A	<ul style="list-style-type: none"> Waikato Regional Council (Senior Social Scientist) 	N/A	N/A	1x Taupiri (Owner)	N/A	N/A	N/A	

YELLOW INDICATES THAT THE ELECTED MEMBER DID NOT SUBMIT A COMPLETED FORM

		Financial Interests Please refer to Statement Reference here.		Non - Financial Interests								
Name	Community Committee	1 to 6	With the exception of	Companies		Employment	Other Organisations		Property	Gifts (received since 21 October)	Payments for activities and	Debts
				Director/Manager	Financial Interests		Trustee/Beneficiary	Governing Body				
Tony Nelson	Tamahere											
		No	N/A	<ul style="list-style-type: none"> Vael Holdings Coley Property Group Ltd. Coley Property General Partner Ltd. Freestone Property Ltd. Snell General Partner Ltd. Tahi Investments Ltd. 265 James Ltd. Vogler Ltd. Southend Ltd. Maxwell Place Ltd. Te Waiti Ltd. Snell Street Limited Partnership Kake Investments Limited Partnership 313 Partnership 550 Investment Limited Charming Juno Limited 	<ul style="list-style-type: none"> Vael Holdings Coley Property Group Ltd. Coley Property General Partner Ltd. Freestone Property Ltd. Snell General Partner Ltd. Tahi Investments Ltd. 265 James Ltd. Vogler Ltd. Southend Ltd. Maxwell Place Ltd. Te Waiti Ltd. Snell Street Limited Partnership Kake Investments Limited Partnership Charming Juno Limited 	<ul style="list-style-type: none"> Coley Property Group Ltd. (Property Management) 	<ul style="list-style-type: none"> B&C Coley Trust (Trustee & Beneficiary) BR Coley Investment Trust (Trustee & Beneficiary) <ul style="list-style-type: none"> Steele Trust (Beneficiary) Out Trust (Beneficiary) TH Coley Property Trust (Beneficiary) KT Coley Investment Trust (Beneficiary) RN Coley Investment Trust (Beneficiary) <ul style="list-style-type: none"> Phillip Coley Trust (Beneficiary) 	N/A	2x Tamahere (Owner)	N/A	N/A	All property finance- ANZ, BNZ, Kiwibank)
Bevin Coley	Tamahere											
Janis Swan	Tamahere	No	N/A	N/A	<ul style="list-style-type: none"> Westpac Australia (Shares) Yarra (Australia) (Shares) Mercury (Shares) 	University of Waikato (Teaching and research)	<ul style="list-style-type: none"> Earle Technology Trust (Chairperson) Waikato Graduate Women's Educational Trust (Board Member) 	N/A	2x Tamahere (Owner)	N/A	Assessor of research grants (MBIE)	N/A
Lyn Harris	Tamahere	No	N/A	Livestock Sales RHB Ltd (Procurement of livestock for slaughter)	N/A	Livestock Sales RHB Ltd (Administration and Accounts)	Paul Harris Family Trust (Trustee & Beneficiary) Lyn Harris Family Trust (Trustee)		1x Tamahere (Owner)	N/A	N/A	N/A
Alison Ewing	Tamahere	No	N/A	N/A	N/A	N/A	Cherry Farm Trust (Trustee)	MESH Sculpture Hamilton (Trustee)	2x Tamahere (Owner)	N/A	N/A	N/A
Jason Bates	Tamahere	No	N/A	Raid Investments Ltd. (Motel Accommodation)	Raid Investments Ltd. (Motel Accommodation)	ANZ (Bank Associate)	Tick Trust (Trustee)	N/A	1x Tamahere (Owner)	N/A	N/A	N/A
Ingrid ter Beek	Tamahere											
		No	N/A	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Investments Ltd. (Investment)	Franklin Hospice Charitable Trust (Provision of palliative care)	Jeneric Family Trust (Trustee)	Franklin JP Assn (Council member. Justices of the Peace)	1x Pokeno (Owner/Trustee)	N/A	N/A	New Zealand Home Loans (Mortgage)
Ric Odom	Pokeno											
		No	N/A	Pokeno Bacon Co. (Manufacturers-Retailers)	Pokeno Bacon Co. (Manufacturers-Retailers)		David Evans Family Trust (Trustee & Beneficiary)	Pokeno Hall Committee (Treasurer) Pokeno Community Hall (Manager)	x4 Pokeno (Owner)	N/A	N/A	N/A
Helen Clotworthy	Pokeno											
Lance Straker	Pokeno											
		No	N/A	<ul style="list-style-type: none"> Waikato Rugby Union Frankton Rugby Sports Club Inc 	N/A	N/A	N/A	<ul style="list-style-type: none"> Waikato Rugby Union (Director) Frankton Rugby Sports Club (Board Member) 	N/A	N/A	N/A	N/A
Allen Grainger	Pokeno											
Peter Koizumi	Pokeno											
Todd Miller	Pokeno											
		No	N/A	N/A	N/A	N/A	N/A	N/A	1x Pokeno (Owner)	N/A	N/A	N/A
Kris Hines	Pokeno											
Brenda Ann Roberts	Pokeno											
Doug Rowe	Pokeno	No	N/A	INCOMPLETE FOR REST								
		No	N/A	N/A	N/A	NZ Police (Intelligence Analyst & Support)	N/A	Pokeno Tennis & Rec Club (Committee Member-rebuilding a community facility)	N/A	N/A	N/A	N/A
Helen Johnson	Pokeno											
James McRobbie	Pokeno											

YELLOW INDICATES THAT THE ELECTED MEMBER DID NOT SUBMIT A COMPLETED FORM

Open Meeting

To	Audit & Risk Committee
From	Gavin Ion Chief Executive
Date	25 March 2020
Prepared by	Brendan Stringer
Chief Executive Approved	Y
Reference #	GOV1318
Report Title	Exclusion of the Public

I. RECOMMENDATION

THAT the public be excluded from the following parts of the proceedings of this meeting.

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 are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.1 – Public Excluded Minutes 2 December 2019 2.1 – Fraud Declaration 2.2 – Register of Interests – Senior Staff 2.3 – Risk Assessment of Council Controlled Organisations Draft Statement of Intent 2.4 – Committee Time with Audit New Zealand	Good reason to withhold exists under Section 6 or Section 7 Local Government Official Information and Meetings Act 1987	Section 48(1)(a)

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 which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

Item No.	Section	Interest
2.1	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
	7(2)(c)(ii)	To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest.
2.2	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
2.3	7(2)(b)(ii)	To protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.
	7(2)(i)	To enable the Council to carry out, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations).
2.4	7(2)(a)	To protect the privacy of natural persons, including that of deceased natural persons.
	7(2)(j)	To prevent the disclosure or use of official information for improper gain or improper advantage.

AND THAT the Audit NZ representatives be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of audit requirements for Waikato District Council. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter to inform and advise the Committee.
