



KOMITI ITI AHUMONI I TŪRARU AUDIT AND RISK SUBCOMMITTEE

23 April 2026

Order Paper for the meeting to be held in the
Council Chambers, 2nd Floor, 30 Laings Road, Lower Hutt,
on:

Tuesday 28 April 2026 commencing at 9:30 am

Note: this meeting has been rescheduled from 21 April 2026 to 28 April 2026

The meeting will be livestreamed to Council's YouTube page.

Membership Membership

David Cochrane (Independent Chair)
Mayor Fauono K Laban (Deputy Chair)
Deputy Mayor K Brown Cr T Stallinger
Kevin Ramsay (Independent
member)

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Have your say

You can speak under public comment to items on the agenda to the Mayor and Councillors at this meeting. Please let us know by noon the working day before the meeting. You can do this by emailing DemocraticServicesTeam@huttcity.govt.nz or calling the Democratic Services Team on 04 570 6666 | 0800 HUTT CITY

TE KOMITI ĀPITI AROTAKE ME NGĀ TŪRARU AUDIT AND RISK SUBCOMMITTEE

Chair:	Independent Chair David Cochrane
Deputy Chair:	Mayor Fauono Ken Laban
Membership: Te Komiti Āpiti Arotake me ngā Tūraru Audit and Risk Subcommittee members should be appointed to ensure the subcommittee has a diversity of governance skills, experiences, and personal qualities. Between them, the members should bring a mix of the following attributes: <ol style="list-style-type: none"> 1. Broad governance experience; 2. Familiarity with risk management disciplines; 3. Understanding of internal control and assurance frameworks; 4. An understanding of financial and non-financial performance reporting; 5. A good understanding of the roles of internal and external audit; and 6. A sound understanding of the local government sector. The use of the matrix below has assisted other councils in considering the best fit for membership of the Te Komiti Āpiti Arotake me ngā Tūraru Audit and Risk Committee.	Deputy Mayor Keri Brown Cr Tony Stallinger Independent member Kevin Ramsay
Quorum:	Half of the membership
Meeting Cycle:	Meets on an eight-weekly basis or as required
Reports to:	Council

Areas of focus:

- Oversight of risk management and assurance across the Council Group with respect to risk that is significant
- Internal and external audit and assurance
- Health, safety and wellbeing
- Business continuity and resilience
- Integrity and investigations
- Monitoring of compliance with laws and regulations
- Significant projects, programmes of work and procurement, focusing on the appropriate management of risk
- Assurance over the integrity of the Long Term Plan, Annual Report and other external financial reports required by statute, including review of risk, compliance and audit matters related to their preparation.

Delegations for the Subcommittee's areas of focus:

- The subcommittee has no decision-making powers other than those in these Terms of Reference.
- The subcommittee may request expert advice through the Chief Executive where necessary.
- The subcommittee may make recommendations to Council and/or Chief Executive.

Risk Management:

- Review, approve and monitor the implementation of the risk management framework and strategy, including significant risks to the Council Group.
- Review the effectiveness of risk management and internal control systems, including all material financial, operational, compliance and other material controls. This includes legislative compliance (including health and safety), significant projects and programmes of work, and significant procurement.
- Review risk management reports identifying new and/or emerging risks.

Assurance:

- Review and approve, and monitor the implementation of the assurance strategy and detailed internal audit coverage and annual work plans.
- Review the coordination between the risk and assurance functions, including the integration of the Council's risk profile with the internal audit programme.
- Review the reports of the assurance functions dealing with findings, conclusions and recommendations (including assurance over risks pertaining to Council Controlled Organisations and Council Controlled Trading Organisations that are significant to the Council Group).
- Review and monitor management's responsiveness to the findings and recommendations, inquiring into the reasons that any recommendation is not acted upon.

Fraud and Integrity:

- Review, approve and monitor the implementation of the assurance strategy, including the fraud and integrity aspects.
- Review the arrangements in place by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting, financial control or any other matters, and ensure that there is a proportionate and independent investigation of such matters and appropriate follow-up action.
- Review the procedures in relation to the prevention, detection, reporting and investigation of bribery and fraud.
- Review and monitor policy and process to manage conflicts of interest amongst elected and appointed members, management, staff, consultants and contractors.
- Review internal and external reports related to possible improprieties, ethics, bribery and fraud-related incidents.

Statutory Reporting:

- Review and monitor the integrity and assurance processes behind the Long Term Plan and Annual Report, including statutory financial statements and related disclosures. The Subcommittee's focus is on ensuring accuracy, compliance, and transparency in reporting, not on setting policy, service levels, or budgets, which other committees handle.

External Audit:

- Maintain oversight across the external audit process, with a particular focus on the nature and scope of audits, and the resolutions of audit recommendations.

Interaction with Council Controlled Organisations (CCOs):

- Other committees dealing with CCO matters may refer matters to the Te Komiti Iti Ahumoni i Tūraru | Audit and Risk Subcommittee for review and advice.
- The Te Komiti Kaupapa Here me te Pae Angitū | Policy and Performance Committee retains oversight of CCO performance, including Taiki Wai Metrowater Ltd. At the same time, this subcommittee focuses on assurance over risk and internal control across those entities.
- This subcommittee will inquire to ensure adequate processes at a governance level exist to identify and manage risks within a CCO. Where an identified risk may impact Council or Council Group, the subcommittee will also ensure that all affected entities are aware of and are appropriately managing the risk.

Matrix of Experience, Skills and Personal Qualities

Experience, Skills and Personal Qualities	Member A	Member B	Member C	Member D	Independent Chairperson
<i>The recommended combination of experience is:</i>					
• financial reporting					
• broad governance experience					
• familiarity with risk management disciplines					
• understanding of internal control and assurance frameworks					
• good understanding of the roles of internal and external audit					
• local government expertise					
<i>For an “advisory-oriented” audit committee, particular emphasis should be placed on:</i>					
• Strategy					
• Performance management					
• Risk management disciplines					
<i>In determining the composition of the audit committee, the combined experience, skills, and personal qualities of audit committee members is critical. Members should bring:</i>					
• the ability to act independently and objectively					
• the ability to ask relevant and pertinent questions, and evaluate the answers					
• the ability to work constructively with management to achieve improvements					
• an appreciation of the public entity’s culture and values, and a determination to uphold these					
• a proactive approach to advising the governing body and chief executive on matters that require further attention					
• business acumen					
• appropriate diligence, time, effort, and commitment					
• the ability to explain technical matters in their field to other members of the audit committee					

HUTT CITY COUNCIL

KOMITI ITI AHUMONI I TŪRARU | AUDIT AND RISK SUBCOMMITTEE

Meeting to be held in the Council Chambers,
2nd Floor, 30 Laings Road, Lower Hutt on
Tuesday 28 April 2026 commencing at 9:30 am

ORDER PAPER

PUBLIC BUSINESS

1. OPENING FORMALITIES - KARAKIA KAUNIHERA

Tuia te mana akiaki	<i>Sow the seeds of courage</i>
Rarangahia te mana	<i>Weave the power of unity</i>
rangatira	<i>To grow and prosper</i>
Kia tipu, kia puāwai	<i>There are ripples in</i>
E ripo ngā wai	<i>Te Awa Kairangi</i>
O Te Awa Kairangi	<i>There are Kaitiaki on the land</i>
He Kaitiaki ki te whenua	<i>Protected environment</i>
He oranga taiao	<i>Thriving people</i>
He oranga tangata	
	<i>Connected, united, affirmed!</i>
Haumi e, hui e Taiki e!	

2. APOLOGIES

No apologies have been received.

3. PUBLIC COMMENT

Generally, up to 30 minutes are set aside for public comment (three minutes per speaker on agenda items). Speakers may be asked questions on the matters they raise.

4. CONFLICT OF INTEREST DECLARATIONS

Members are reminded of the need to be vigilant to stand aside from decision making when a conflict arises between their role as a member and any private or other external interest they might have

5. RECOMMENDATIONS TO TE KAUNIHERA O TE AWA KAIRANGI COUNCIL - 26 May 2026

- a) Treasury Risk Management Policy Review, Update and Policy Breaches

b)	Review of Procurement Strategy and Policy	
	Report No. ARSC2026/2/109 by the Procurement Manager	67
c)	Financial Delegation Policy review	
	Report No. ARSC2026/2/110 by the Group Chief Financial Officer	90
6.	<u>EASTERN HUTT ROAD AND OTHER RESILIENCE PROJECTS</u>	
	Report No. ARSC2026/2/111 by the Head of Transport	104
7.	<u>WATER SERVICES MATTERS</u>	
	Report No. ARSC2026/2/112 by the Water Services Transition Manager	108
8.	<u>EXTERNAL AUDIT UPDATE - HUTT CITY COUNCIL</u>	
	Report No. ARSC2026/2/113 by the Financial Accounting Manager	118
9.	<u>SENSITIVE EXPENDITURE DISCLOSURES</u>	
	Report No. ARSC2026/2/31 by the Financial Accounting Manager	142
10.	<u>RISK MANAGEMENT UPDATE</u>	
	Report No. ARSC2026/2/114 by the Risk and Assurance Manager	147
11.	<u>THREE-YEAR INTERNAL AUDIT PLAN 2026 - 2028</u>	
	Report No. ARSC2026/2/115 by the Risk and Assurance Manager	172
12.	<u>HEALTH AND SAFETY PERFORMANCE UPDATE</u>	
	Report No. ARSC2026/2/116 by the Health and Safety Manager	182
13.	<u>LEGAL COMPLIANCE SURVEY RESULTS</u>	
	Report No. ARSC2026/2/117 by the Legal Operations Advisor	187
14.	<u>COUNCIL'S RESPONSE TO THE POTENTIAL NATIONAL FUEL SHORTAGE</u>	
	Report No. ARSC2026/2/32 by the Head of Strategy and Policy	193
15.	<u>REGULATORY COMPLIANCE AND ASSURANCE</u>	
	Report No. ARSC2026/2/33 by the Head of Planning	204

16. INFORMATION ITEM

Audit and Risk Subcommittee Forward Programme 2026

Memorandum dated 22 April 2026 by the Democracy Advisor 210

17. QUESTIONS

With reference to section 32 of Standing Orders, before putting a question, a member shall endeavour to obtain the information. Questions shall be concise and in writing and handed to the Chair prior to the commencement of the meeting.

18. EXCLUSION OF THE PUBLIC

CHAIR'S RECOMMENDATION:

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

19. TE WAI TAKAMORI O TE AWA KAIRANGI - RIVERLINK UPDATE

20. LITIGATION, OFFICIAL INFORMATION AND PRIVACY MATTERS

21. CYBER SECURITY INCIDENT

22. WATER SERVICES MATTERS UPDATE

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

(A)	(B)	(C)
General subject of the matter to be considered.	Reason for passing this resolution in relation to each matter.	Ground under section 48(1) for the passing of this resolution.
Te Wai Takamori o Te Awa Kairangi – RiverLink Update.	The withholding of the information is necessary to maintain the effective conduct of public affairs through the protection of such members, officers, employees and	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason

persons from improper pressure or harassment (s7(2)(f)(ii)).
 The withholding of the information is necessary to enable the local authority to carry out, without prejudice or disadvantage, commercial activities (s7(2)(h)).
 The withholding of the information is necessary to enable the local authority to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s7(2)(i)).

for withholding exist.

Litigation, Official Information and Privacy Matters.

The withholding of the information is necessary to maintain legal professional privilege (s7(2)(g)).

That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.

Cyber Security Incident.

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

That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exist.

improper gain or
improper advantage
(s7(2)(j)).

Water Services
Matters Update.

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

That the public
conduct of the
relevant part of the
proceedings of the
meeting would be
likely to result in the
disclosure of
information for
which good reason
for withholding exist.

This resolution is made in reliance on section 48(1) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or 7 of that Act which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as specified in Column (B) above.”

Jenny Young
DEMOCRACY ADVISOR

Report no: ARSC2026/2/108

Treasury Risk Management Policy Review, Update and Policy Breaches

Purpose of Report

1. The purpose of the report is for the Subcommittee to consider:
 - (a) endorsing the proposed changes to the Treasury Risk Management Policy (incorporating Liability Management and Investment Policies) resulting from officers' triennial review of the Policy (Part A of the report); and
 - (b) to recommend that Council approve a technical breach and a potential breach of the Policy because of the anticipated debt transfer to Tiaki Wai on 1 July 2026 (Part B of the report).

Recommendations

That the Subcommittee recommends that Council:

- (1) approves the updated Treasury Risk Management Policy, attached as Appendix 1 to the report;
- (2) notes the advice from PwC Treasury advisors, attached as Appendices 2 and 3 to the report;
- (3) approves a technical breach and potential breach of the Treasury Risk Management Policy for the period December 2026 because of the anticipated debt transfer to Tiaki Wai on 1 July 2026; and
- (4) notes monthly reporting to the Corporate Leadership Team and quarterly reporting to the Policy and Performance Committee, and this subcommittee will continue until the technical breach and potential breach have been resolved.

Acronyms used

AP- Annual Plan
 LTP - Long Term Plan
 CCO - Council Controlled Organisation
 TW - Tiaki Wai
 TOR - Terms of Reference

Part A – Review of Treasury Management Policy

Background on the Treasury Risk Management Policy

2. The last review and update of the Treasury Risk Management Policy (the Policy) was presented to the Audit and Risk Subcommittee on 23 February 2023 (ARSC2023/1/27). The Policy was consequently approved by Council on 28 March 2023.
3. It is a requirement of the Policy that it is formally reviewed on a triennial basis to ensure the Policy continues to reflect best practice and prevailing debt capital and investment market requirements.
4. Changes to the Policy require Council approval. The Audit and Risk Subcommittee is requested to review the Policy and then make a recommendation to Council.
5. PricewaterhouseCoopers (PwC) is Council's appointed Treasury Advisors and has supported the current review of the Policy.

Review of the Policy

6. In summary, the key changes proposed following the review of the Policy include:
 - a) Adding more clarity on the handling of CCO debt and guarantees, in relation to the establishment of Tiaki Wai (TW)
 - b) Minor changes to delegated responsibilities
 - c) Minor wording changes to reflect current market and policy practices
7. Table 1 provides information on the key changes to the Policy. The full detailed Policy is available in Appendix 1 and shows changes marked up.
8. Appendix 2 has been prepared by our PwC Treasury advisors and provides advice and rationale for the proposed changes to the Policy. PwC will attend the Subcommittee meeting and talk about this advice as required.

Table 1: Summary of proposed changes to the Policy

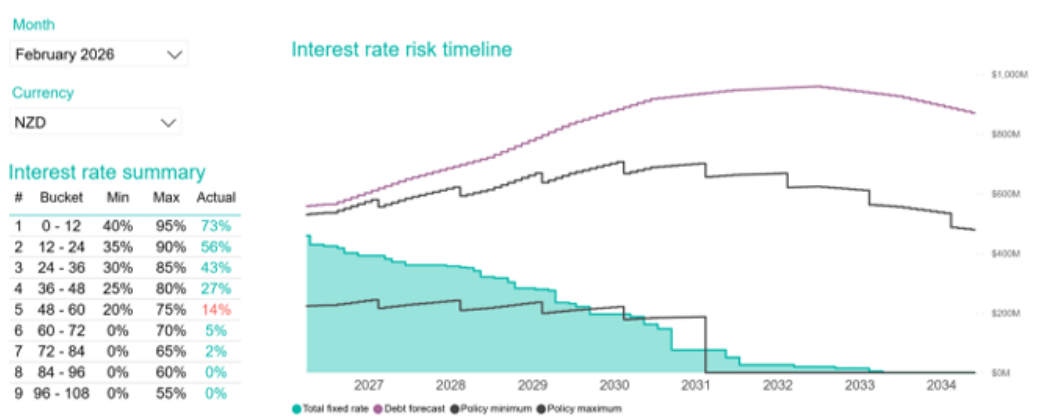
Section	Nature of changes	Commentary
1.1 Policy Purpose	Re-defined Council Controlled Organisations and Council Controlled Trading Organisations (CCO's/CCTO's)	To clarify which entities are covered by the Policy
2.2 Treasury Management Objectives	Update of Council's Standard & Poor's (S&P) Credit Rating	Council to maintain a long-term credit rating of at least A, following a sector wide downgrade by S&P on 18 March 2025 and the Hutt City Council review on 13 October 2025
3.3 Policy and Performance Committee	Updated committee name and definitions	
3.4 Audit and Risk Subcommittee	Updated committee definitions	
3.10 Delegation of Authority and Authority Limits	Three new Council activities added, namely a) Approve Guarantees, b) Approve Uncalled Capital Facilities and c) Approve new and refinanced on-lending arrangements to CCO/CCTOs	To accommodate LGFA lending to Tiaki Wai
4.4 Borrowing mechanisms	Update Council's Standard & Poor's (S&P) Credit Rating	Council to maintain a long-term credit rating of at least A, following a sector wide downgrade by S&P on 18 March 2025 and the Hutt City Council review on 13 October 2025
4.7 Guarantees/Contingent Liabilities	Minor wording change and re-order	Clarifies Council's ability to provide any guarantee to CCO's and those guarantees are not subject to the aggregated limit of \$2M. Particularly relevant to guarantees to LGFA and Tiaki Wai
6.1.2 Interest rate risk control limits	Removal of "Current Period" from the interest rate hedging table	To reduce confusion and be consistent with current market policy

		wording To update to new Committee TOR
7. Measuring treasury performance	Removal of references to benchmark rates	To reflect current market policy definitions
8.1 Treasury Reporting	Update to the reporting table	To better reflect current reporting, role responsibilities and Committee TOR

Part B – Policy compliance in context of Tiaki Wai debt transfer 1 July 2026

Identified Breach of the Policy

9. Council has identified a breach of policy in the 5-year interest rate band (Section 6.1.2: Interest rate risk control limits) whereby the minimum fixed rate drops below the required 20% threshold. Refer to the following table:



10. This is further discussed and detailed in the advice officers have received from our Treasury advisors, PwC, attached as Appendix 3.

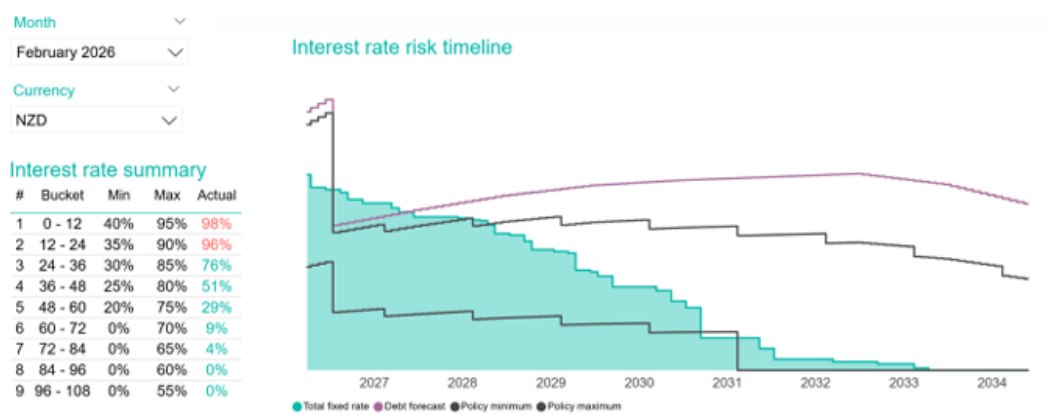
Background

11. Council is progressing toward the transfer of its water-related debt to Tiaki Wai on 1 July 2026. While the direction of travel is clear, the final amount of debt to be transferred remains subject to confirmation (currently circa. \$288M). This uncertainty has created tension in the application of the Policy, particularly regarding both funding and interest rate risk management.
12. Recently, it has been agreed that the debt will transfer via a proposed novation agreement between Council, Tiaki Wai and LGFA.
13. To meet the “no worse off” principle for both parties, debt to be transferred will mirror as close as possible a portion of Council’s total debt portfolio from a weighted average maturity and interest cost perspective. The proposed debt to be transferred will therefore be a mixture of fixed and floating rate debt, over differing maturity periods.

14. Officers are aware that Hutt City is not the only Council experiencing similar issues and likely policy breaches. Due to the unprecedented and imminent novation of water services related debt, the Policy cannot be structured to accommodate this event, as the details of how the novation will occur are still a work-in-progress.
15. Officers are therefore seeking approval for the breach of Policy in the 5-year time-band currently showing below the minimum policy levels of interest rate coverage of 20%, for an initial period to 30 September 2026.

Potential Policy breaches Post 31 July 2026

16. To gain insight into likely policy compliance post debt novation, Council has updated our compliance model with the current Draft Annual Plan 2026-2027 (DAP2027) forecast, as this plan assumes that water related debt (circa. \$288M) has been removed.
17. As a result, this action has indicated potential breaches of the Policy in the 1 and 2-year interest rate bands (Section 6.1.2 Interest rate risk control limits), whereby the fixed rate % rises above the required maximum 95% and 90% thresholds, respectively. Refer to the following table:



18. In contrast, use of this updated forecast now shows that compliance with policy in the 5-year interest rate band has been achieved.

Breach Remediation

19. After completion of the debt transfer on 1 July 2026, officers, in consultation with our advisors (PwC), will re-evaluate the final interest rate position and will take steps to eliminate both the current identified breach and the highlighted potential breaches.
20. The above tables demonstrate that Council is not compelled to act in the near term, which may prove suboptimal or require reversal, while maintaining a clear pathway back to compliance once the transition is completed.
21. Officers will commence corrective action in July 2026 post debt transfer. Officers anticipate this will be completed in July 2026, but no later than 30 September 2026.

22. Ongoing monthly reporting to Corporate Leadership Team and quarterly report to Policy and Performance Committee and this subcommittee will continue until the technical breach and potential breach have been resolved.

Consultation

23. This is an internal policy that does not require public consultation.
24. Changes to the Financial Strategy borrowing limits were consulted on as part of the Long Term Plan 2024-2034 process and incorporated into the Policy in July 2024 following Council approval of the Long Term Plan 2024-2034.

Climate Change Impact Considerations

25. There are no climate change impacts arising from this report.

Legal Considerations

26. All external borrowing, investments and incidental financial arrangements (eg use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and the Liability Management Policy and Investment Policy.
27. HCC is governed by the following relevant legislation:
 - a) Local Government Act 2002, Part 6, including sections 101,102, 104, 105, 112 and 116.
 - b) Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
 - c) Trusts Act 2019. When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.
28. All projected external borrowings are to be approved by Council as part of the Annual Plan, the Long Term Planning or CCO's Statement of Intent process, or resolution of Council before the borrowing is affected.
29. All legal documentation concerning external borrowing and financial instruments will be approved by HCC's solicitors prior to the transaction being executed.

Financial Considerations

30. There are no further financial considerations other than those detailed in the report.

Appendices

No.	Title	Page
1↓	Treasury Risk Management Policy	18
2↓	PwC Advice on Treasury Risk Management Policy review	56
3↓	PwC Advice on Treasury Risk Management Policy breaches	61

Author: Glenn Usoalii-Phillips, Treasury Officer

Reviewed By: Darrin Newth, Financial Accounting Manager and Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive



Treasury Risk Management Policy

Business unit(s) & Division(s)	Finance
Date adopted	28 March 2023
Date effective	28 March 2023
Review period	3 Years
Owner	Group Chief Financial Officer
Approved by	Council
Implementation	Finance
Monitoring/Evaluation	Finance

Archived Version (of adopted policy)	Author	Date	Description
V 1.0	Paul Blackler	October 2014	Approved by Council
V 2.0	Brent Kibblewhite	July 2017	Financial Strategy changes and Triennial review
V 3.0	Jenny Livschitz	May 2020	Policy changes and Triennial review
V 3.1	Jenny Livschitz	July 2021	Borrowing limit updates to align with financial strategy in adopted LTP 2021-2031
V 4.0	Jenny Livschitz	February 2023	Triennial review



V 4.1	Jenny Livschitz	July 2024	Borrowing limit updates to align with financial strategy in adopted LTP 2024-2034
V5.0	Jenny Livschitz	March 2026	Triennial Review

1. Introduction

1.1 POLICY PURPOSE

The purpose of the Treasury Risk Management Policy (“Policy”) is to outline the policies in respect of all treasury activity to be undertaken by Hutt City Council Group (“HCC”) being Hutt City Council (“Council”) together with its wholly owned Council Controlled Organisations [and Council Controlled Trading Organisations](#) (“CCO’s/[CCTO’s](#)”). [For Council Controlled Organisations that are partially owned, or shared with other local authorities, the Policy governs the Council’s engagement, monitoring, and financial interactions with those entities, rather than the internal treasury operations of the entities themselves.](#)

[The Policy also includes Section 4; Liability Management Policy and Section 5; Investment Policy.](#)

The formalisation of such policies will enable treasury risks within HCC to be prudently managed.

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

- Industry “best practices” for a council the size and type of HCC.
- The risk bearing ability and tolerance levels of the underlying revenue and cost drivers.
- The effectiveness and efficiency of the Policy and treasury management function to recognise, measure, control, manage and report on HCC’s financial exposure to market

interest rate risks, funding risk, liquidity, investment risks, counterparty credit risks and other associated risks.

- The operations of a pro-active treasury function in an environment of control and compliance.
- The robustness of the Policy's risk control limits and risk spreading mechanisms against normal and abnormal interest rate market movements and conditions.
- Assistance to HCC in achieving strategic objectives.

2. Scope and objectives

2.1 SCOPE

- This document identifies the policy of HCC in respect of treasury management activities.
- The Policy has not been prepared to cover other aspects of HCC's operations, particularly transactional banking management, systems of internal control and financial management. Other policies and procedures of HCC cover these matters.
- This Policy should be read in conjunction with the [Financial Delegation Policy](#), which confirms that delegations for Treasury transactions are specifically covered by this Policy.

2.2 TREASURY MANAGEMENT OBJECTIVES

The objective of this Policy is to control and manage costs, investment returns and risks associated with treasury management activities.

Statutory objectives

- All external borrowing, investments and incidental financial arrangements (e.g., use of interest rate hedging financial instruments) will meet requirements of the Local Government Act 2002 and the Liability Management Policy and Investment Policy.
- HCC is governed by the following relevant legislation:
 - Local Government Act 2002, in particular Part 6 including sections 101,102, 104, 105, 112 and 116.

- Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- Trusts Act 2019. When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others.
- All projected external borrowings are to be approved by Council as part of the Annual Plan (AP), the Long Term Plan (LTP) or CCO's Statement of Intent (SOI) process, or resolution of Council before the borrowing is affected.
- All legal documentation in respect to external borrowing and financial instruments will be approved by HCC's solicitors prior to the transaction being executed.
- HCC will not enter into any borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Trading Organisation (CCTO) on terms more favourable than those achievable by Council itself.
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - The period of indebtedness is less than 91 days (including rollovers); or
 - The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate, an amount determined by resolution of Council.

General objectives

- Minimise HCC's whole of life costs and risks in the management of its external borrowings.
- Minimise HCC's exposure to volatility in interest costs.
- Minimise HCC's exposure to adverse interest rate movements.
- Monitor, evaluate and report on treasury performance.
- Borrow funds and transacts risk management instruments within an environment of control and compliance under HCC approved Policy so as to protect HCC's financial assets and manage costs.

- Arrange and structure external long term funding for HCC at a favourable margin and cost from debt lenders. Optimise flexibility and spread of debt maturity terms within the funding risk limits established by this Policy statement.
- Monitor and report on financing/borrowing covenants and ratios under the obligations of HCC's lending/security arrangements.
- Comply with financial ratios and limits stated within this Policy.
- Monitor HCC's return on investments.
- Ensure Council, HCC management and relevant officers are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.
- Maintain appropriate liquidity levels and manage cash flows within HCC to meet known and reasonable unforeseen funding requirements.
- To minimise exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure that all statutory requirements of a financial nature are adhered to.
- Ensure that financial planning will not impose an unequitable spread of costs/benefits over current and future ratepayers.
- To ensure adequate internal controls exist to protect HCC's financial assets and to prevent unauthorised transactions.
- Develop and maintain relationships with financial institutions, Local Government Funding Agency (LGFA), credit rating agencies and investment counterparties.
- To maintain a long-term credit rating of at least A. Councils AA credit rating.

2.3 POLICY SETTING AND MANAGEMENT

Council approves Policy parameters in relation to its treasury activities. Council's Chief Executive has overall financial management responsibility for HCC's borrowing and investments.

Council exercises ongoing governance over its subsidiary companies (CCO/CCTO), through the process of approving their Constitutions, SOI's, and the appointment of Directors/Trustees to these entities.

3. Governance and management responsibilities

3.1 OVERVIEW OF RESPONSIBILITIES

The following diagram illustrates those individuals and bodies who have treasury responsibilities. Authority levels, reporting lines and treasury duties and responsibilities are summarised in the section that follows.



3.2 COUNCIL

Council has ultimate responsibility for ensuring that there is an effective policy for the management of its risks. In this respect Council decides the level and nature of risks that are acceptable, given the underlying objectives of HCC.

Council is responsible for approving the Policy. While the Policy can be reviewed and changes recommended by other persons, the authority to make or change Policy cannot be delegated.

In this respect, Council has responsibility for:

- Approving the long-term financial position, financial strategy and rating levels of HCC through the adoption of the LTP and AP.
- Approval of annual Statements of Intent for CCOs and CCTOs.
- Approve and adopt the Liability Management and Investment Policies.
- Adoption of the Annual Report for HCC.
- Approving the Policy and incorporating the following delegated authorities:
 - Borrowing, investment and dealing limits and the respective authority levels delegated to the Chief Executive (CE), Group Chief Financial Officer (GCFO) and other HCC officers.
 - Counterparties and credit limits.
 - Risk management methodologies and benchmarks.
 - Guidelines for the use of financial instruments.
 - Receiving a triennial review report on the Policy.
- Approval for one-off transactions falling outside Policy. These will include:
 - Additional borrowings other than in accordance with the LTP, AP or CCO's SOI.
 - Purchase or disposal of assets other than in accordance with the LTP, AP or CCO's SOI,
 - The establishment and disposal of any CCO and the appointment of their directors or trustees.

3.3 POLICY, FINANCE AND STRATEGY PERFORMANCE COMMITTEE (PPCFS)

The PPC provides governance oversight of policy, and financial performance reporting.

Under delegation from Council:

- Evaluate and recommend amendments to Policy.
- Reviewing debt levels for compliance with Councils Annual Plan, Long Term Plan or specific Council resolution and this Policy.
- Review treasury activity and oversee compliance with this Policy.

3.4 AUDIT AND RISK SUBCOMMITTEE (ARSC)

The ARSC provides oversight of risk management and assurance across the Council Group with respect to risk that is significant. Under delegation from Council:

- Providing objective advice and recommendations to Council around the sufficiency, quality and results of assurance over HCC's financial management practices, risk management, internal control systems and governance frameworks.

3.5 CHIEF EXECUTIVE (CE)

While Council has final responsibility for the Policy governing the management of Council's risks, it delegates overall responsibility for the day-to-day management of such risks to the Chief Executive.

In respect of treasury management activities, the Chief Executive's responsibilities include:

- Ensuring the policies comply with existing and new legislation.
- Approving the delegated authorities in line with the Financial Delegations Policy.
- Approving new counterparties and counterparty limits.
- Approving new external borrowing undertaken in line with Council resolution and approved borrowing strategy.
- In conjunction with the Group Chief Financial Officer (GCFO), approving the opening and closing of bank accounts.

- Receiving advice of non-compliance of Policy and significant treasury events from the GCFO.

3.6 GROUP CHIEF FINANCIAL OFFICER (GCFO)

The GCFO's responsibilities are as follows:

- Management responsibility for all external borrowing and investment activities as delegated by the CE.
- Recommending Policy changes for approval.
- Managing the long-term financial position of Council as outlined in the LTP.
- Ongoing risk assessment of borrowing and investment activity including procedures and controls.
- Approving treasury transactions in accordance with delegated authority.
- Authorising the use of approved interest rate management instruments within discretionary authority.
- Recommending financial delegated authorities in respect of all treasury activities.
- Review all delegated authorities annually to ensure that they are still appropriate and current.
- Proposing new external borrowing requirements to the CE, and if required submission to Council.
- Reviewing and making recommendations on all aspects of the Policy to the CE, including dealing limits, approved instruments, counterparties, and general guidelines for the use of financial instruments.
- Conducting a review, at least triennially, of the Policy, treasury procedures and counterparty limits.
- Monitoring and reviewing the performance of the treasury function in terms of achieving the objectives.
- Monitoring treasury exposures on a regular basis, including current and forecast cash position, interest rate exposures and borrowings.

- Authorising external borrowing, investing, interest rate, cash management transactions with bank counterparties. Approving all amendments to Council records arising from checks to counterparty confirmations – with any two authorised signatories.
- The GCFO has oversight, and approves actions undertaken by the Treasury Officer and Financial Accounting Manager per delegated authority.

3.7 FINANCIAL ACCOUNTING MANAGER (FAM)

The Financial Accounting Manager's responsibilities are as follows:

- Responsible for overseeing the day to day treasury function as delegated by the GCFO.
- Account for all treasury transactions in accordance with legislation and generally accepted accounting principles, Council's accounting and funding and financial policies.
- Ensuring management procedures and policies are implemented in accordance with this Treasury Risk Management Policy.
- Check all treasury deal confirmations against the treasury spreadsheet/deal ticket and report any irregularities immediately to the GCFO.
- Complete general ledger reconciliations to treasury spreadsheet.
- Review and approve monthly bank reconciliations.
- Reconcile monthly summaries of outstanding financial contracts from bank counterparties to internal records.
- Ensuring all financial instruments are valued and accounted for correctly in accordance with current best practice standards.

3.8 TREASURY OFFICER (TO)

The Treasury Officer's responsibilities are as follows:

- Execution of external borrowing, investment, and interest rate management transactions in accordance with set limits. Investigate financing alternatives to minimise borrowing costs, margins and interest rates, making recommendations to the GCFO as appropriate.
- Carry out the day to day cash and short term cash management activities.

- Co-ordinate the compilation of cash flow forecasts and day-to-day cash management responsibilities.
- Update treasury spreadsheets for all new, re-negotiated and maturing transactions.
- Monitor and update credit ratings of approved counterparties.
- Settlement of external borrowing, investment, cash management, and interest rate management transactions, after approval from GCFO/CE and signed-off.
- Complete monthly reconciliations of On-Call, Investment and Loan Balance Accounts.
- Handle all administrative aspects of bank counterparty agreements and documentation such as loan agreements and ISDA documents. Prepare treasury reports.
- Check compliance against limits and prepare report on an exceptions basis.
- Foreign exchange transaction processing, ensuring the best rate available.

3.9 FINANCE AND TREASURY COMMITTEE (FTC)

This is an internal committee of Officers, comprising the GCFO, FAM and TO, and is supported by external specialist treasury advisors as required. The committee considers HCC's cash flow forecast, current and forward looking debt position, interest rate hedging, upcoming debt issuance requirements, compliance with this Policy and formulates and agrees strategy in those regards.

3.10 DELEGATION OF AUTHORITY AND AUTHORITY LIMITS

Treasury transactions entered into without the proper authority are difficult to cancel given the legal doctrine of "apparent authority". Also, insufficient authorities for a given bank account or facility may prevent the execution of certain transactions (or at least cause unnecessary delays).

To prevent these types of situations, the following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure that they are still appropriate and current.

- A comprehensive letter must be sent to all bank counterparties at least annually to confirm details of all relevant current delegated authorities empowered to bind Council. This letter will also provide each counterparty Councils standard settlement instructions.

Whenever a person with delegated authority on any account or facility leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

Council has the following responsibilities, either directly itself, or via the following stated delegated authorities:

Activity	Delegated Authority	Limit
Approving and changing Policy	Council	Unlimited
Approve external borrowing for year as set out in the AP/LTP.	Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments other than financial investments	Council	Unlimited
Approve Guarantees provided to Council CCOs and LGFA	Council	Unlimited
Approve Uncalled Capital Facilities provided to Council CCO/CCTOs	Council	Unlimited
Approve new and refinanced on-lending arrangements to CCO/CCTOs	Council	Unlimited
Approval for charging assets as security over borrowings as set out in the AP/LTP.	CE (delegated by Council)	Subject to Policy
Approving new and reviewing re-financed bank and LGFA facilities.	CE (delegated by Council)	Subject to Policy

Approving transactions outside Policy	PPC (delegated by Council)	Unlimited
Overall day-to-day treasury management	CE (delegated by Council) GCFO (delegated by CE)	Subject to Policy
Re-financing existing debt	CE (delegated by Council) GCFO (delegated by CE)	Subject to Policy
Approve new external borrowing in accordance with Council resolution or through the adoption of the AP/LTP.	GCFO (delegated by CE)	Per Council approved AP/LTP
Negotiate bank facilities	GCFO	N/A
Manage borrowing and interest rate strategy	GCFO	N/A
Adjust interest rate risk profile	GCFO	Per risk control limits
Managing funding and investment maturity profiles	GCFO	Per risk control limits
Activity	Delegated Authority	Limit
Maximum daily transaction amount (borrowing, investing, interest rate risk management and cash management) excludes roll-overs on debt and interest rate swaps.	Council	Unlimited
	CE	\$50 million
	GCFO	\$35 million
	TO	\$10 million
Manage cash/liquidity requirements	GCFO	Per risk control limits
Authorising list of signatories	CE	Unlimited

Opening/closing bank accounts	CE and GCFO	Unlimited
Triennial review of Policy	GCFO	N/A
Ensuring compliance with Policy	GCFO	N/A

All management delegated limits are authorised by the CE.

4. Liability management policy

4.1 INTRODUCTION

Council's liabilities comprise of borrowings (external/internal) and various other liabilities. Council maintains external borrowings in order to:

- Raise specific debt associated with projects and capital expenditures.
- Fund the balance sheet as a whole, including working capital requirements and targeted funding for on-lending to CCOs/CCTOs.
- Fund assets whose useful lives extend over several generations of ratepayers.
- Borrowing provides a basis to achieve inter-generational equity by aligning long-term assets with long-term funding sources and ensure that the cost is met by those ratepayers benefiting from the investment.

4.2 BORROWING LIMITS

Debt will be managed within the following limits:

Item	Borrowing limit
Net interest on external debt / total revenue	<15%
Net interest to annual rates income	<25%
Liquidity (external debt + available committed debt and stand-by facilities +	>110%

available liquid investments to existing external debt)	
Net external <u>debt/total revenue</u>	<p style="text-align: center;"><250%</p> <p style="text-align: center;">Net debt can be increased to a maximum of 270% of total revenue at any time, provided that this is due to a significant natural disaster.</p>

- Total Revenue is defined as cash earnings from rates, government capital grants and subsidies, user charges, interest, dividends, financial and other revenue and excludes non-government capital contributions (e.g., developer contributions and vested assets).
- Net external debt is defined as total external debt less liquid financial assets and investments. Where Council borrows to on-lend to a CCO/CCTO then the loan asset amount will be netted off the debt amount in the calculation. It is assumed the CCO/CCTO will be able to meet its ongoing interest and principal repayment obligations as assessed by officers and approved by Council when granting the loan.
- Liquidity is defined as external debt plus available committed debt and stand-by facilities plus liquid investments divided by external debt.
- Liquid investments are defined as: Overnight bank cash deposits, Wholesale/retail bank term deposits no greater than 30 days and Bank issued RCDs less than 181 days.
- Net interest on external debt is defined as the amount equal to all interest and financing costs (on external debt) less interest income for the relevant period.
- Annual Rates Income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 (including volumetric water charges levied) together with any revenue received from other local authorities for services provided (and for which the other local authorities rate).
- Financial covenants are measured on a Council only basis and not a consolidated group basis.
- Disaster recovery requirements are to be met through the liquidity ratio and special funds.

4.3 ASSET MANAGEMENT PLANS

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

4.4 BORROWING MECHANISMS

Council is able to externally borrow through a variety of market mechanisms including issuing bonds, commercial paper (CP) and debentures, direct bank borrowing, LGFA, accessing the short and long-term wholesale/retail debt capital markets directly or indirectly, or internal borrowing of reserve and special funds. In evaluating strategies for new borrowing (in relation to source, term, size and pricing) the following is taken into account:

- Available terms from banks, LGFA and debt capital markets.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at reissue/rollover time.
- Prevailing interest rates and margins relative to term for LGFA, debt capital markets and bank borrowing.
- The market's outlook on future credit margin and interest rate movements as well as its own.
- Legal documentation and financial covenants together with security and credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

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

investors, LGFA, and financial institutions/brokers and maintain a long term credit rating of at least AA.

4.5 SECURITY

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

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

Physical assets will be charged only where:

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

4.6 DEBT REPAYMENT

The nature of Council's debt is primarily, but not exclusively, related to the purchase or creation of long term assets. Debt repayments will be in accordance with long term and annual plans. Additional repayments may be made from surplus funds generated by asset sales or operating surpluses.

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to specific projects or the reduction of debt and/or a reduction in borrowing requirements, unless Council specifically directs that the funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable borrowing arrangement. Subject to the appropriate approval and debt limits, a loan may be rolled over or re-negotiated as and when appropriate.

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

4.7 GUARANTEES/CONTINGENT LIABILITIES AND OTHER FINANCIAL ARRANGEMENTS

4.7.1 Organisations, clubs, Trusts, business units

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

Council will ensure that sufficient funds, lines of credit, or available debt capacity exists to meet amounts guaranteed. Guarantees given will not exceed NZ\$2.0 million in aggregate.

Conditions to financial arrangements, such as loan advances, are specified in section 5.5.5.

4.7.2 Council Controlled Organisations

Council may act as a financial guarantor to a Council Controlled Organisation (CCO). A guarantee provided to a CCO must be approved by Council.

Guarantees provided to a CCO are not subject to the aggregate limit.

CCO's are not permitted to provide any guarantee of indebtedness in favour of any loans to third parties.

4.7.3 Council Controlled Trading Organisations

Council is not permitted to provide any guarantee of indebtedness in favour of any loans to Council Controlled Trading Organisations (CCTO) that are set up under Section 62 of the Local Government Act.

4.8 INTERNAL BORROWING

- As Council manages all funding and liquidity as a centralised function, ensuring cash and borrowing resources are used in an optimal manner, there is an element of funding per

activity which at times is effectively borrowed as excess reserve funds are sometimes used instead of external borrowing.

- The capital charge mechanism is applied to activities in the same manner for both internal and external borrowings.

4.9 NEW ZEALAND LOCAL GOVERNMENT FUNDING AGENCY (LGFA) LIMITED INVESTMENT

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

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, e.g., borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

4.10 ON-LENDING TO COUNCIL CONTROLLED ORGANISATIONS

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

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

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

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.

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

There is no limit amount for a guarantee provided to a CCO, or uncalled capital facility amount to a CCTO, but both must be approved by Council.

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

5. Investment policy

5.1 INTRODUCTION

HCC generally holds investments for strategic reasons where there is some community, social, physical or economic benefit accruing from the investment activity. Generating a commercial return on strategic investments is considered a secondary objective.

Investments and associated risks are monitored and [managed and](#) regularly reported to Council. Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's LTP, AP and CCO's Statements of Intent.
- To reduce ratepayer burden.
- The retention of vested land.

- Holding short term investments for working capital requirements, [debt and capital expenditure pre-funding purposes](#).
- Holding investments that are necessary to carry out Council operations consistent with LTP, AP and CCO's SOI, to implement strategic initiatives, or to support inter-generational allocations.
- Holding assets (such as property) for commercial returns.
- Provide ready cash in the event of a natural disaster. The use of which is intended to bridge the gap between the disaster and the reinstatement of normal income streams and assets.
- Invest amounts allocated to accumulated surplus, HCC created restricted reserves and general reserves.
- Invest proceeds from the sale of assets.

HCC recognises that as a responsible public authority group all investments held should be low risk. HCC also recognises that low risk investments generally mean lower returns.

Council can internally borrow from reserve funds in the first instance to meet future capital expenditure requirements, unless there is a compelling reason for establishing external debt.

5.2 OBJECTIVES

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

- Protect HCC's investments.
- Ensure the investments benefit HCC's ratepayers.
- Maintain a prudent level of liquidity and flexibility to meet both planned and reasonably unforeseen cash expenditure requirements.

5.3 POLICY

HCC's general policy on investments is that:

- HCC may hold financial, property, forestry, and equity investments if there are strategic, commercial, economic or other valid reasons (e.g., where it is the most appropriate way to administer an HCC function).
- HCC will keep under review its approach to all major investments and the credit rating of approved financial institutions.
- HCC will review its policies on holding investments at least once every three years.

5.4 ACQUISITION OF NEW INVESTMENTS

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

The authority to acquire financial investments is delegated to the GCFO.

5.5 INVESTMENT MIX

5.5.1 Equity investments

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

HCC maintains equity investments and other minor shareholdings. HCC's equity investments fulfil various strategic, statutory, regulatory, economic development and financial objectives as outlined in the LTP, APF and CCO/CCTO's SOI. Equity investments may be held where HCC considers there to be strategic community value.

Generally, HCC seeks to achieve an acceptable rate of return on all its equity investments consistent with the nature of the investment and their stated philosophy on investments. HCC may enter equity investments that do not generate a commercial return but meet a statutory, regulatory, community, social or economic objectives.

Any purchase or disposition of equity investments requires Council approval. Council may also acquire shares that are gifted or are a result of restructuring.

Dividends received from CCO's/CCTO's, and unlisted companies not controlled by Council, are used firstly to repay debt in relation to that investment, then, unless otherwise directed by Council, used to reduce other Council debt.

Any dividends received, and/or profit or loss arising from the sale of these investments must be recorded in accordance with appropriate accounting standards. Unless otherwise directed by Council, the proceeds from the disposition of equity investments will be used firstly to repay any debt relating to the investment and then utilised to reduce other debt. HCC recognises that there are risks associated with holding equity investments and to minimise these risks HCC, through the relevant Council committee, monitors the performance of its equity investments on a twice yearly basis to ensure that the stated objectives are being achieved. HCC seeks professional advice regarding its equity investments when it considers this appropriate.

5.5.2. New Zealand Local Government Funding Agency Limited investment

Despite anything earlier in this Policy, in conjunction with their borrowing activity, HCC may enter into the following transactions with the New Zealand Local Government Funding Agency Limited (LGFA):

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA. For example, borrower notes.
- Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

and may borrow to fund that investment.

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

- Obtain a return on the investment.

- Ensure that the LGFA has sufficient capital to remain viable, meaning that it continues as a source of debt funding for HCC.

Because of these dual objectives, HCC may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments. In connection with the investment, Council subscribes for uncalled capital in the LGFA and is a Guarantor.

5.5.3 Property investments

HCC owns property investments for strategic and commercial purposes. HCC reviews ownership through assessing the benefits including financial returns, in comparison to other arrangements that could deliver similar results.

Surpluses generated from commercial and semi commercial property investments are treated as an internal dividend to HCC. Other surpluses from property are treated as income in the related HCC activity.

Property disposals are managed to ensure compliance with statutory requirements and where appropriate consultation with Community Boards, Committees and Board of Directors/Trustees.

Property purchases are supported by registered valuations and where appropriate a full business case analysis. HCC will not purchase properties on a speculative basis.

5.5.4 Financial investments

Objectives

- HCC's primary objectives when investing is the protection of its investment capital. Accordingly, HCC may only invest in approved creditworthy counterparties. Creditworthy counterparties and investment restrictions are covered in section 6.3. Credit ratings are monitored and reported quarterly to Council.

HCC may invest in approved financial instruments as set out in section 6.1.3. These investments are aligned with HCC's objective of investing in high credit quality and liquid assets.

HCC's investment portfolio will be arranged to provide sufficient funds for planned expenditures and allow for the payment of obligations as they fall due. HCC prudently manages liquid financial investments as follows:

- Any liquid investments must be restricted to a term that meets future cash flow and capital expenditure projections.
- HCC may choose to hold specific reserves in cash and direct what happens to that investment income. In effect the income from financial investments will be an interest income stream into the treasury activity. The treasury activity pays interest on special funds and reserves.
- Internal borrowing will be used wherever possible to avoid external borrowing.
- [Financial investments are held to pre-fund upcoming debt maturities.](#)
- Financial investments do not include shares.

Special funds and reserve funds

Liquid assets are not required to be held against special funds and reserve funds. Instead, HCC will internally borrow or utilise these funds wherever possible.

Trust funds

Where HCC hold funds as a trustee or manages funds for a Trust then such funds must be invested on the terms provided within the Trust. If the Trust's investment policy is not specified, then this policy should apply.

5.5.5 Loan Advances

Council may provide [loan advances or loan facilities](#) to CCOs, CCTOs, charitable trusts and community organisations for strategic and commercial purposes. New loan advances [and facilities](#) are by Council resolution only. Council does not lend money, or provide any other financial accommodation, to a CCO or CCTO on terms and conditions that are more favourable than those that would apply if Council were borrowing the money or obtaining the financial accommodation.

Council does not lend to CCTOs on more favourable terms than what it can achieve itself, without charging any rate or rate revenue as security.

Advances to charitable trusts, and community organisations do not have to be on a fully commercial basis. Where advances are made to charitable trusts and community organisations at below Council's cost of borrowing, the additional cost is treated as an annual grant to the organisation.

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

5.6 DEPARTURES FROM NORMAL POLICY

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

5.7 INVESTMENT MANAGEMENT AND REPORTING PROCEDURES

HCC's investments are managed on a regular basis, with sufficient minimum immediate cash reserves and a cash buffer maintained. The daily cash position is monitored and managed through the Daily Cash Flow Forecast, and long-term cash flow through the annual Cash flow Forecast. To best manage funding gaps, HCC's financial investment maturities are matched with HCC's forecast cash flow requirements.

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

6. Risk recognition / identification management

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

6.1 INTEREST RATE RISK

6.1.1 Risk recognition

Interest rate risk is the risk that funding costs (due to adverse movements in market wholesale interest rates), will materially exceed or fall short of projections included in the LTP, AP or CCO's SOI so as to adversely impact revenue projections, cost control and capital investment decisions/returns/feasibilities.

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

6.1.2 Interest rate risk control limits

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

Forecast gross external debt is the amount of total external debt for a given period. The GCFO can consider alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme, [Local Water Done Well](#), when designing and approving the interest rate strategy.

Any debt raised and on-lent to CCO/CCTOs is on a fixed rate basis and therefore is netted for interest rate management purposes. This debt is not included in the debt forecast for Council's ongoing interest rate management purposes.

Debt Interest Rate Policy Parameters (calculated on rolling monthly basis)					
Debt Period Ending	Debt Amount	Minimum Fixed	Maximum Fixed	Actual Fixed	Compliant (Y/N)
Current		40%	95%		
Year 1		40%	95%		

Year 2		35%	90%		
Year 3		30%	85%		
Year 4		25%	80%		
Year 5		20%	75%		
Year 6		0%	70%		
Year 7		0%	65%		
Year 8		0%	60%		
Year 9		0%	55%		
Year 10		0%	50%		
Year 11 plus		0%	25%		

A fixed rate maturity profile that is outside the above limits, but self corrects in less than 90-days is not in breach of this Policy. However, maintaining a maturity profile beyond 90-days requires specific approval by [PFSCouncil as recommended by the PPC](#).

- “Fixed Rate” is defined as all known interest rate obligations on forecast gross external debt, including where hedging instruments have fixed movements in the applicable reset rate.
- “Floating Rate” is defined as any interest rate obligation subject to movements in the applicable reset rate.
- Fixed interest rate percentages are calculated based on the average amount of fixed interest rate obligations relative to the average forecast gross external debt amounts for the given period (as defined in the table above).
- Managing to forecast gross external debt allows for pre-hedging in advance of projected physical drawdown of new debt. When approved forecasts are changed (signed off by the GCFO or equivalent), the amount of interest rate fixing in place may have to be adjusted to ensure compliance with the Policy minimum and maximum limits.

- Interest rate swap maturities beyond the maximum LGFA bond maturity must be approved by Council ~~/PFS through a specific approval as recommended by the ARPPC.~~
- Hedging outside the above risk parameters must be approved by the ~~PFS Council as recommended by the PPCAR.~~
- Interest rate options must not be sold outright. However, one for one collar option structures is allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e., repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".
- Purchased borrower swaptions mature within 18 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation (i.e., an ineffective hedge).
- The forward start period on swap/collar strategies to be no more than 36 months, unless the forward start swap/collar starts on the expiry date of an existing swap/collar and has a notional amount which is no more than that of the existing swap/collar.

6.1.3 Approved financial instruments

Approved financial instruments (which do not include shares or equities) are as follows:

Category	Instrument
Cash management and borrowing (from LGFA and approved banking institutions)	Bank overdraft Committed bank cash advance and funding facilities (short term and long term loan-debt facilities) Committed LGFA Standby facilities (where offered) Loan stock /bond issuance <ul style="list-style-type: none"> • Floating Rate Note (FRN) • Fixed Rate Note (Medium Term Note/Bond) Commercial paper (CP) / Promissory notes Deferred Settlement committed debt
Investments	Bank deposits

	Bank certificates of deposit (RCDs) LGFA borrower notes
Interest rate risk management	<p>Forward rate agreements (“FRAs”) on:</p> <ul style="list-style-type: none"> • Bank bills <p>Interest rate swaps including:</p> <ul style="list-style-type: none"> • Forward start swaps/collars. Start date <36 months, unless linked to existing maturing swaps/collars • Swap extensions and shortenings <p>Interest rate options on:</p> <ul style="list-style-type: none"> • Bank bills (purchased caps and one for one collars) • Interest rate swaptions (purchased swaptions and one for one collars only)

Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

All unsecured investment securities must be senior in ranking. The following types of investment instruments are expressly excluded:

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

6.2 LIQUIDITY RISK/FUNDING RISK

6.2.1 Risk recognition

Cash flow deficits in various future periods based on long term financial forecasts are reliant on the maturity structure of cash, short-term financial investments, loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to re-finance or raise new debt at a future time at the same or more favourable pricing (fees and borrowing margins) and maturity terms of existing loans and facilities.

The management of HCC’s funding risks is important as several risk factors can arise to cause an adverse movement in borrowing margins, term availability and general flexibility including:

- Local Government risk is priced to a higher fee and margin level.

- HCC's own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- A large individual lender to HCC experiences its own financial/exposure difficulties resulting in HCC not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial "over supply" of Council investment assets.
- Financial market shocks from domestic or global events.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time so that if any of the above events occur, the overall borrowing cost is not materially unnecessarily increased and desired maturity profile compromised due to market conditions.

6.2.2 Liquidity/funding risk control limits

- External ~~term loans debt, and~~ available committed debt and stand-by facilities together with available liquid investments must be maintained at an amount above 110% over existing external debt.
- HCC has the ability to pre-fund up to 18 months forecast debt requirements including re-financings. Debt re-financings that have been prefunded will remain included within the funding maturity profile until their maturity date.
- The GCFO has the discretionary authority to re-finance existing external debt on ~~more~~ acceptable terms. Such action is to be reported to the CE and the PFSPPC at the earliest opportunity.
- The maturity profile of the total committed funding in respect to all external debt / loans and committed debt facilities, is to be controlled by the following system:

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

A maturity schedule outside these limits will require specific Council approval.

- A funding maturity profile that is outside the above limits, but self corrects itself within 90-days is not in breach of policy. However, maintaining a maturity profile beyond 90 days requires specific approval by [Council as recommended by the PPC](#).
- Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount, will net off the maturing debt amount, from the funding maturity profile percentage calculation.
- External debt that is raised by Council to be on-lent debt to CCO/CCTO's is included in the funding maturity profile percentage calculation. The CCO/CCTO loan asset is not included in the funding maturity profile.
- To minimise concentration risk the LGFA require that no more than the greater of NZD 100 million or 33% of a council's borrowings from the LGFA will mature in any 12 month period.

6.3 COUNTERPARTY CREDIT RISK

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

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

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

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits:

Counterparty/Issuer	Minimum S&P long term / short term credit rating	Total maximum per counterparty (\$m)
NZ Government	N/A	Unlimited
Local Government Funding Agency (LGFA)	N/A	Unlimited

NZ Registered Bank (minimum rating)	AA- / A-1	50.0
NZ Registered Bank (minimum rating)	A / A-1	25.0

In determining the usage of the above gross limits, the following product weightings will be used:

- Investments (e.g., Bank Deposits) – Transaction Principal \times Weighting 100% (unless a legal right of set-off exists).
- Interest Rate Risk Management (e.g., swaps, FRAs) – Transaction Notional \times Maturity (years) \times 3%.

Each transaction should be entered into a treasury spreadsheet and a monthly report prepared to show assessed counterparty actual exposure versus limits.

Individual counterparty limits are kept in [the spreadsheet Treasury Tool](#) by management and updated on a day to day basis. Credit ratings should be reviewed by the Treasury Officer on a [monthly ongoing](#) basis and in the event of material credit downgrades should be immediately reported to the GCFO and assessed against exposure limits. Counterparties exceeding limits should be reported to the PPC.

Risk management

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

6.4 FOREIGN CURRENCY

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

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved and legally committed. Both spot and forward foreign exchange contracts can be used by HCC.

HCC shall not borrow or enter into incidental arrangements, within or outside New Zealand, in currency other than New Zealand currency. HCC does not hold investments denominated in foreign currency.

6.5 OPERATIONAL RISK

Operational risk is the risk of loss as a result of human error (or fraud), system failures and inadequate procedures and controls.

Operational risk is very relevant when dealing with financial instruments given that:

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

Dealing authorities and limits

Transactions will only be executed by those persons and within limits approved by Council.

Segregation of duties

As there are a small number of people involved in the treasury activities, adequate segregation of duties among the core functions of deal execution, confirmation, settling and accounting/reporting is not strictly achievable. The risk will be minimised by the following process:

- The GCFO reports directly to the CE.
- The FAM will report directly to the GCFO to control the transactional activities of the TO.
- There is a documented approval and reporting process for borrowing, interest rate and liquidity management activity.

6.6 LEGAL RISK

Legal risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of

prohibitions contained in legislation. While legal risks are more relevant for banks, HCC may be exposed to such risks.

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

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

6.6.1 Agreements

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

HCC's internal/appointed legal counsel must sign off on all documentation.

6.6.2 Financial covenants and other obligations

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

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

7. Measuring treasury performance

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

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

Management	Performance
Operational performance	<ol style="list-style-type: none"> All policy limits must be complied with, including (but not limited to) counterparty credit limits, control limits and exposure limits. All treasury deadlines are to be met, including reporting deadlines.
Management of debt and interest rate risk (borrowing costs)	<ol style="list-style-type: none"> The actual borrowing cost (taking into consideration any costs/benefits of entering into interest rate management transactions) should be <u>at or</u> below the budgeted YTD/annual <u>interest borrowing</u> cost amount. Actual wholesale interest costs must be benchmarked to market interest rates. The applicable market interest rate is determined by finding the mid-point policy benchmark rate. HCC policy mid-point represents an average duration of 5-years. The market benchmark rate will be calculated every month and represent the 5-year swap rate monthly rolling average over a 5-year period.

8. Reporting

When budgeting interest costs, the actual physical position of existing loans and interest rate instruments must be taken into account.

8.1 TREASURY REPORTING

The following reports are produced:

Report Name	Frequency	Prepared by	Reviewed by	Recipient
Daily Cash Flow Forecast	Daily	TO	FAM	GCFO
Treasury Exceptions Report	Daily	TO	FAM	GCFO
Treasury <u>Compliance Report including:</u> <ul style="list-style-type: none"> • Policy limit compliance • Borrowing limits • Funding and Interest Position • Funding facility • New treasury transactions • <u>Actual to budget interest revenue and expense analysis</u> • Liquidity risk position • Counterparty credit • Treasury performance • Debt maturity profile • Treasury investments • <u>Revaluation of financial instruments</u> • <u>Treasury Exceptions</u> 	Monthly	TO	FAM	GCFO

<p><u>Quarterly Treasury report including:</u></p> <ul style="list-style-type: none"> <u>Treasury Compliance Report content as above</u> 	Quarterly	<u>TO/GFO</u>	<u>PF/FAM/GCFO</u>	<u>Council/PPC</u>
Credit ratings update	Monthly	TO	FAM	GCFO
CCO/CCTO loans and guarantees, financial arrangements	Monthly	TO	FAM	GCFO
Trustee Report	As required by the Trustee	TO	<u>FAM/GCFO</u>	Trustee company
Compliance Certificate	Annually	TO	<u>FAM/GCFO</u>	LGFA

9. Policy review

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

The GCFO has the responsibility to prepare the annual review report that is presented to Council. The report will include:

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

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



Hutt City Council

To	Audit & Risk Committee
From	Brett Johanson and Mike Shirley
Date	18 March 2026
Subject	Treasury Risk Management Policy review

Background

This memo presents a review of Hutt City Council's (Council) Treasury Risk Management Policy (Policy), undertaken as part of the triennial review required under section 9. The recommended changes are intended to ensure Council's treasury approach continues to align with good treasury and sector practice.

The memo should be read in conjunction with the marked-up Policy, which captures the full set of proposed changes. The discussion below focuses on the key amendments and underlying rationale.

Policy Review Comments

Section 2.2: Treasury management objectives

The current Policy states that Council will maintain a long-term credit rating of at least AA. This objective is intended to support Council's ability to access debt funding on favourable terms and to demonstrate financial credibility and sound governance practices.

Following a sector-wide reassessment by Standard & Poor's, Council's credit rating is now A+. This change was outside Council's control and reflects S&P's revised view of the New Zealand local government sector more broadly. We recommend the Policy be updated to reflect an objective of maintaining a long-term credit rating of at least "A".

Section 3.1: Overview of Responsibilities

The organisational chart has been updated to include the Audit and Risk Sub-Committee and the Policy and Performance Committee as sub-committees of Council. The Finance and Treasury Committee, as an internal management committee, has also been included.

Section 3.10: Delegations

For clarity, the Policy has been updated to require Council approval for the provision of credit support in the form of guarantees to CCOs and uncalled capital facilities to CCTOs. Council approval is also required for new and refinanced on-lending arrangements to CCOs and CCTOs.

LGFA facilities have been explicitly included alongside bank facilities in the approval of new and refinanced funding arrangements, reflecting Council's use of LGFA stand-by facilities.

The delegation table has also been updated to reflect that both the Chief Executive and the Chief Financial Officer jointly approve the opening and closing of bank accounts.

Section 4.4: Borrowing mechanisms

Loan stock issuance was a common borrowing mechanism prior to the establishment of the LGFA. As this instrument is no longer used, references to loan stock issuance have been removed from the Policy.

Section 4.7: Guarantees

For clarity, the Policy has been set out under key headings relating to guarantees provided to organisation and sports clubs, Council Controlled Organisations and Council Controlled Trading Organisations.

All guarantees are approved by Council. There is an aggregate limit amount of \$2 million for guarantees provided to organisations and sports groups.

Section 5.1: Investments

The rationale for holding short-term investments has been expanded to include debt and capital expenditure pre-funding purposes.

Section 5.5: Investment Mix

The introductory section has been updated to expand the rationale for Council making equity investments. This now explicitly includes statutory and regulatory drivers, such as Local Water Done Well, and clarifies that investments may be made for reasons other than generating a commercial return.

Section 5.5.4 Financial investments

A bullet point has been added to clarify that financial investments may be held for the purpose of pre-funding upcoming debt maturities.

5.5.5 Loan Advances

The definition of loan advances has been expanded to include loan facilities. A facility structure provides greater flexibility by allowing amounts to be repaid and redrawn, establishing an overall facility limit, and maintaining a consistent maturity profile.

6.1.2 Interest rate risk control limits

The “current period” has been removed from the interest rate hedging table. The minimum and maximum fixed rate percentages for the first forward-looking period remain unchanged. Consistent with other councils, removing the current period reduces ambiguity, as it represented a short, point-in-time measure, whereas all other periods in the table are defined on a 12-month forward-looking basis.

The approval process for managing policy exceptions has also been updated. This applies to instances of non-compliance extending beyond 90 days, interest rate maturities beyond the maximum LGFA bond maturity, and hedging undertaken outside the prescribed risk management limits. In such cases, exceptions are approved by Council following a recommendation from the Policy and Performance Committee.

6.1.3 Approved financial instruments

The LGFA stand-by facility offered by the LGFA and held by Council has been formally recognised in the table of approved financial instruments.

6.2.2 Liquidity/funding risk control limits

The definition of external debt has been updated to better reflect Council’s approach to measuring liquidity. This includes recognising committed stand-by facilities and clarifying that the liquidity measure is assessed as an amount greater than 110% of existing external debt. Consistent with current practice, the Policy now refers only to available committed debt facility amounts. Section 4.2 has been updated accordingly.

The approval framework for funding maturity policy exceptions has also been updated to align with the delegations, with Council approving such exceptions following a recommendation from the Policy and Performance Committee

6.3 Counterparty credit risk

Current counterparty limit amounts are considered appropriate for the undertaken level of treasury activity. Ongoing compliance with these limits is monitored and measured through the Treasury Tool.

8.1 Treasury reporting

The Treasury reporting table has been updated to reflect current practice in terms of report review and the relevant receiving officer or committee. The Policy and Performance Committee now receives the Quarterly Treasury Report, a document that incorporates the detailed reports included in the monthly Treasury Report, along with additional reporting covering gross debt analysis, period transactions, and actual-to-budget interest revenue and expense analysis.

Removal of 5-year wholesale interest rate benchmark

The updated Policy removes the requirement to report interest rate risk against a 5-year benchmark rate. Under the previous approach, Council's actual wholesale interest costs were compared to a "policy mid-point" percentage, intended to act as a neutral reference point within the fixed and floating interest rate limits. This approach assumed that Council would proactively manage its interest rate position around the policy mid-point, moving closer to either the maximum or minimum hedged limits as part of its risk management strategy.

Our observation across the sector is that a significant driver of Council's fixed rate percentage outcome is the variability in long-term debt forecasts. Treasury managers have limited ability to influence changes to these forecasts, which are largely driven by factors such as the timing and delivery of the capital programme and policy initiatives, including Local Water Done Well. These externally driven changes can materially impact the interest rate risk position at any point in time. In addition, the original benchmark framework assumed that wholesale interest rate risk would be primarily managed through the use of interest rate swaps. Over time, the LGFA has become an efficient and widely used provider of fixed rate protection through fixed rate debt issuance, with councils now using a combination of instruments as part of their interest rate risk management approach.

Consequently, we suggest the benchmark is removed. The actual borrowing cost vs budgeted/planned borrowing costs benchmark remains within the Policy document and remains appropriate given the ongoing treasury objectives of managing budgeted and long-term plan borrowing cost outcomes.

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Hutt City Council

To	Jenny Livschitz and Glenn Usoali'i-Phillips
From	Brett Johanson and Mike Shirley
Date	19 March 2026
Subject	Policy compliance considerations during transition of debt to Tiaki Wai

Introduction

Hutt City Council (HCC) is progressing toward the transfer of its water-related debt to Tiaki Wai on 1 July 2026. While the direction of travel is clear, the final amount of debt to be transferred remains subject to confirmation. This uncertainty is creating tension in the application of Treasury Risk Management Policy (Policy), particularly in relation to both funding and interest rate risk management.

This memo outlines the implications of that uncertainty on HCC's projected Policy compliance. It presents the interest rate and funding positions under relevant debt forecast scenarios and sets out a proposed approach to managing temporary Policy non-compliance while preserving flexibility ahead of the debt transfer. The analysis indicates that observed non-compliance is primarily a function of forecast uncertainty and timing differences, rather than a structural issue with HCC's underlying risk positions.

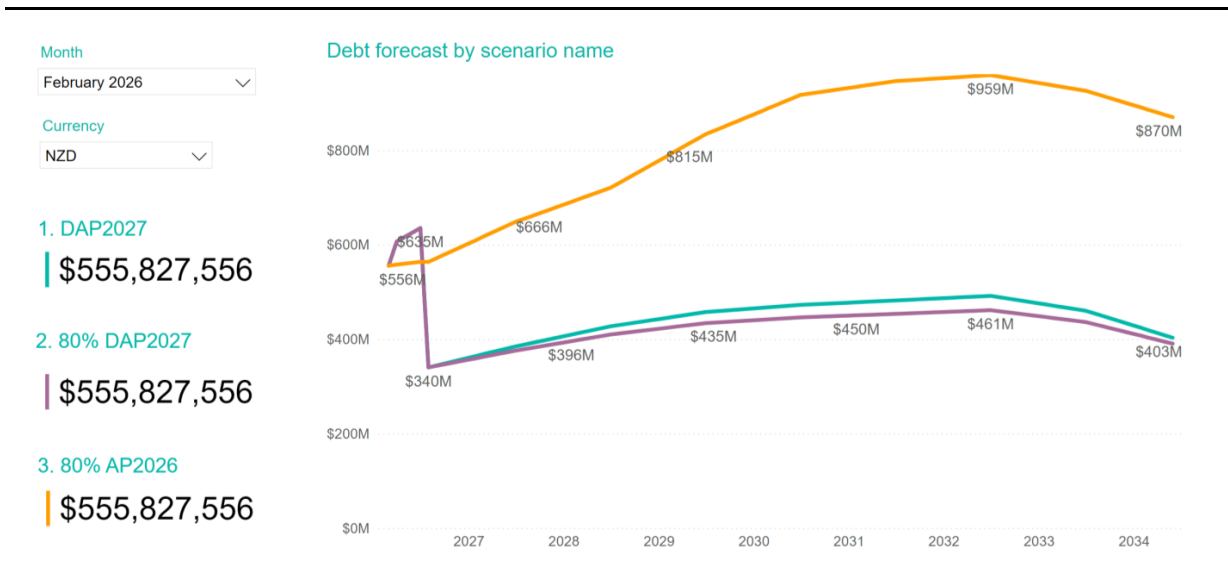
Debt forecast context

HCC manages its interest rate risk against a debt forecast constructed as 80% of the 2026 Annual Plan (**80% AP2026**). This forecast does not make adjustments for the planned transfer of debt to Tiaki Wai.

To support a clearer view of HCC's post-transfer position, a draft 2027 Annual Plan forecast (**DAP2027**) has been prepared, along with an 80% management adjusted variant (**80% DAP2027**). These forecasts assume a transfer of \$288m of water-related debt at 1 July 2026. While these draft forecasts are not yet formally adopted, they provide a more representative view of HCC's likely debt position beyond the transfer date. HCC's Policy allows for the consideration of alternative debt forecast scenarios when designing and approving interest rate strategies.

The current working assumption is that \$288m of debt will be transferred at 1 July 2026, representing debt attributable to water activities. However, there are indications that the final debt transfer amount may be lower, which further supports the need to retain flexibility through the transition period.

Visualising considered debt forecasts as at 28 February 2026

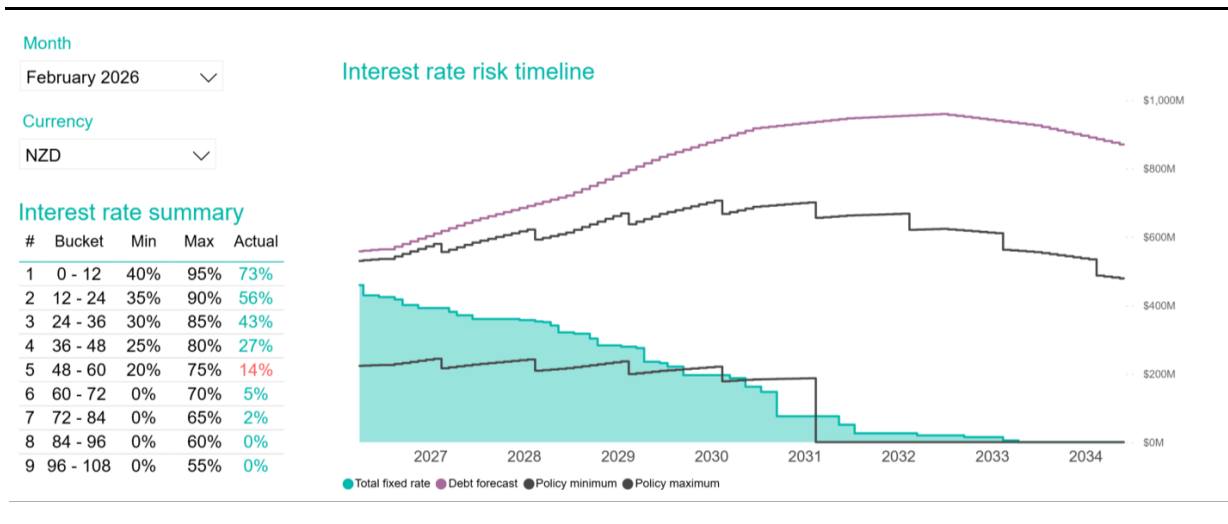


Interest rate risk compliance

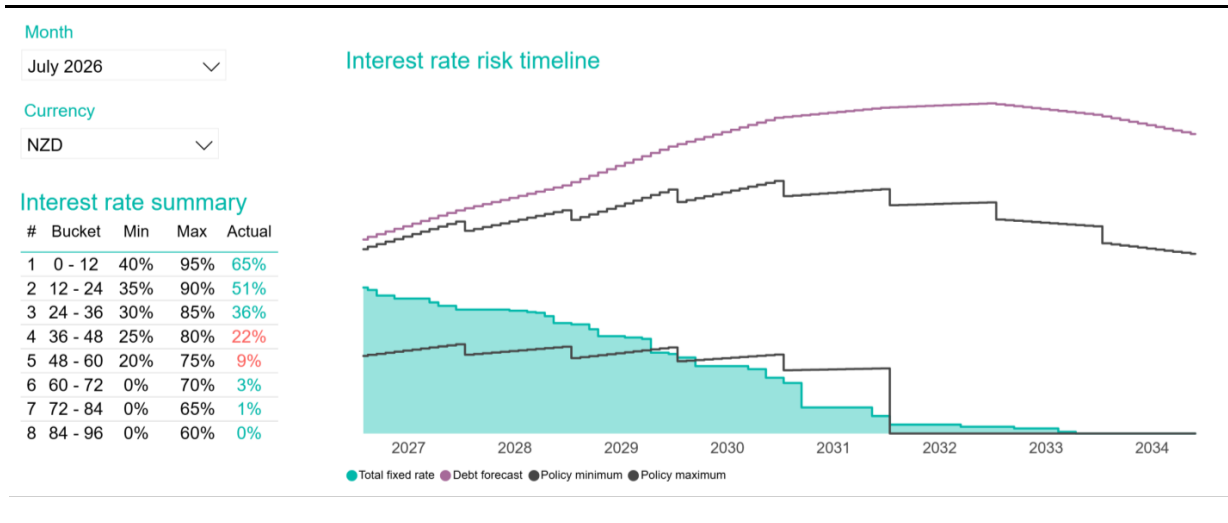
Current position

HCC’s interest rate risk position reflects a combination of fixed-rate debt instruments and interest rate swaps. It also reflects a deliberate pause in further long-dated interest rate hedging while certainty on the debt transfer is sought. As at 28 February, HCC is non-compliant with its interest rate policy in Year 5. In the absence of corrective action, the extent of non-compliance is expected to increase over time.

Visualising the reported interest rate risk position at 28 February 2026 (80% AP2026)



Visualising the projected post-transfer interest rate risk position at 31 July 2026 (80% AP2026)

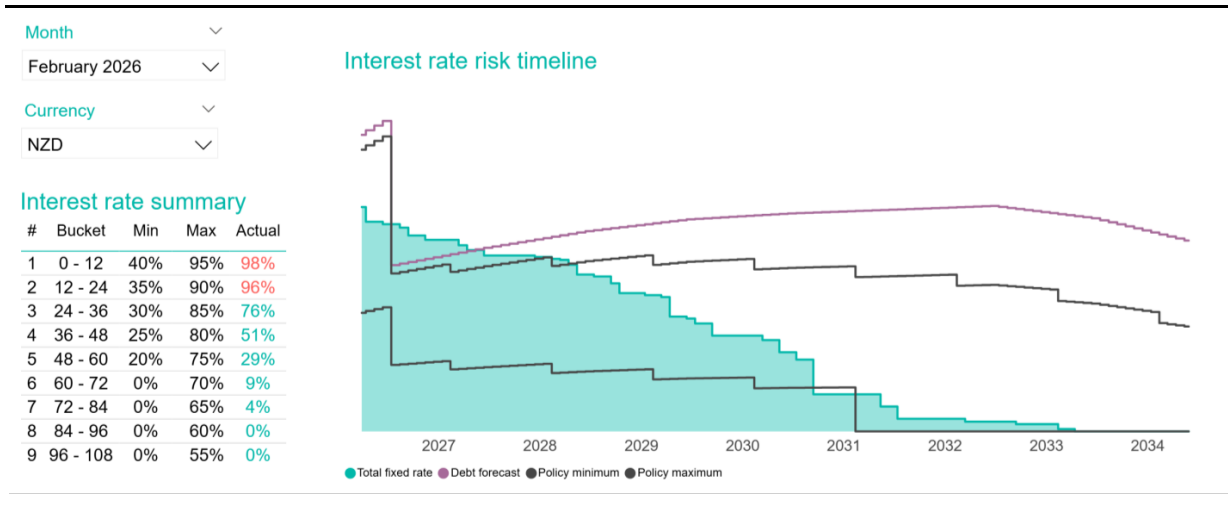


Alternative position - applying the 80% DAP2027 forecast

When assessed against the 80% DAP2027 forecast, non-compliance persists, though it shifts to the shorter-dated time buckets (Years 1 and 2). This reflects the step down in the forecast debt following the transfer of water-related debt to Tiaki Wai.

In contrast, compliance is achieved in Year 5 under this forecast, driven by the lower forecast debt base. This position is maintained through to 31 July 2026.

Visualising the projected interest rate risk position (80% DAP2027) at 28 February 2026



Interpreting the combined interest rate risk positions

The analysis demonstrates that the assessed interest rate risk position is highly sensitive to the underlying debt forecast applied. The 80% AP2026 and 80% DAP2027 forecasts produce materially different outcomes when measured against Policy limits, particularly in terms of where non-compliance arises across the time bands. Actions taken to restore or maintain compliance prior to the debt transfer (such as additional interest rate hedging) have the potential to create, or exacerbate, Policy non-compliance under the post-transfer view. This creates a structural tension in the application of Policy.

This tension is further compounded by uncertainty around the composition of the debt transfer itself. The final portfolio of debt instruments to be transferred to Tiaki Wai has not yet been confirmed but will include a mix of both fixed-rate and floating-rate debt exposures. While a representative portfolio has been constructed to illustrate potential outcomes, this will not be finalised until closer to the transfer date and variation to the instrument mix may alter the fixed interest rate position.

In addition, the agreed transfer approach includes a mechanism to allocate a proportional share of HCC's interest rate swap portfolio. This means that both the underlying debt and interest rate hedging amount will adjust as part of the transfer, further influencing the post-transfer interest rate risk position.

Taken together, these factors mean that the observed points of non-compliance are, to a large extent, a function of the debt forecast applied, which is itself subject to change, rather than a reflection of an inherently misaligned interest rate hedge risk profile. As greater certainty emerges on the transfer parameters, the combination of debt transfer mechanics and established hedge adjustment tools will allow Council to reposition the interest rate risk profile and restore Policy compliance against the appropriate post-transfer forecast.

Proposed approach

In this context, taking action now to restore compliance under the current forecast carries a clear risk of creating inefficiencies or further non-compliance once the relevant debt transfer specifics are confirmed. On that basis, we recommend that Council:

1. acknowledge current and projected non-compliance as a temporary outcome of the debt transfer.
2. defer material restructuring of the interest rate and funding profiles until greater certainty on the transferred debt portfolio is available.

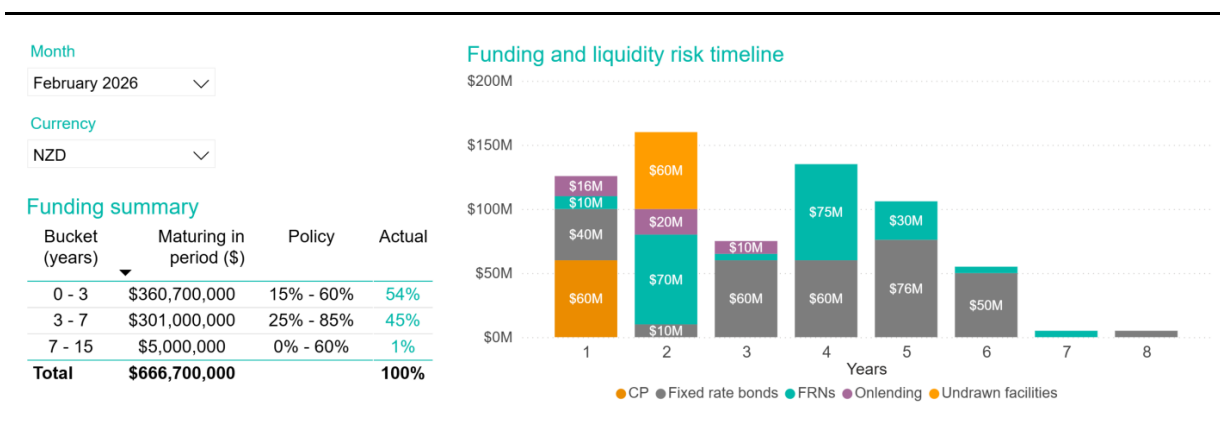
It is expected that compliance with Policy can be re-established within a short period following the transfer of debt to Tiaki Wai. While this is likely to occur earlier, allowing a period of up to six months provides appropriate flexibility to accommodate finalisation of the transfer, implementation of any required interest rate hedge adjustments, and adaption to prevailing market conditions. This approach ensures that Council is not compelled to take actions in the near term that may prove suboptimal or require reversal, while maintaining a clear pathway back to compliance as the transition is completed.

Funding profile compliance

Current position

HCC is currently compliant with its Funding Policy limits, with a well-distributed maturity profile across the policy time bands. Based on the current maturity profile, compliance is projected to be lost in April 2026 as a result of existing maturities rolling into the 0-3 year time band. This outcome is known and reflects the natural maturity progression of the debt funding portfolio rather than any underlying funding pressure.

Visualising the reported funding profile at 28 February 2026



Proposed approach

HCC has an established debt funding strategy for the remainder of FY26, as outlined in the memo dated 30 January 2026. This strategy was initially designed to support flexibility ahead of the proposed debt transfer, including the use of shorter-dated debt refinancing for the upcoming April and May maturities.

As the transfer approach has evolved, the need for short-term refinancing to align with the transfer date has reduced. In this context, there is an opportunity to adjust the term of upcoming refinancing activity to maintain compliance with the Funding Policy through to the transfer date, and subject to finalised transfer parameters, beyond that point.

The design of the proposed novated debt portfolio is intended to broadly preserve the proportional funding maturity profile. This means that, irrespective of the final amount of debt transferred, HCC's relative funding risk position is not expected to materially change as a result of the transfer itself.

In this context, debt funding decisions can continue to be made on a business-as-usual basis, with the term and structure of new issuance and refinancing activity calibrated to maintain policy compliance and support the transition to the post-transfer balance sheet.

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22 April 2026

Report no: ARSC2026/2/109

Review of Procurement Strategy and Policy

Purpose of Report

1. The Group Procurement Policy and Group Procurement Strategy have been reviewed. The Subcommittee is asked to endorse and recommend that the updated policies be approved by Council.

Recommendations

That the Subcommittee recommends that Council:

- (1) receives and notes the report;
- (2) approves the updated Group Procurement Policy attached as Appendix 1 to the report; and
- (3) approves the updated Group Procurement Strategy attached as Appendix 2 to the report.

Section A - Group Procurement Policy

Background to the Group Procurement Policy

2. The Group Procurement Policy ensures that Council is operating fairly and openly, whilst resources are being used efficiently to achieve Council's goals. The policy has been in place since 2016.
3. Version 3.0 of the Group Procurement Policy (FIN-POL-025) was approved in February 2022. The review period is every three years or earlier if considered necessary. The policy is now due for review.

Review undertaken of the Group Procurement Policy

4. The policy has been reviewed, and Table 1 provides a summary of the changes that are proposed. The full detailed policy is available as Appendix 1 to the report.
5. The New Zealand Government Procurement Group (NZGP) of the Ministry of Business, Innovation and Employment (MBIE) was consulted, provided input and endorsed the draft.
6. The Corporate Leadership Team and senior leaders were engaged, and their input was considered for this final draft.
7. Procurement policies from other councils, including Wellington City and Porirua, were reviewed to inform any policy improvements.
8. There are several key changes proposed as outlined below.
9. Hutt City Council became an accredited Living Wage Employer in 2022. As such, a mandatory requirement for all council suppliers to pay a living wage has been added to the policy.

Council is an accredited Living Wage Employer. All third-party staff, contractors and subcontractors working on council contracts must be paid a minimum of the living wage for the term of the contract. This is a pre-condition for suppliers to bid for council business. The Living Wage is set by Living Wage Aotearoa and updated annually on their website (www.livingwage.org.nz).

10. In line with NZ Government Procurement Rules (5th ed, 2025), it is proposed that the Council adopt an 'economic benefits' requirement for all procurement activities. A minimum 10% weighting for economic benefits as per the extract below is proposed.

Council will look to create opportunities and economic benefits for Hutt City and the Wellington region (local) and New Zealand (national).

- *This approach should be considered for all procurement activities and is mandatory for total spend above \$100,000 (open competitive tender threshold for goods and services).*
- *A minimum weighting of 10% on the evaluation criteria must be applied. This will be for the economic benefits outlined below.*
 - *Using local and national businesses, including SME's, in delivering goods and services, either directly or as a sub-contractor or in the supply chain*
 - *Making better use of local and national resources, such as increasing workforce participation, providing training or apprenticeships or using spare industrial capacity*
 - *Contribution to positive social and cultural outcomes in local and national communities*
 - *Consideration of sustainability and environmental benefits of proposed solutions*
 - *Development and adoption of innovative products or practices that benefit local and national communities*

- *Development of local and national industry capabilities or capacity*
- *The minimum 10% weighting may be for a single or combination of economic benefits outlined above.*
- *All aspects of the procurement process including planning, sourcing, tender evaluation and contracts management must ensure the selected economic benefits are considered and delivered upon.*

11. A section covering emergency procurement is proposed. This is in line with NZGP policy standards and guidance.

Council recognises that in an emergency, it may need to depart from usual procurement processes in order to respond effectively. This will be in line with and in fulfilment of 'Section 6, Exemptions' in the HCC Financial Delegation Policy.

Council will still follow best practices for emergency situations including:

- *acting within existing delegated authority*
- *documenting our emergency procurements during the event, or as soon as possible afterwards.*
- *formalising all emergency procurements by completing the standard process documents, which include appropriate endorsements and approvals.*

Table 1: Summary of proposed changes to the Group Procurement Policy

	Description	Existing policy	Updated policy
1.	Changed title of Procurement Policy to Group Procurement Policy to reflect that the policy applies to wholly owned Council Controlled Organisations	Procurement Policy	Group Procurement Policy
2.	Added a mandatory living wage requirement for all suppliers and staff working on HCC contracts	None	Statement inserted
3.	Added a mandatory minimum weighting for economic benefits consideration on all procurement activities	None	Statement inserted
4	Added emergency procurement provision to provide guidance for applicable situations.	None	Statement inserted

Section B - Group Procurement Strategy

Background to the Group Procurement Strategy

12. The Group Procurement Strategy is a statement of intent of how Council will approach procurement activities and decisions to ensure sustainable best value for money outcomes that support the achievement of Council's priorities and goals. The strategy has been in place since 2023. The review period is every three years or earlier if considered necessary. The strategy is now due for review.
13. The strategy has been reviewed, and Table 2 provides a summary of the changes that are proposed. The full detailed strategy is available as Appendix 2 to the report.
14. The NZGP of MBIE was consulted, provided input and endorsed the draft.
15. The Corporate Leadership Team and senior leaders were engaged, and their input was considered for this final draft.

16. Procurement strategies from other councils, including Wellington City and Porirua, were reviewed to inform any strategy improvements.
17. There are some key changes proposed as outlined below.
18. A new 'Implementation' section is proposed. It covers the context in which business unit procurement decisions should be made, as well as strategic planning and contract management. Reference is also made to living wage requirements and to the mandatory minimum weighting for economic benefits in all procurement activities.
 - *All business units to ensure consideration of longer-term strategic impacts of decisions being made at procurement planning phase.*
 - *Where applicable procurement and category strategies are developed and endorsed by HCC Procurement Team prior to creation of procurement plans.*
 - *Business units to ensure commercial contracts reflect the strategic intent of the relevant procurement activities. Contract management and monitoring activities to focus on achievement of the strategic objectives of Council and the KPI's, service levels and requirements set out in the contract document.*
 - *Council is an accredited living wage employer, and all suppliers must pay staff working on HCC contracts a minimum of the Living Wage as set by Living Wage Aotearoa.*
 - *Council requires all procurement activities to consider economic benefits for the city, region and nation. Please refer to Group Procurement Policy for details.*
19. A new 'Supplier Relationships and Partnerships' section is proposed, covering the importance of supplier relationships and partnering in strategic procurement approaches.

Strong supplier relationships and effective partnerships are essential to achieving best public value from procurement. Council's approach to supplier relationships moves beyond transactional purchasing and focuses on building capability, resilience, innovation, and sustainable outcomes across the supply market.

Council will adopt a strategic, proportionate approach to supplier relationships, recognising that not all procurements or contracts require the same level of engagement. The nature of the relationship will be determined by the value, risk, complexity, and criticality of the goods, services, or works being procured.

Supplier relationships may range from transactional arrangements for low-risk, low-value purchases through to collaborative partnerships for high-value, high-risk, or strategically important contracts.

Council's supplier relationships will be guided by the following principles:

- **Value focused** – relationships will support best value over the whole-of-life of the contract, not just lowest upfront cost.
- **Fair and transparent** – suppliers will be treated fairly, consistently, and with integrity.

- **Proportionate** – the level of relationship management will reflect the scale, risk, and importance of the contact.
- **Collaborative where appropriate** - collaboration will be encouraged where it improves outcomes, manages risk, or drives innovation.
- **Accountable** - roles, responsibilities, and performance expectations will be clearly defined and actively managed.

Table 2: Summary of proposed changes to the Group Procurement Strategy

	Description	Existing policy	Updated policy
1.	Added an Implementation section covering the context in which business unit procurement decisions should be made, strategic procurement planning and contract management. Living wage and mandatory procurement requirements are referenced.	None	Section inserted
2.	Added a new section covering importance of supplier relationships and partnering in strategic procurement approaches	None	Section inserted

Section C - Implementation

20. Once the policy and strategy documents are approved and adopted by Council, the Procurement team will lead efforts to inform and educate all staff engaged in procurement activities of the adopted changes.
21. A detailed operational guide will be developed to support staff to ensure compliance with the policy and strategy.

Climate Change Impact and Considerations

22. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

23. There are no consultation considerations arising from this report.

Legal Considerations

24. The proposed strategy and policy have been assessed against relevant legislation.

Financial Considerations

25. The financial considerations are detailed in this report in the relevant areas.

Appendices

No.	Title	Page
1	Group Procurement Strategy	74
2	Group Procurement Policy	82

Author: Fortune Tlapi
Procurement Manager

Reviewed By: Jenny Livschitz, Group Chief Financial Officer and Bradley Cato
Chief Legal Officer

Approved By: Jo Miller
Chief Executive



Group Procurement Strategy

Business unit & Division	Office of the Chief Executive, Finance
Date adopted	TBA
Date effective	TBA
Review period	Every 3 years
Owner	Group Chief Financial Officer
Approved by	Council
Author (V.2.0)	Fortune Tlapi - Procurement Manager

Archived Version (of adopted policy)	Author	Date	Description
V 1.0	Nishana Reddy, Risk & Assurance Manager	Date Published: March 2024 Date superseded: TBA	Creation of Group Procurement Strategy



Introduction

Overview

Procurement plays an important role in how the **Council Group** (Hutt City Council and its wholly owned Council Controlled Organisations) delivers its priorities and works to build a resilient and connected city where all our people thrive. As a significant buyer of goods, works, and services, the way the Council's Group plans for procurement, sources the right provider, and manages contracts impacts on the local economy, our performance in delivering on priorities, the value for money received, and our reputation.

To enable and advance long-term benefits for the community, the Council Group outlook on procurement leans towards a strategic approach rather than a reactive approach. Strategic procurement for the Council Group is a forward-thinking, value-driven approach to sourcing goods, works and services that aligns with the Council's long-term goals and objectives. It emphasises proactive planning, data-driven decision-making, and the establishment of strong, collaborative relationships with suppliers. Unlike reactive traditional procurement, which focuses on short-term, cost-driven purchases, strategic procurement considers the total cost of ownership (TCO), encompassing quality, reliability, sustainability, and innovation.

To achieve all of this, we are guided by our Procurement Policy, Principles and the Government Procurement Rules.

Purpose

The purpose of this strategy is to outline how the Council's Group Procurement processes and practice will support achievement of priorities, ensuring maximum benefits and desired results are realised, within the parameters of public sector guidance and rules

Scope

The scope of this strategy encompasses all procurement activities, sets out the Council's Group procurement direction, and encompasses the whole procurement lifecycle. This is supported by ensuring good planning, effective sourcing strategies, contract management, supplier management, review, and continuous improvement exists.

Applicability

This strategy is applicable to Hutt City Council and its wholly owned Council Controlled Organisations (Council's Group).

Hutt City Council has a "Transport Procurement Strategy", which has been developed in conjunction with New Zealand Transport Agency Waka Kotahi. The Transport Procurement Strategy must be followed for all Rooding Network procurement activities.

Service Standards

Hutt City Council acknowledges that to keep Council officers safe during commercial activities and to deliver consistent best practice advice and service to Council staff to ensure seamless business continuity, the procurement team and Council staff who undertake procurement activities must be suitably trained, resourced, and qualified to ensure value-for-money outcomes now and into the future.

Objectives

The objectives of this Strategy are to:

- Contribute and support the achievement and delivery of the Council's Group priorities.
- Proactive identification and analysis of future procurement activities, taking a group lens, delivering public value for money.
- Procure using agile methods, improving transparency and accountability
- Develop, maintain, and support effective strategic partnerships with suppliers.
- Increase social outcomes by supporting and strengthening opportunities with local and regional businesses, including employment and training opportunities for the community
- Increase sustainable climate impact outcomes by waste and carbon reductions
- Effectively manage risk and risk sharing with suppliers; and
- Promote consistency and continuous improvement.
- Promote equitable access to contract opportunities for Māori, Pasifika, and locally owned businesses.

Council's Group Key Priorities

Priority 1

Providing future-fit infrastructure

Priority 2

Enabling a liveable city and vibrant neighbourhoods

Priority 3

Supporting and enhancing the environment



We're taking the next steps

1 In partnership with our communities



2 In a way that is financially sustainable



3 Taking climate change into account



All while promoting the wellbeing of all people.



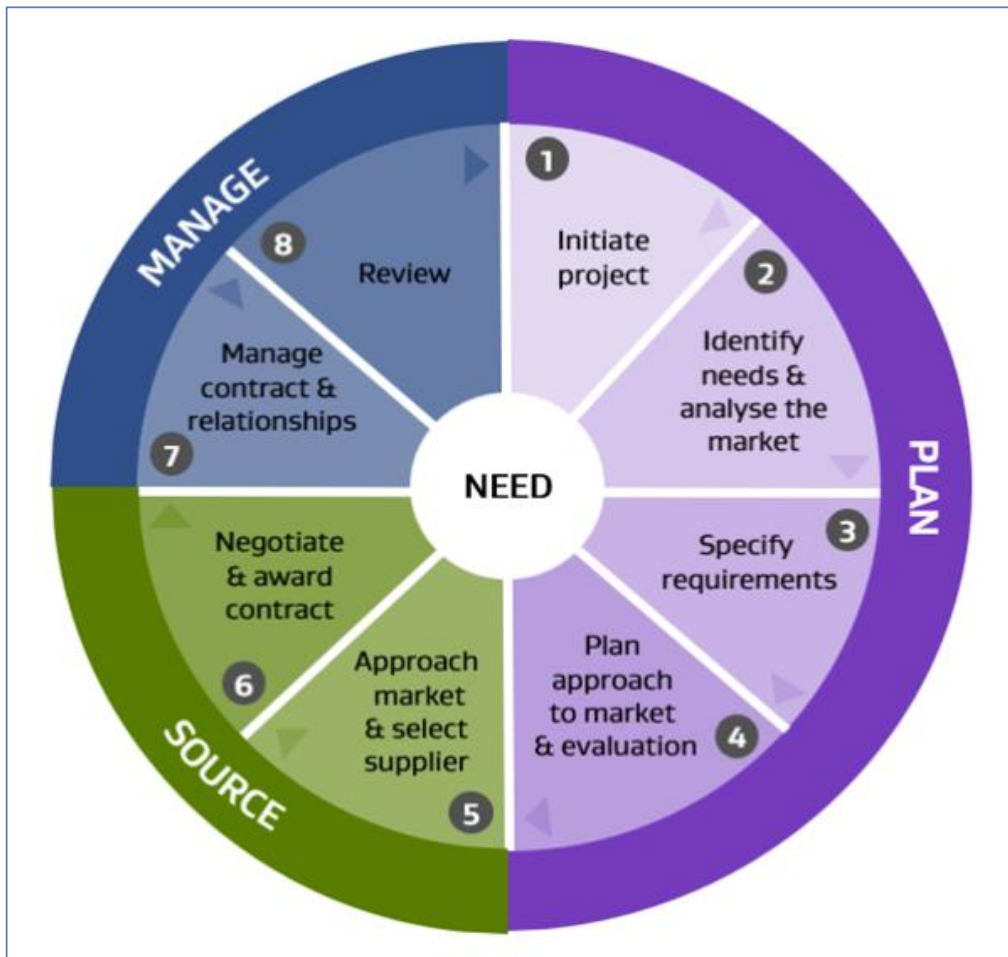
Based on HCC Long Term Plan (2024-2034)

The Strategy

Procurement Lifecycle

The end-to-end procurement activity is made up of three distinct phases.

1. **Plan**—This phase commences when a team or person has identified a “need” and is about to develop a business case or explore procurement options. The Procurement Team should be engaged at this phase to ensure process robustness, compliance and to identify opportunities for increased value for money.
2. **Source** – During this phase, the market is engaged, a suitable supplier is selected, and a contract is awarded.
3. **Manage** - This phase is critical for fostering positive, mutually beneficial relationships with suppliers, tracking performance, and ensuring the supplier has delivered the requirements. Both parties should work to build mutually beneficial relationships that focus on cost containment, sustainability, continuous improvement and innovation.



Strategic Procurement

Key benefits of strategic procurement versus traditional procurement

Traditional	Strategic
Reactive, transactional approach to procurement	Proactive planning, forward looking
Focus on short-term cost savings (upfront cost, price, and lead time)	Focus on long-term benefits (whole of life cost, sustainability and economic benefits)
Often disconnected from strategic objective achievements	Aligned to business objectives
Limited market analysis and research performed due to time constraints	Sufficient time to perform market analysis and research. Early and ongoing supply market engagement.
Time constrained, not always able to deliver best value for money	Ability to deliver public value for money through whole of life cost
Relationships with suppliers are more "trading style". Largely limited to the procurement activity with minimal relationship building and value add	Relationships with suppliers are collaborative, enhances value, risk management, drive innovations and continuous improvement
Process Driven	Outcome driven, in alignment strategic objectives such as decarbonisation and local business' support.

Strategic Operating Model

The strategic operating model (framework) is made up of:

- This Procurement Strategy
- The Procurement Policy
- Procurement Templates (including plans)
- Procurement Reports
- Ongoing procurement and commercial capability upskilling

- Contract KPIs; and
- Guidance by the Six Principles of Government Procurement.

The strategic operating model supports the Council's Group capital and operating programme of work to ensure compliance, public value and value for money is achieved.

Implementation

- All business units to ensure consideration of longer-term strategic impacts of decisions being made at procurement planning phase.
- Where applicable procurement and category strategies are developed and endorsed by HCC Procurement Team prior to creation of procurement plans.
- Business units to ensure commercial contracts reflect the strategic intent of the relevant procurement activities. Contract management and monitoring activities to focus on achievement of the strategic objectives of Council and the KPI's, service levels and requirements set out in the contract document.
- Council is an accredited living wage employer, and all suppliers must pay staff working on HCC contracts a minimum of the Living Wage as set by Living Wage Aotearoa.
- Council requires all procurement activities to consider economic benefits for the city, region and nation. Please refer to Group Procurement Policy for details.

Supplier Relationships & Partnerships

Strong supplier relationships and effective partnerships are essential to achieving best public value from procurement. Council's approach to supplier relationships moves beyond transactional purchasing and focuses on building capability, resilience, innovation, and sustainable outcomes across the supply market. Council will adopt a strategic, proportionate approach to supplier relationships, recognising that not all procurements or contracts require the same level of engagement. The nature of the relationship will be determined by the value, risk, complexity, and criticality of the goods, services, or works being procured.

Supplier relationships may range from transactional arrangements for low-risk, low-value purchases through to collaborative partnerships for high-value, high-risk, or strategically important contracts.

Council's supplier relationships will be guided by the following **principles**:

Value focused – relationships will support best value over the whole-of-life of the contract, not just lowest upfront cost.

Fair and transparent – suppliers will be treated fairly, consistently, and with integrity.

Proportionate – the level of relationship management will reflect the scale, risk, and importance of the contract.

Collaborative where appropriate – collaboration will be encouraged where it improves outcomes, manages risk, or drives innovation.

Accountable – roles, responsibilities, and performance expectations will be clearly defined and actively managed

Associated Planning Documents

Procurement activities are guided by:

- **The Long-Term Plan (LTP)** – Our long-term plans set the Council's Group strategic direction for a 10-year period.
- **Group Procurement Policy** – The policy that details the rules of Procurement for the Council's Group.
- **Annual Plans** – The Annual Plan details the activities we intend to carry out over the coming financial year.
- **Annual Reports** – A key document that compares our performance for the year against the forecast in the Annual Plan.
- **The National Land Transport Programme (NLTP)** – produced by Central Government, the NLTP contains all the land transport activities, such as public transport services, road construction and maintenance, that Waka Kotahi anticipates funding over the next three years.
- **Procurement Guidance for Public Entities** – produced by the Office of the Auditor General, this document provides good practice guidance for public entities to procure goods or services.
- **Transport Procurement Strategy** – Hutt City Council's Transport strategy developed in conjunction with NZTA Waka Kotahi.
- **Solid Waste Management and Minimisation By-law 2021**– The Bylaw supports Council to meet its obligations under the Waste Minimisation Act 2008.



Group Procurement Policy

To be used by all employees, contractors and consultants when procuring works, goods and services

Business unit & Division	Finance, Office of the Chief Executive
Date adopted	TBA
Date effective	TBA
Review period	Every 3 years
Owner	Group Chief Financial Officer
Approved by	Council
Implementation	All business units
Monitoring/Evaluation	Finance and All business units
Author (V 4.0)	Fortune Tlapi –Procurement Manager

Archived Version (of adopted policy)	Author	Date	Description
V 1.0	Bradley Cato	01/10/2016	Approved by SLT
V2.0	Paula Alkema	19/03/2020	Reviewed
V 2.3	Allen Yip	May 2020	Approved by CLT
V 3.0	Jenny Livschitz	February 2022	Review of financial thresholds



Purpose

1. Procurement plays an important role in how the **Council Group** (Hutt City Council and its wholly owned Council Controlled Organisations) delivers its priorities and works to build a resilient and connected city where all our people thrive. The Council Group is a major buyer of goods, works and services. The way we plan, source and manage our expenditure and spend public money has an impact in the local economy and can affect the Council Group's performance and reputation.
2. The purpose of this policy is to ensure that all Council Group procurement occurs within the parameters of public sector policy, rules and guidelines. It outlines Council's approach to planning, sourcing and managing our procurement.
3. This policy sets out Council's expectation for how all Council Group procurement activities will be planned and managed. All Council Group employees, contractors and consultants must comply with this policy whenever a procurement exercise is undertaken unless there is a compelling justification to depart from the procurement process and the reasons are recorded and approved by a person with the appropriate financial delegation to grant an exemption.
4. This policy aligns with and reflects NZ Government rules and expectations and international best practice.

Scope

5. This procurement policy covers all procurement processes entered into by employees, including permanent staff members (full-time and part-time), temporary staff, seconded staff, consultants, contractors, Council Controlled Organisations and any entity acting as a procurement agent for the Council Group.

This policy does not apply to:

- sub-contracting or sourcing activities undertaken by Council suppliers, unless specifically required under contract
- entering into employment contracts
- property transactions, including the lease, sale or purchase of land or buildings. Services, goods or works required to complete property transactions remain subject to the provisions of the Group Procurement Policy

All procurement processes relating to transport infrastructure works which claim financial assistance from NZ Transport Agency Waka Kotahi (NZTA) must comply with the NZTA Procurement Manual for activities funded through the National Land Transport Programme.

Procurement Objectives

6. This procurement policy informs Council employees and contractors of the appropriate requirement when undertaking procurement for the Council Group, with particular consideration to:
 - Contributing to the achievement of Council's strategic priorities as expressed in the Group Procurement Strategy
 - Demonstrate best value for money spent
 - Demonstrate transparency and accountability in our decision making
 - Promote consistency of approach to deliver efficient and continuous improvement
 - Deliver sustainable economic benefits locally, regionally and nationally.
 - Develop and maintain strategic partnerships within our supply markets.

This policy is not a "how-to" procurement guide. Council maintains a comprehensive set of resources (guides, templates, systems, tools and exemplars) to allow for compliance with this policy and achievement of business outcomes.

Policy Principles

7. The following specific principles apply to all Council Group procurement activities. Each principle is supported by one or more statements that reflect the requirements and expectations of Council and of Council's Leadership Team.

BEST VALUE FOR MONEY

All our procurement decisions must be justifiable on the basis of best value.

- Before initiating any sourcing process, the criteria by which best value will be determined must be documented, endorsed by the Procurement Team and approved by appropriate financial delegated authority holder.
- Procurement decision making should be objective and evidence-based wherever possible. Any subjective decisions of best value must apply professional and

informed judgement, with a recorded rationale and approved by appropriate delegated financial holder.

- Procurement planning and decision making must consider potential social, environmental, sustainability, cultural and economic benefits and impacts
- Procurement planning should consider the management of risk associated with any new or modified buildings or structures, equipment, material, services or work processes introduced into the workplace and provide evidence that health and safety issues have been incorporated into purchasing decisions where applicable.
- As part of tender evaluation and supplier selection, a full due diligence exercise that includes financial, legal, past performance, capability and capacity aspects must be undertaken.

TRANSPARENCY AND ACCOUNTABILITY

Our procurement practices must be able to always withstand public scrutiny.

- All procurement decisions and resulting contracts are the responsibility of the individual named positions in the delegations' matrix.
- Procurement processes and decisions must be clearly recorded so they can be reviewed and audited. This includes procurement plans, category plans, procurement strategies, tender documents, evaluation recommendation reports and contract documents.
- All procurement activities and supplier relationships must be managed with the highest levels of integrity, in accordance with Council's *Code of Conduct*
- The *Conflict of Interest* policy applies to all procurement activities and decisions. Formal conflict of interest declaration must be completed by all employees, contractors and consultants directly involved in a procurement activity.
- All tender participants will be offered a full debrief highlighting strengths and areas for improvement. This is done to assist suppliers to be more competitive in future tender opportunities.

CONSISTENCY OF APPROACH

All procurement activities and decisions must comply with Council's policies, procurement procedures and delegation schedules.

- Compliance with procurement procedures and the financial delegation matrix is mandatory.
- All procurement processes should use Council's endorsed templates and

processes.

SUPPLY MARKET

Develop strategic partnerships with our supply chain

- Create opportunities for early and proactive engagement with our supply markets to help inform procurement planning
- Develop a pipeline of procurement opportunities to encourage confidence from the supply market that translates into multiple viable responses to tenders
- All open tenders will be publicly advertised using the New Zealand Government Electronic Tendering Service (GETS)

PRINCIPLES OF GOVERNMENT PROCUREMENT

Council will apply the *Principles of Government Procurement* when procuring goods, works and services, when planning, sourcing and managing our procurement.

- Plan and manage for great results
- Be proportionate and right size the procurement
- Be fair to all suppliers
- Get the right supplier
- Get the best deal for everyone
- Play by the rules

ALL OF GOVERNMENT/SYNDICATED/PANEL CONTRACTS

The Council will use the All-of- Government Panels, Syndicated Contracts and Council's own panel contracts if there are contracts in place that can meet their needs unless there is a good reason not to.

Policy Application

ECONOMIC BENEFITS

Council will look to create opportunities and economic benefits for **Hutt City and Wellington Region (Local) and New Zealand (National)**

- This approach should be considered for all procurement activities and is **mandatory** for total spend above \$100,000 (open competitive tender threshold for goods and services).

- **A minimum weighting of 10% on the evaluation criteria must be applied.** This will be for the economic benefits outlined below.
 - Using local and national businesses, including SME's, in delivering goods and services, either directly or as a sub-contractor or in the supply chain
 - Making better use of local and national resources, such as increasing workforce participation, providing training or apprenticeships or using spare industrial capacity
 - Contribution to positive social and cultural outcomes in local and national communities
 - Consideration of sustainability and environmental benefits of proposed solutions
 - Development and adoption of innovative products or practices that benefit local and national communities
 - Development of local and national industry capabilities or capacity
- The minimum 10% weighting may be for a single or combination of economic benefits outlined above.
- All aspects of the procurement process including planning, sourcing, tender evaluation and contracts management must ensure the selected economic benefits are considered and delivered upon.

LIVING WAGE REQUIREMENTS

Council is an accredited Living Wage Employer. All third-party staff, contractors and subcontractors working on council contracts must be paid a minimum of the living wage for the term of the contract. This is a pre-condition for suppliers to bid for council business. The Living Wage is set by Living Wage Aotearoa and updated annually on their website (www.livingwage.org.nz).

EMERGENCY PROCUREMENT

Council recognises that in an emergency, we may need to depart from usual procurement processes in order to respond effectively. This will be in line with and in fulfilment of 'Section 6, Exemptions' in the HCC Financial Delegation Policy.

We will still follow best practices for emergency situations including:

- acting within existing delegated authority
- documenting our emergency procurements during the event, or as soon as possible afterwards.
- formalizing all emergency procurements by completing the standard process documents, which include appropriate endorsements and approvals.

Financial Thresholds

8. The Council Group is required to conduct an open tender for contracts for goods and services with a value in excess of \$100,000 NZD or \$500,000 NZD for construction related contracts. These thresholds relate to the total anticipated value of the contract for the full term of the contract (i.e. the aggregated total cost of the contract) e.g. a two-year requirement/relationship with an annual value of \$300,000 would equal a total contract value of \$600,000. Contract values must not be structured or divided at any stage to fall under the thresholds to avoid tendering.

COUNCIL GROUP (EXCL URBAN PLUS LIMITED)

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Direct purchase	\$0 - \$25,000	\$0 - \$50,000
Closed competitive tender ¹	\$25,001 - \$99,999	\$50,001 - \$499,000
Open and competitive tender	>\$100,000	>\$500,000

URBAN PLUS LIMITED

Procurement Activity	Total Value of Contract (Goods and Services)	Total Value of Contract (Construction)
Selective purchase	\$0 - \$50,000	\$0 - \$50,000
Competitive quotation ¹	\$50,001 - \$200,000	\$0 - \$200,000
Closed tender ¹	\$200,001 - \$499,999	\$200,001 - \$499,999
Open tender	>\$500,000	>\$500,000

Before goods are purchased or services are engaged, a purchase order (for direct purchase only) or a written contract must exist. HCC Procurement Team maintains and publicises all templates and documents that are applicable for each type of procurement activity.

The financial delegations outlined in the Financial Delegations Policy must be adhered to when conducting any procurement process. All requests to procure goods and services must be authorised by a person holding the appropriate financial delegation for the total life of the contract.

¹ Quotes to be sought from at least three different vendors / suppliers

Related Documents

The following documents should be read in conjunction with this Policy:

- Group Procurement Strategy
- Financial Delegations Policy
- Code of Conduct
- Conflicts Of Interest
- Receiving of Gifts Policy
- NZTA's Procurement Manual
- NZ Government Procurement Rules 5th Ed (2025)
- Health and Safety Manual
- Solid Waste Management and Minimisation By Law 2021

Additional reference material can be found through the following websites:

- Office of the Auditor General's *Procurement Guide for public entities [2008]*
- State Services Commission's *Conflicts of Interest Model Standards*
- State Services Commission's *Code of Conduct for the State Services*

Report no: ARSC2026/2/110

Financial Delegation Policy Review

Purpose of Report

1. The Financial Delegation Policy (the policy) has been reviewed. The Subcommittee is asked to endorse and recommend that the updated policy be approved by Council.

Recommendations

That the Subcommittee recommends that Council:

- (1) receives and notes the report; and
- (2) approves the updated Financial Delegation Policy attached as Appendix 1 to the report.

Background

2. As part of the external audit findings in 2015/16, Audit New Zealand had raised a recommendation for Council to “*prepare and implement an overarching Financial Delegation Policy.*”
3. A new Financial Delegation Policy (FDP) for the Hutt City Council Group was presented for review to the Finance and Performance Committee on 4 September 2019 (refer FPC2019/4/179). This policy was subsequently approved by Council.
4. The FDP was developed in line with policies that exist in other local authorities. It was written as a high-level, overarching policy that provides principles and general rules for financial delegations.
5. Audit NZ reviewed this FDP and was satisfied it met the expectations. The audit recommendation was consequently closed.
6. At the time of implementation of this policy, it was expected that the FDP would enable better clarity of financial delegations and the related budget management responsibilities for officers, whilst also enabling improved transparency and a ‘no surprises’ approach for Council in relation to potential future budget overspend issues.

7. The Financial Delegation Policy (FDP) is part of the broader financial controls framework in place to ensure that Council manages its finances in a prudent and sustainable manner.
8. The policy has been referenced on many occasions since it was implemented and has certainly helped in achieving better clarity around expenditure approval requirements for officers. It has also ensured that there has been increased transparency and 'no surprises' approach for Council about budget and project cost pressures.
9. In 2021, a new electronic purchase order system was implemented to further enhance the financial controls. This system replaced the outdated manual purchase order system, which required hard copy manual purchase orders to be used. The new system records electronically the officer who has raised a purchase order as well as the officer who approves it. The system limits these approvals to the financial delegation of an officer. Comprehensive training and support are provided to officers. This has further improved the financial management practices.
10. In 2023, a new module was implemented in the finance system to improve contract management and related procurement processes. This includes contracts register with key data recorded, such as the end date of a contract and contract retention information.
11. The key aspects of the FDP are summarised below:
 - (a) *Council has delegated to the Chief Executive (CE) the authority to implement the Annual Plan/Long Term Plan.*
 - (b) *The CE in turn delegates with financial limits to specific officers. The general rule and expectation is that officers "live within the budget".*
 - (c) *The CE has some flexibility to approve budget variances as long as the overall Annual Plan budget for the year (or approved revisions of this budget by Council) is not exceeded.*
 - (d) *Where there is a cost over-run anticipated in a particular area there is an attempt to find offsetting savings.*
 - (e) *The policy provides the CE authority to approve operational and capital variances in an activity area by an amount no greater than five per cent of budget as long as the overall Council approved budget for the year is not exceeded.*
 - (f) *Where no commensurate savings can be found, overspends are required to be reported to Council for consideration and approval. Quarterly financial performance reporting provides information to the Policy and Performance Committee about the year-end outlook. Where there is potential budget overspend issues identified, these will be reported to the Committee with proposed recommendations to resolve these. There is also budget related decision-making processes via the Strategy, Long Term Plan and Annual Plan Committee.*
 - (g) *There is a delegation enabling the Chief Executive the authority to bring forward capital expenditure budgets from the next two years of the LTP/Annual Plan where the current year budget is expected to be underspent.*

Review of the Financial Delegation Policy for 2026

12. There are no significant changes proposed for the policy for this review. Engagement undertaken has not raised any concerns or issues, and the policy is considered fit for purpose. The changes proposed are summarised in Table 1.

Table 1: Summary of proposed updates to the Financial Delegation Policy

	Description of update to policy	Existing FDP	Updated FDP
1.	To reflect the updated Committee structure	Policy, Finance and Strategy Committee.	Strategy, Long Term Plan and Annual Plan Subcommittee
2.	Refine reference to Council Controlled Organisations in line with other policies for the Council Group	Council Controlled Organisations	Wholly owned Council Controlled Organisations
3.	Update to the latest policy template		
4.	Reporting on an exception to policy		Section 4 - Added requirement to report to the Policy and Performance Committee on exceptions to the policy

13. It is important that this policy is read in conjunction with the Procurement Strategy and Policy. A comprehensive review of these is being undertaken, which is reported separately in the agenda.

Climate Change Impact and Considerations

14. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Legal Considerations

15. There are no legal considerations arising from this report.

Financial Considerations

16. The financial considerations are detailed in this report in the relevant areas.

Appendices

No.	Title	Page
1	Financial Delegation Policy - v2	93

Author: Jenny Livschitz, Group Chief Financial Officer

Reviewed By: Bradley Cato, Chief Legal Officer

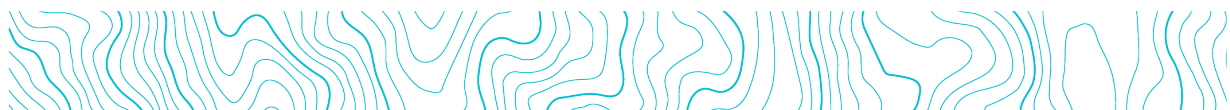
Approved By: Jo Miller, Chief Executive



Financial Delegation Policy

Business unit	Finance
Date adopted	Initial adoption in September 2019, last review February 2022
Date effective	March 2026
Review period	Every three years
Owner	Group Chief Financial Officer
Approved by	Council

Archived Version (of adopted policy)	Author	Date	Description
V 1.0	Jenny Livschitz, Group Chief Financial Officer	8 August 2019	New policy established
V 2.0	Jenny Livschitz, Group Chief Financial Officer	1 February 2022	Periodical review
V 3.0	Jenny Livschitz, Group Chief Financial Officer	March 2026	Periodical review



1. Introduction

The authority to enter financial transactions and commitments is an important part in how Hutt City Council delivers its Financial Strategy and maintains prudent financial management practices.

1.1 Purpose

The elected Mayor and Councillors are the governing body of Hutt City Council. It delegates much of its responsibilities to the Chief Executive (CE) and Committees. In turn, the CE is authorised to, and does, delegate responsibilities to officers.

This policy sets out these delegations in relation to financial matters and provides the basis for, and the limits on, the exercise of all Financial Delegated Authority (“FDA”).

There are other non-financial types of delegations which can be referenced in Council’s ‘Delegations Register’ (for example those statutory delegations required by the Resource Management or Buildings Acts that empower or authorise the Council to carry out certain activities under those Acts).

1.2 Scope

This policy applies to the Council Group (Group) being the Hutt City Council (Council) and its **wholly owned Council Controlled Organisations (CCOs)**. This includes all elected members, employees/officers (full-time, part-time, fixed term, casual and volunteers) of the Council Group.

For CCOs, all references in this policy to the Long Term Plan or Annual Plan should be replaced with “Statement of Intentions” and all references to the Council governing body should be replaced by “CCO Board”.

This policy should be read in conjunction with the Procurement Policy which has a primary purpose to ensure all procurement occurs within the parameters of public sector policy, rules and guidelines.

Definitive source: This policy is the definitive source of all approved Financial Delegated Authority. Where there is any conflict between this Policy and any other Group policy, procedure, guidelines or document, this Policy will take priority unless determined otherwise by the CE.

2. Policy contents and guidelines

2.1 Principles

The financial delegations authorise an Officer to approve financial transactions for specified budgets up to a dollar amount. The financial delegations are based on the following principles:

- a) Must comply with all legal requirements.
- b) They should reflect the separate roles of governance and management. The role of the Council and Committees is to concentrate on setting the outcomes, approving the overall allocation of resources, and monitoring performance to ensure targets are met. Officers focus on the means to achieve the defined outcomes, implement the policy and carry out the day-to-day operations.
- c) Should give effect to the Long-Term Plan (LTP)/Annual Plan.
- d) To promote efficiency and effectiveness.
- e) Must provide for clear accountability and lines of responsibility.
- f) Officers are held accountable for the way they discharge their responsibilities.

2.2 Guide to Financial Delegations

Type of transaction	Delegation required
Delegations from the Council to the CE	The Council has delegated to the CE the authority to implement the LTP/Annual Plan.
Sale and purchase of land and buildings including that acquired by gift or vesting.	Explicit Council approval required. Council may choose to delegate approvals to a sub-committee of Council.
Operating and capital expenditure	Delegated to specific positions and cost centres with financial limits.
Overspending of budgets	Generally, not permitted. The CE has authority to approve overruns if the overall Annual Plan numbers are not exceeded.
Significant transactions	Council has a Significance and Engagement Policy which sets out the criteria for deciding if a transaction or event is significant. Decisions on a significant transaction are required to comply with this policy.
Setting rates	Approved by the Council.
Rates postponement, remission and penalties	Delegated to the CE or other officers as specified in the policies approved by Council.
Treasury transactions	Covered by the Treasury Risk Management Policy.

2.3 General rules to financial delegations

- a) All financial delegation limits are subject to a maximum of what is approved in the current LTP/Annual Plan or any approved revisions of the budgets in the LTP/Annual Plan which are approved by Council.
- b) The financial delegation limits for expenditure relate to the total procurement or purchase price for goods and services. Officers are not permitted to deliberately split purchases to reduce the level of delegated authority necessary to approve the expenditure.
- c) Where a decision may be politically sensitive, there may be personal benefit or a conflict of interest, the one-up rule applies (i.e. the decision must be transferred up to the reporting line manager).
- d) Apart from the CE and Group Chief Financial Officer the financial delegations to officers are specific to the cost centres or project budgets relevant to their role.
- e) The CE has the authority to sub-delegate within the limits of their own delegation. Similarly, an officer may sub-delegate within the limits of their own delegation.
- f) An officer's delegation lapses when that officer leaves the organisation at which they obtained such delegated authority or changes position within that organisation. An officer's delegated authority may be revoked by written notice.
- g) The authority is limited to commit expenditure within the budgeted amount. It does not permit expenditure if there is no budget available. If the budget is unlikely to be met or cannot be met, then the cost centre overall budget must be managed to absorb the impact.
- h) All expenditure must be approved by an officer with financial delegated authority to incur the expenditure prior to the purchase being committed.
- i) Delegations for revenue contracts must be applied at the same monetary level as for expenditure contracts.
- j) Financial delegated authority amounts are GST exclusive.
- k) Directors and Business Unit Managers are responsible for ensuring appropriate financial delegations are always recorded.
- l) Any amendments to financial delegations must be promptly advised in writing to both the officer and the Finance Business Unit.
- m) Records must be generated, filed and retained to maintain an appropriate audit trail. The Finance Business Unit is responsible for retaining records provided.
- n) Failure to carry out duties within financial delegation authority may be regarded as misconduct and/or delegations may be revoked.

Refer to Appendix 1 – Delegations schedule, which includes further detailed information on financial delegations including sub-delegations.

2.4 Overspending budgets

2.4.1 LTP/Annual Plan

- a) Council approval is required to exceed the total LTP / Annual Plan budget level. The Council must be informed as soon as it is known that this is likely to occur. The Council can approve revisions to the budgets in the LTP/Annual Plan.
- b) Where overspending could have a significant effect on Council and/or services provided to the public, further public consultation may have to take place on the available options. Council has adopted a Significance and Engagement Policy and if the criteria of this policy are triggered, then further public consultation must take place.

2.4.2 Seeking approval for overspend

- a) Authority is delegated to commit expenditure within the budgeted amount. It does not generally permit expenditure if no budget is available. The rule is 'live within the budget'.
- b) For a cost centre over-run, the manager must find savings within the cost centres they are responsible for. This applies to the total budget for a cost centre or the individual programme or project budgets. Operational expenditure (OPEX) cannot be transferred to capital expenditure (CAPEX), and vice versa. The manager must also identify any impact at a project level.
- c) As soon as a manager becomes aware that a cost centre or project budget may be overspent (after assessing for offsetting savings) they must escalate to their Director for resolution.
- d) The CE has the authority to approve OPEX and CAPEX variances in an activity area by an amount no greater than 5% if the overall Annual Plan budget for the year (or approved revisions of this budget by Council) is not exceeded. The CE may choose to delegate approval of budget overspend variances at an activity level to Directors and/or the Finance and Treasury Committee (a committee of officers).
- e) Overspends without offsetting savings which exceed the Annual Plan budget for the year (or approved revisions of this budget by Council) are required to be reported to the **Strategy, Long Term Plan and Annual Plan Subcommittee** (a sub-

committee of Council). This Committee will consider the options available to remedy the issue and make a recommendation to Council.

2.4.3 Bringing forward of Capex budgets

- a) At times CAPEX projects are delayed for a range of reasons, for example due to consenting issues, resourcing constraints or delays with finalising and agreeing the design. Where the overall CAPEX budget for the year is expected to be underspent, the CE has authority to bring forward and accelerate the delivery of CAPEX projects that were planned in the next two years of the LTP/Annual Plan.
- b) The intent here is for the CE to enable overall progress in the delivery of projects, even if some are experiencing delays. This would be achieved by enabling faster progress of some projects where other projects are progressing more slowly and/or experiencing underspends for that financial year. From a funding perspective, there is effectively a swapping out of projects without having any overall net financial impact.
- c) Ahead of any decisions to bring forward CAPEX projects by the CE, the Mayor and Chairperson of the relevant Subcommittee, would agree an approach to prioritising which projects are brought forward.
- d) Changes to the timing of CAPEX projects under this delegation must be notified to the **Strategy, Long Term Plan and Annual Plan Subcommittee** as part of the reporting processes.
- e) The CE may choose to delegate the approval of this bringing forward of CAPEX projects in this context to Directors.

3. Roles and Responsibilities

3.1 Delegating managers

Delegating managers are responsible for implementing and operating this Policy within their team. They are accountable for;

- a) Oversight of this Policy within their team;
- b) Ensuring that any Financial Delegated Authorities within their team reflect the requirements of the roles and responsibilities within the team;
- c) Ensuring that any sub-delegations are in writing; and
- d) Ensuring that officers in their team (including acting roles) are aware of and provide written acknowledgement of their understanding and acceptance of the obligations.

3.2 Financial delegated authority holders

Financial Delegated Authority (FDA) holders are accountable for ensuring that they:

- a) Are aware of their current FDA;
- b) Comply with this Policy in exercising FDA;
- c) Do not misrepresent their authority to third parties;
- d) Ensure that transactions are authorised accurately and appropriately and that sufficient details and supporting information is available if required for compliance monitoring purposes; and
- e) Apply the one-up rule for a decision which may be politically sensitive, there may be personal benefit or a conflict of interest.
- f) Delegated Authority holders who act outside their authority may be subject to disciplinary action.

3.3 Group Chief Financial Officer

The Group Chief Financial Officer is responsible for:

- a) Maintaining and overseeing this Policy and the financial delegations process;
- b) Ensuring that all original delegations are held in safe custody;
- c) Managing the review process of this Policy; and

- d) Ensuring that appropriate controls are in effect to monitor compliance and for reporting material breaches of this policy to the Chief Executive.

4. Exceptions

- a) In exceptional circumstances (such as a major incident or civil emergency) the CE (or other most senior managers available if the CE is not available) may suspend normal lines of authority and make executive decisions as the situation requires, until such time as Council resolves otherwise. Where practicable, the exercise of any power under this clause which is ordinarily reserved for the Council should be made in consultation with the Mayor (or other most senior member of Council available if the Mayor is not available).
- b) The CE will have authority to approve unbudgeted expenditure where the incurring of the expenditure relates to purchases required for health and safety or other essential legislative compliance reasons.
- c) Any exceptions to policy would be reported through to the Policy and Performance Committee.

5. Related Documents

- Code of Conduct
- Conflict of Interest policy
- Sensitive Expenditure Policy
- Procurement Policy
- Procurement Guide
- Treasury Risk Management Policy
- Delegations Register (Non-financial delegations, e.g. statutory delegations required by the Resource Management and Building Acts)
- Financial Delegations Register
- Policy Guide to Managing Misconduct.

Appendix 1 – Delegations schedule

The delegations schedule provides further information about the financial delegations, and particularly the sub-delegation by officers. Levels of delegations are provided for as a broad framework for the implementation of the policy.

Level	Position within the Council
8	Chief Executive ¹
7	Directors responsible for infrastructure activities Group Chief Financial Officer
6	Other Directors responsible for non-infrastructure activities Business Unit Managers responsible for infrastructure activities
5 or less	Other Business Unit Managers responsible for non-infrastructure activities Business unit managers, managers or team leaders, other Council officers

All figures noted in this delegation schedule are per transaction/commitment or if there is a contract, the total contract costs. All figures are GST exclusive.

	Level 8	Level 7	Level 6	Level 5	Level 4	Level 3	Level 2	Level 1
Operating expenditure (Opex) and revenue								
Non-restricted OPEX	Unlimited ¹	\$2 Million ²	\$500k ²	\$250k	\$150k	\$50k	\$10k	\$1k
Revenue, excluding rates	Unlimited ¹	\$2 Million ²	\$500k ²	\$250k	\$150k	\$50k	\$10k	\$1k
Restricted items:								
Rates payments for Greater Wellington Regional Council	Unlimited	\$10 Million ³	-	-	-	-	-	-

GST/IRD payroll related payments	Unlimited	\$10 Million ³	-	-	-	-	-	-
Legal advice per legal issue	Unlimited	\$250k	\$150k	-	-	-	-	-
Capital (Capex)								
Non-restricted capex	Unlimited ¹	\$2 Million ²	\$500k ²	\$250k	\$150k	\$50k	\$10k	\$1k
<u>Restricted items:</u>								
Sale or purchase of land and buildings including gifts and vesting with no Council approval	Full Council approval required							
Sale or purchase of land and buildings including gifts and vesting with explicit Council approval	Unlimited	\$2 Million	-	-	-	-	-	-
Sale of surplus assets	Unlimited	\$500k	\$250k	-	-	-	-	-
Notes for delegation schedule								
	The CE's authority is limited by the budgets approved in the LTP / Annual Plan, or any revisions of the budgets in the LTP/Annual Plan which are approved by Council.							
2.	Excluding treasury transactions which are covered in the Council's Treasury Risk Management Policy.							
3.	Group Chief Financial Officer only.							

22 April 2026

Report no: ARSC2026/2/111

Eastern Hutt Road and other Resilience Projects

Purpose of Report

1. This report is to provide an update to the Audit and Risk Subcommittee on the Eastern Hutt Road Resilience project and other resilience projects.

Recommendation

That the Subcommittee receives and notes the report.

Background

2. Eastern Hutt Road is a lifeline route that provides North/South travel through the Hutt Valley. Eastern Hutt Road is the only alternative route between Upper Hutt and Lower Hutt should State Highway 2 become unavailable.
3. In July 2022, several significant landslides occurred on the hillsides above Eastern Hutt Road, which impacted the road corridor and nearby properties. Comprehensive remediation works to fix the slips, valued at \$27.5M, commenced in July 2023.
4. A Single Stage Business Case (SSBC) to futureproof the Eastern Hutt Road corridor, identifying a further 17 slopes for remediation, was submitted to NZTA in November 2023. The SSBC has since been updated to align with the current 2024-2027 Government Policy Statement and resubmitted to NZTA in 2025.
5. The SSBC has grouped the slopes requiring remediation into two phases. Phase one includes the higher risk slopes that can likely be remediated within a timeframe that minimises disruption as much as possible, considering the traffic impacts of Te Wai Takamori O Te Awa Kairangi.

6. Phase 1 of Eastern Hutt Road encompasses five high priority slopes north of Stokes Valley roundabout, two slopes below the road and three slopes above the road. Phase 2 includes the remaining twelve slopes included in the SSBC.
7. Funding for the implementation of Phase 1 and pre-implementation of Phase 2 was approved by NZTA in December 2025. This approval included a Funding Assistance Rate (FAR) of 51%.

Discussion

8. Design for the Eastern Hutt Road “below the road” sections is well advanced, with 80% Detailed Design drawings received. Design for the remaining three sites will commence once construction of the road slopes has begun.
9. Pre-implementation of the Phase 2 slopes will commence following the design of the sites above the road. A high-level programme for delivery has been produced and shared with NZTA.
10. A procurement strategy for the construction of the two slopes below the road is being prepared, promoting an Early Contractor Involvement approach to reduce design iterations.
11. Construction of the two slopes below the road is expected to commence in June 2026. The slopes below the road are being progressed first, as a failure of these slopes will result in a catastrophic loss of the road.
12. In addition to Eastern Hutt Road, Council officers are progressing designs for the remediation of three other identified sites funded through a separate capital budget.
 - a. Wainuiomata Coast Road, Wainuiomata (two sites)
 - b. Moores Valley Road, Wainuiomata
 - c. London Road, Korokoro
13. One site on Wainuiomata Coast Road and the Moores Valley Road site is both aged railway iron retaining walls that need to be renewed. The existing retaining walls are showing signs of slumping, where their failure will result in significant undermining of the carriageway.
14. The second Wainuiomata Coast Road and the London Road site are above the road sites. These are higher priority sites as ranked in Council’s forward works programme.
15. The additional sites are all currently working through detailed design and consenting. Open tenders will be released following the detailed design, with construction expected to commence in late June 2026.

Options

16. This report is submitted to the subcommittee for noting. No decisions are sought currently.

Risks

17. There are several potential risks that have been identified associated with the Eastern Hutt Road Resilience project.
18. Negative public reception – there was considerable negative feedback from the public when the 2023 slip remediation was undertaken. Lessons learned from the 2023 work will be applied.
19. Consenting – to minimise working off the road, consent approval to construct a work platform in the river corridor is required. Designs will need to be assessed by Greater Wellington Regional Council prior to making a decision.
20. Traffic volumes – traffic modelling indicates that increased traffic volumes due to Te Wai Takamori o Te Awa Kairangi (TAK) are not expected until later 2027. Additional traffic counting will be undertaken at appropriate times to monitor changes in traffic volumes. The project team will liaise with the TAK team to identify any TAK programme changes that may impact Eastern Hutt Road.
21. Cost Increases – the current increases in fuel costs are expected to result in a 4% increase in contract cost fluctuations. These increased costs will likely be reflected in the tender and reduce the available contingencies.
22. Contractor Availability - early conversations with contractors expected to tender for this work are that they have the capacity to undertake this work in a timeframe that aligns with Council's expectations.

Climate Change Impact and Considerations

23. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

24. The Eastern Hutt Road Resilience Project and Other Transport Resilience Projects are included in Council's 2026/27 Draft Annual Plan.
25. A comprehensive communication plan is being developed for the Eastern Hutt Road Resilience project. This plan reflects the lessons learned from the remediation work completed on Eastern Hutt Road previously.

Legal Considerations

26. There are no legal considerations.

Financial Considerations

27. Budgets for both the Eastern Hutt Road Resilience project and the Other Transport Resilience projects are included in Council's current 2025/26 Annual Plan and the 2026/27 Draft Annual Plan.

28. The operating and capital budgets for these projects are shown in the tables below.

Table 1: Operating revenue Budgets; Eastern Hutt Road Resilience Project

\$M	<u>2025- 26</u>	<u>2026- 27</u>	<u>2027- 28</u>	<u>2028- 29</u>	<u>2029- 30</u>	<u>2030- 31</u>	<u>2031- 32</u>	<u>2032- 33</u>	<u>2033- 34</u>	<u>Total</u>
Draft Annual Plan 2026-2027	1.07	7.31	2.10	4.59	3.70	1.65	0.00	0.00	0.00	20.42

Table 2: Capital expenditure budgets; Eastern Hutt Road Resilience Project

\$M	<u>2025- 26</u>	<u>2026- 27</u>	<u>2027- 28</u>	<u>2028- 29</u>	<u>2029- 30</u>	<u>2030- 31</u>	<u>2031- 32</u>	<u>2032- 33</u>	<u>2033- 34</u>	<u>Total</u>
Revised Draft Annual Plan 2026-2027	2.10	14.34	4.11	9.00	7.26	3.23	0.00	0.00	0.00	40.04

Table 3: Operating expenditure budgets; Other Transport Resilience Projects

\$M	<u>2025- 26</u>	<u>2026- 27</u>	<u>2027- 28</u>	<u>2028- 29</u>	<u>2029- 30</u>	<u>2030- 31</u>	<u>2031- 32</u>	<u>2032- 33</u>	<u>2033- 34</u>	<u>Total</u>
Draft Annual Plan 2026-2027	0.84	0.46	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.30

Table 4: Capital expenditure budgets; Other Transport Resilience Projects

\$M	<u>2025- 26</u>	<u>2026- 27</u>	<u>2027- 28</u>	<u>2028- 29</u>	<u>2029- 30</u>	<u>2030- 31</u>	<u>2031- 32</u>	<u>2032- 33</u>	<u>2033- 34</u>	<u>Total</u>
Revised Draft Annual Plan 2026-2027	2.50	1.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.88

Appendices

There are no appendices for this report.

Author: Paul Hewitt, Head of Transport

Reviewed By: Philip Benseman, Senior Management Accountant

Approved By: Jon Kingsbury, Director Economy & Development

Report no: ARSC2026/2/112

Water Services Matters

Purpose of Report

1. To update the Subcommittee on Water Matters, including the Water Services Transition Project and associated risks, and the current work programme for Wellington Water Limited (WWL).

Recommendations

That the Subcommittee:

- (1) notes and receives the report;
- (2) notes the updated Risk Register for the Water Services Transition project, attached as Appendix 1 to the report; and
- (3) notes the update on the Moa Point incident.

Background

Water Services Transition Project

2. Council's LWDW Project is supporting the transition of Water Services from Council to Tiaki Wai. Tiaki Wai commences operating on 1 July 2026 (Day One), and this is the focus of the Establishment Team for Tiaki Wai. Critical establishment work focused on achieving "Minimum Viable Product" for Day One continues between Tiaki Wai and shareholder Councils.
3. The inaugural Chief Executive of Tiaki Wai, Michael Brewster, a former Chief Executive of TasWater in Australia, has commenced his role and is engaging regularly with Council's Chief Executive and other stakeholders. His key focus is Day Two for the organisation, the period post 1 July, which includes all interim arrangements, such as Billing and Customer Service.

4. Since your last meeting, elected members and the Partners Committee (the key Governance Committee of Tiaki Wai Partner Councils), have received briefings from Tiaki Wai.
 - On 4 March 2026, the Tiaki Wai Board Chair briefed HCC elected members which included general progress in the establishment of Tiaki Wai.
 - On 13 March 2026, the Partners Committee met and the Tiaki Wai Board Chair, Establishment Team Programme Director and new Chief Executive of Tiaki Wai briefed the Committee on the Water Services Strategy, Customer Charter and Significance and Engagement Policy, with a particular focus on the engagement process and financials for Tiaki Wai.
 - On 18 March 2026, the Establishment Team's Programme Director briefed HCC elected members on the draft Water Services Strategy, Customer Charter and Significance and Engagement Policy.
5. On 25 March, Tiaki Wai kicked off the public feedback process on the draft Water Services Strategy and key associated policies. This process runs until 22 April.
6. The HCC Water Services Transition Project will brief elected members on feedback on the Water Services Strategy on 17 April 2026. This will be ahead of the Partners Committee meeting on 20 April 2026, to consolidate all feedback from Partners into a single response.
7. The LWDW Project has progressed a significant amount of work for Day One, and this has involved effort across many business units.
8. Council confirmed decisions on 24 March 2026 on the Long Term Plan amendment, to remove water services from Council's budget and work programme. At the same meeting Council approved the granting of the New Zealand Local Government Funding Agency (LGFA) Guarantee and the Global Guarantee, associated with the Tiaki Wai financing arrangements and in line with the Partners Agreement signed in December 2025 by shareholders.
9. Transfer Plans approved by the Water Services Project Steering Committee have been provided to Tiaki Wai, informing the transfer of functions and people across areas, including Trade Waste and Development Engineering. The process for staff proposed for transferring to Tiaki Wai is underway.
10. Transfer plans support the work undertaken to complete the Schedules of the Transfer Agreement. The final Transfer Agreement is to be presented to Council on 13 May for approval. It is expected that, like the Partners Agreement, a recommendation will be made to allow the Mayor and Chief Executive to make minor changes to the Agreement after the fact. The Transfer Agreement is further discussed below.

Risk Register

11. Since the last meeting of this Subcommittee, the Risk Register for the Water Services Transition Project has been refreshed and is attached as Appendix 1 to the report. As the project progresses toward Day One and momentum builds, the risk register evolves. Risk ratings are adjusted as needed, while risk drivers, controls, planned mitigations, and decisions are actively updated to reflect progress.
12. Risk in the Water Services Transition Project is significantly influenced by dependencies on deliverables and information from Tiaki Wai, which affect all areas of the risk profile. Current project activity is concentrated across four key themes that represent the primary areas of risk focus: delivery of the Transfer Agreement, delivery of the Master Services Agreement, customer-related risks, and billing. These are not the only risks captured within the Project's risk register; however, they reflect the most material areas of focus at this stage. The full risk profile is set out in the attached risk register. The overall risk profile for the Project is Amber.
13. The Risk Register for the Water Services Transition Project has been reviewed by the Steering Committee and risk owners who hold responsibilities across Council that are impacted by the Establishment of Tiaki Wai. Key risks are discussed and monitored regularly.

Transfer Agreement

14. At the end of March 2026, Transfer Agreements from each Partner Council were shared with all other Partners. The intent is that Agreements are consistent in the treatment of assets and liabilities for transfer, and that any negotiations on transfer take place during a review period of approximately one month.
15. On 13 May 2026, officers will present the Transfer Agreement to Council for approval. While there are risks that may impact this timing, there is a level of confidence that these timeframes will be achieved.
16. Risks to achieving completion of the Transfer Agreement are:
 - Delayed final approval of the Transfer Agreement template by the Partners Committee
 - The highly bespoke nature of parts of the Transfer Agreement, such as Council's Infrastructure Acceleration Fund Project (IAF)
 - Uncertainty about some of the treatment of assets and liabilities required through the Agreement.
17. There has been a month's delay in finalising the Transfer Agreement template, but that has not prevented progress toward completing the Schedules for the Agreement. Officers are confident a significantly complete of the Transfer Agreement Schedules will be delivered as expected.

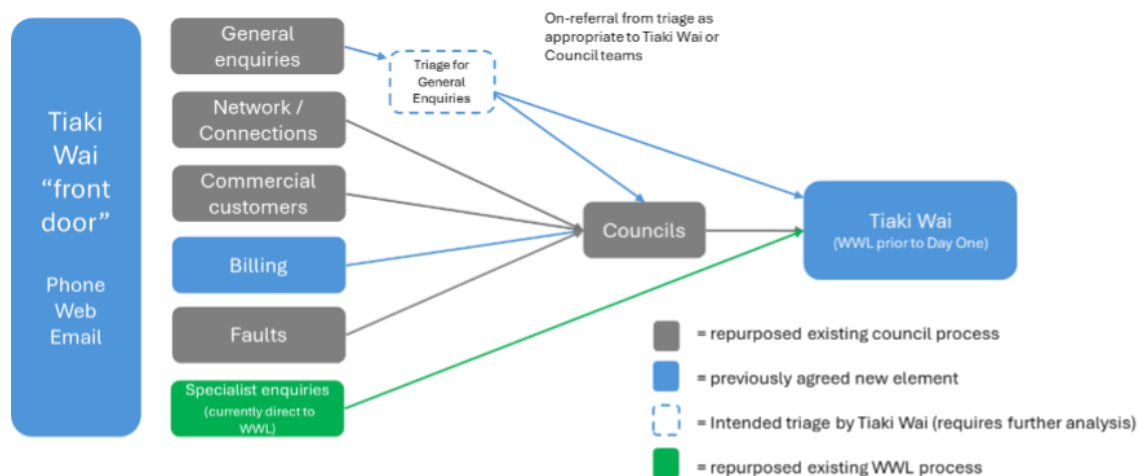
18. The bespoke nature of the IAF project and the legal arrangements with the National Infrastructure Funding and Financing Agency (NIFF), on the funding of the project, are the subject of current discussions. The Transfer needs to be reflected in that relationship. The mechanism for the future arrangement is to be determined.
19. Council has responded quickly to the resolution of uncertainties. Stormwater matters and reserve land considerations are examples of these. Those matters are now largely resolved for the Transfer Agreement.

Master Services Agreement

20. The Master Services Agreement (MSA), previously referred to as the Service Level Agreement, is being developed now. Tiaki Wai and Simpson Grierson are leading the drafting. The Transfer Agreement is the “what will be transferred” document, and the Master Services Agreement is the “how will Council and Tiaki Wai work together” document. It commits both agencies to the provision of services for the other and includes key performance indicators to measure success.
21. For example, Tiaki Wai, under the Transfer Agreement, is taking on the development engineering function for water from HCC. Work within that function will be carried out by Tiaki Wai for Council as part of the processing of subdivision applications. The Statement of Work for that service is in the MSA.
22. Council has a good level of confidence about delivering the Master Services Agreement for Day One. To mitigate the risks of poor provisioning for ongoing service delivery, officers have:
 - Prepared and supplied Transfer Plans of substantial operational detail for all functions transferring to Tiaki Wai;
 - Prepared advice notes for Tiaki Wai and Simpson Grierson to inform first drafts of Statements of Work and the MSA;
 - Minimised the opportunity for the delay in delivering the MSA through proactive engagement and information sharing, early in the development process, including current discussions on how transferring functions and teams will be embedded into Tiaki Wai, and deliver.
 - Is maintaining a “Plan B” option to deliver interim billing for services such as Trade Waste and Water Connections if Tiaki Wai finds it cannot deliver an alternative in time for Day One.

Customer

23. The Customer model below has been determined for an interim and up to 12 month period. Most initial Tiaki Wai customer interactions will be via Council for Lower Hutt. This is close to status quo for the customer contact service Council provides for WWL now. The key addition is Billing. Council will have a dedicated Revenue Team to take those enquiries.



24. Implementation planning is underway. The primary risk with this model is to Council's reputation. This is because:
- It is difficult to predict the volume of customer contact. Council may get a greater volume than planned. This may extend wait times for responses and stretch resourcing.
 - Council does not have control over the service customers get from Tiaki Wai once their enquiries are transferred. If there are issues, Council will receive follow-up interactions and complaints.
 - Council will answer calls as Council. System/time limitations prevent splitting calls between Council and those incoming for Tiaki Wai. This means it may not be clear to customers that Tiaki Wai is an entirely separate organisation, and that Council is working on behalf of Tiaki Wai.
 - Billing enquiries are being managed by Council as an interim solution, so initially, customers may not deal with Tiaki Wai directly.
25. Council is already seeing an uptick in contact enquiries on water charges. This increased when the draft Water Services Strategy (WSS) was released for public engagement.
26. Council has a high level of engagement through online channels. There are established forms and processes for WWL Customers. The intent is for this to be the level of service offered to Tiaki Wai Customers. Tiaki Wai has an established website that is operational now.
27. Council is recruiting for additional staff to support these services. Resourcing and training will assist in preparing for Day One. Managers will need to closely monitor wellbeing during peak times when staff under pressure, will also encounter poor customer behaviour or distress.

Billing

28. Work to establish an interim billing solution for Tiaki Wai continues to progress, with Council confirming the technical approach and moving into detailed configuration, testing, and operational readiness activities. Council will issue water invoices on behalf of Tiaki Wai from Day One, until Tiaki Wai establishes its own billing capability.
29. The interim solution is being delivered within Council's existing system environment and is designed to ensure full separation between Council and Tiaki Wai. This includes separate invoices, bank accounts, GST treatment, receivables, and debt management processes. While this approach provides a stable and achievable pathway within the required timeframes, it introduces complexity in system configuration, data management, and customer experience that requires careful management.
30. Progress continues across key components of delivery. Invoice design is nearing completion, with work underway to support distribution. Banking arrangements for Tiaki Wai have been confirmed, with system configuration in progress. Payment channels have been agreed, including NZ Post for over-the-counter services. Planning for user acceptance testing is underway, with full configuration testing scheduled to commence in April. Recruitment of the interim billing team is also in progress, with staff expected to begin onboarding from April 2026 to support readiness for Day One.
31. Council has also supported the development of Tiaki Wai's pricing policy, which is now publicly available as part of public feedback on the draft Water Services Strategy and is expected to be finalised in June 2026. Council's role has focused on providing advice, modelling, and supporting the supply of data. The proposed charging approach introduces potential changes to billing structures, which will require further testing once confirmed, and will increase delivery risk within an already compressed implementation timeframe.
32. Customer impacts are becoming clearer and will require careful management. Customers will receive a new, separate water invoice, will be required to use new payment references, and existing direct debit arrangements for rates cannot be reused. These changes, alongside increased customer interest in water charging, are expected to contribute to higher contact volumes and place pressure on customer-facing teams. A coordinated programme of work is underway with Tiaki Wai to support customer communication, onboarding, and payment channel readiness ahead of 1 July 2026.
33. The billing workstream remains a key risk for the overall programme. Delivery is dependent on completing system configuration, data migration, testing, and operational readiness within tight timeframes. This includes establishing new processes, onboarding and training staff, and aligning with Tiaki Wai on policy and customer settings. These risks are being actively managed through detailed planning, vendor engagement, and regular monitoring through the project governance structure.

Wellington Water Limited Update

4 February incident at Moa Point Wastewater Treatment Plant

34. Officers advised the Committee at the previous meeting that they are monitoring the incident at the Moa Point Wastewater Treatment Plant that occurred on 4 February 2026.
35. The Committee was informed at that meeting that following that incident, Council's Chief Executive had written to the WWL Chief Executive to seek assurances around the maintenance and inspection regime at the Seaview Wastewater Treatment Plant.
36. WWL has advised:
 - a) The layout of the Seaview is very different to Moa Point. This has considerable advantages, as any failure and its associated impact will be largely confined to a specific area. It is not possible for Seaview to flood in the way Moa point did.
 - b) The capacity of the Outfall pipe is only 50% of what it was designed to take due to the fragility of the pipe seals. This is primarily what causes discharges of treated wastewater into the Waiwhetū Stream, and if, for some reason, the plant was not operational, then in wet weather, untreated wastewater could be discharged into the stream. This represents the lesson that can be drawn from Moa Point and applied to Seaview. Outfall pipes need to operate at their design capacity, or the effects are felt further up the network.
 - c) The current dryer is the main performance issue faced at the plant. The dryer is in a fragile state and is being heavily curated to ensure it works until the replacement dryers are online by the end of 2027.
 - d) The replacement dryers are now forecast to be ready approx. November 2027, which is eight months earlier, and due to Council's willingness to bring forward funding in response to the increased risk.
 - e) There is a critical valve that isolates the plant that has not been exercised for approximately six years. WWL is undertaking a risk assessment of the impact of exercising the valve if it were to fail.
37. Next Steps:
 - a) The risk register will continue to be reviewed fortnightly as part of the Steering Committee agenda for the LWDW project.
 - b) Transfer Agreement review and negotiations will occur between Partners and Tiaki Wai over April 2026.
 - c) Elected members will be briefed on the Water Services Strategy and Feedback on 17 April 2026.

- d) The Partners Committee will meet to consider the Water Services Strategy and provide consolidated feedback on it to Tiaki Wai on 20 April 2026.
- e) The Transfer Agreement will be considered by Council on 13 May 2026 (reserve date 3 June 2026).

Climate Change Impact and Considerations

38. The Statement of Expectations for Tiaki Wai addresses climate change.

Legal Considerations

- 39. The Transfer Agreement and the Master Services Agreement processes and content have been driven by Simpson Grierson as the legal representatives for the Establishment Team. Where necessary, and where there are bespoke considerations for Council other legal advice has been sought.
- 40. As part of the transfer of functions to Tiaki Wai there are some other pieces of legislation that may require treatment or Council decisions. For example, bylaw enforcement under the Local Government Act will need to be delegated by Council to Tiaki Wai.

Financial Considerations

- 41. The Transfer Agreement is the mechanism for the transfer of Council assets and liabilities. These will no longer be part of Council's balance sheet.
- 42. Council will retain a financial relationship with Tiaki Wai. For example, the Guarantees discussed above that are required to support Tiaki Wai's borrowing from the LGFA.
- 43. Services provided in an interim period to support Tiaki Wai for a limited time will be subject to cost recovery from Tiaki Wai.

Appendices

No.	Title	Page
1	Appendix 1 - Risk Register	116

Authors: Sarah Gardner, Water Services Transition Manager, Deepu Nunnian, Manager Financial Planning & Performance, Hamish Bell, Advisor Water Services and Alicia Andrews, Manager Finance Transaction Services

Reviewed By: Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive

LWDW - Project Controls Book v1.0

ID	THE RISK IF [event or condition i.e. what can happen] THEN [consequence. Why is it a concern / impact if we don't get it]	RISK DRIVERS What are the existing and potential causes/triggers	Risk owner	Secondary Risk Owner	INHERENT RISK			CONTROLS / RISK RESPONSES	RESIDUAL RISK			Planned mitigation actions
					Likelihood	Impact	Risk		Likelihood	Impact	Risk	
1	Transfer Agreements (TA) If Master Service Agreements are unclear, incomplete / contain errors then this could lead to disagreements, compliance issue or negative impacts	compressed timelines, rushed drafting or review Unclear delineation of responsibilities between council and Tiaki Wai (TW)	Water Transition Manager	Chief Legal Officer	Possible	Major	High	Share draft TA with partners/TW in March for consistency Resolution of reserve land status in March Storm water assets decisions agreed (roading) Confirmation that bylaws will be administered and enforced by TW Commission of legal advice for how to approach the transfer of the IAF project	Possible	Moderate	Medium	Internal assurance Re-evaluation of reserve land treatment for HCC. Proactive informing of MSA
2	Master Services Agreement (MSA) If TA are unclear, incorrect or can't be agreed then this could lead to negative operational day to day impacts or delays.	compressed timelines/rushed drafting or review Unclear delineation of responsibilities between council and TW	Water Transition Manager	Project Chair	Possible	Major	High	Transfer plan informs the MSA Steering Group Proactive/ongoing meetings with effected parts of Council Resource dedicated to MSA	Possible	Moderate	Medium	Early Documentation to Simpson Greison Transfer plans to Steering Committee approved in March. Further Transfer Plans in development
3	Customer - reputation risk If interim Customer Experience arrangements/information is not clear the customer relationship will remain with council and not transfer to TW	Limited public awareness of TW and its role Interim arrangements do not clearly direct customers to TW Inconsistent messaging between Council and TW Delays in establishing TW customer service channels	Water Transition Manager	Director Strategy and Engagement	Likely	Major	High	Confirmed Customer Service Model with TW Commencing implementation/planning with TW and HCC SME Wellington Water (WW) call centre remains	Possible	Moderate	Medium	FAQ developed for Call centre Proactive comms to customers via HCC comm channels, Regional collaboration to accelerate planning/implementation of the customer service model
4	Customer - on line If interim online customer arrangements are not clear and there is increased pressure on online channels then the reputation of both Council and TW could be negatively impacted	Customer reliance on digital channels Increased customer enquiries during transition creating pressure on online systems Poor navigation/redirection between Council and TW websites Limited coordination of digital communications between Council and TW Customers defaulting to Council online platforms due to established familiarity Delays in establishing or promoting TW digital service channels	Water Transition Manager	Chief Digital Officer	Possible	Major	High	Knowledge of how existing WW online portal works HCC understand the current customer profile i.e. that 46% of customer contact for WW is online	Possible	Moderate	Medium	Payable tool will assist with customers who use online tools
5	Customer - staffing If interim customer arrangements are unclear, increased pressure on HCC's call centre and customer service channels may lead to higher enquiry volumes and longer wait times, resulting in poor customer experience	Limited public awareness of TW and its responsibilities Unclear or inconsistent messaging about who to contact Delays in establishing TW customer service channels Increased customer enquiries during the transition period Customer service staff lacking clear guidance	Water Transition Manager	Director Strategy and Engagement	Likely	Major	High	Dedicated interim billing team being established, with recruitment underway	Unlikely	Moderate	Medium	Recruitment of additional staff underway
6	Customer - Billing If the interim billing solution and associated customer, system, and operational processes are not delivered and operating effectively by 1 July 2026, then this may result in billing errors, customer confusion, increased enquiry volumes, and reputational and financial impacts for both Council and Tiaki Wai.	Compressed delivery timeframes for system configuration, testing, and operational readiness Complexity of delivering a fully separated billing solution within Council systems (including GST, receipting, and debt management) Dependency on TW decisions, pricing policy, charging structures, and billing settings Significant data transformation requirements Customer change impacts Establishment of a new interim billing team within tight timeframes Integration of multiple delivery components	Water Transition Manager	Project Chair	Possible	Major	High	regular reporting to CEOs. Assessing billing options for delivery and associated risks. Ensuring compliance with legislation Confirmed arrangements with TW Confirmed partnership with Payable to provide direct debit and card payments for TW Additional resource recruited	Unlikely	Moderate	Medium	Complete system configuration and commence full testing cycle (April-May), Finalise pricing policy Continue recruitment, onboarding, and training of interim billing team Deliver customer communication Progress end-to-end testing of billing Maintain close engagement with TW to confirm outstanding policy, customer, and operational decisions Ongoing monitoring through governance forums
7	Dependencies on Tiaki Wai (TW) If TW does not make key transition decisions in a timely manner, then Council's transition planning and implementation activities may be delayed, potentially impacting programme timelines and readiness.	Relying on TW instruction for online functionality Ongoing decisions required through TW in order to complete key work, Relying on TW for HR processes	Water Transition Manager	Project Chair	Likely	Major	High	Escalation of key issues via CEO group/ROG Documentation of key decisions (audit trail) Consistent and regular follow up with key stakeholders Input into questions register for TW to respond Collaboration with partners and others	Possible	Moderate	Medium	Ongoing collaboration with Council leads Briefings to Decision Makers Provision of advice to TW
8	IT risk - resourcing / pressure If IT resources are insufficient or under pressure due to competing priorities and unclear transition requirements, then Council may be unable to deliver the IT changes required for the TW transition within expected timeframes, potentially impacting transition readiness and service continuity.	Not clear on IT needs and a number of council wide IT projects due for delivery at the same time Key person risk Funding pressure	Water Transition Manager	Chief Digital Officer	Likely	Moderate	High	IT representatives are part of internal steering group requested products/deliverables to inform need	Possible	Moderate	Medium	Business case for additional resourcing
9	Stakeholder Engagement If key stakeholders, including the community, elected members, iwi, and staff, are not adequately engaged or informed, then the project may face resistance.	Inadequate / inconsistent stakeholder engagement Unclear roles and responsibilities Loss of trust, political pressure, or engagement fatigue.	Water Transition Manager	Director Strategy and Engagement	Possible	Major	High	Early and sustained dialogue with iwi and community leaders. Project governance in place	Unlikely	Moderate	Medium	FAQ being developed for Elected members Proactive and transparent communication and engagement strategy; Ensure the Communications Workstream Lead has the tools necessary Review Comms and engagement plan for consistency and emerging risks

LWDW - Project Controls Book v1.0

ID	THE RISK		Risk owner	Secondary Risk Owner	INHERENT RISK			CONTROLS / RISK RESPONSES	RESIDUAL RISK			Planned mitigation actions	
	IF [event or condition i.e. what can happen]	THEN [consequence. Why is it a concern / impact if we don't get it]			RISK DRIVERS What are the existing and potential causes/triggers	Likelihood	Impact		Risk	Likelihood	Impact		Risk
	10	Asset, operational or customer data is incomplete on transfer. If asset, operational or customer data is incomplete on transfer, then this could lead to operational issues and negative impacts on reputation.			Last minute changes to the TA Template Revisiting decisions. Time constraints.	Water Transition Manager	Chief Legal Officer		Possible	Major	High		Post transfer wash up process (post Day 1) Independent legal review of templates
11	People and well-being If impacted staff do not have sufficient clarity about their future roles, responsibilities, or the transition process, then this may negatively affect staff wellbeing, engagement, and productivity, potentially impacting the successful delivery of transition activities.	Delays in providing confirmed information Limited visibility of transition timelines and decisions Increased workload /pressure associated with transition activities Insufficient communication or engagement with affected staff	Water Transition Manager	Chief People Officer	Possible	Moderate	Medium	Providing clarity Ongoing wellbeing tools available Leadership awareness of workloads /impacts Ongoing check in with effected staff Ongoing and consistent communication	Unlikely	Minor	Low	Business case for additional resourcing Consultation process to begin early April	

22 April 2026**Report no: ARSC2026/2/113**

External Audit Update - Hutt City Council

Purpose of Report

1. To provide an update on the plans for the preparation and external audit of the Group Annual Report for the year ended 30 June 2026.

Recommendations

That the Subcommittee:

- (1) receives and notes the Audit New Zealand audit plan for the Group Annual Report for the year ended 30 June 2026, attached as Appendix 1 to the report;
- (2) notes the statutory deadline for the completion of the Group Annual Report 2025-26 is 31 October 2026;
- (3) notes the planned external audit and review process, which includes reporting back to the Subcommittee; and
- (4) notes the focus areas for the external audit.

Group Annual Report 2025/26

2. Planning is well progressed for the preparation and external audit of the Group Annual Report 2025/26, attached as Appendix 1 to the report. The interim audit was planned and completed during February 2026, pre-final audit is planned from the 1 June 2026, and the final audit is expected to start on 21 September 2026.
3. The final audited Group Annual Report is expected to be available for Council adoption on 28 October 2026. The statutory deadline for the completion of the Group Annual Report is 31 October 2026.
4. Officers plan to present the Group Annual Report content to the Audit and Risk Subcommittee on 29 September 2026 and the Policy and Performance Committee on 13 October 2026. The intent will be to seek the endorsement of this content subject to the completion of any audit adjustments and receipt of final audit clearance from Audit NZ.
5. To further support this process, a briefing of the Audit and Risk Subcommittee will be planned for late August 2026. This will be an opportunity for the Subcommittee to review the draft Annual Report content and provide feedback to officers.

6. The audit plan (Appendix 1) highlights a number of focus areas for the audit. Of note is the focus on:
- a) WWL performance measures;
 - b) roading performance measures;
 - c) three waters valuations and unit rate uncertainty;
 - d) valuation of property, plant and equipment;
 - e) impact of three waters reform (Local Water Done Well); and
 - f) risk of management override of internal controls.
7. Council's CCO audits are underway, with interim reviews now complete and final audit reviews set to begin on 20 July 2026. Their audited Annual Reports are expected to be signed out by 31 August 2026, well ahead of their statutory deadline of 30 September 2026. These will be considered by the Policy and Performance Committee on 13 October 2026.
8. A full asset revaluation will be completed by 31 May 2026. Our current specialist valuation providers, WSP Ltd (for three water infrastructure assets) and Aon New Zealand Ltd (for the remaining asset groups), have been engaged and are progressing well with their review.
9. To meet accounting standards, technical specialist Eriksen Global has completed an actuarial assessment for the provision of landfill aftercare.
10. PricewaterhouseCoopers has been engaged by Councils across the region to provide advice on the various disclosures to be included in the annual report pertaining to the Tiaki Wai transition after the balance date.

Climate Change Impact and Considerations

11. There are no climate change impacts or considerations arising from this report.

Legal Considerations

12. There are no legal considerations arising from this report.

Financial Considerations

13. The financial considerations are detailed in this report in the relevant areas.

Appendices

No.	Title	Page
1↓	Hutt City Council and Group Audit Plan 30 June 2026	120

Author: Darrin Newth, Financial Accounting Manager
Reviewed By: Jenny Livschitz, Group Chief Financial Officer
Approved By: Jo Miller, Chief Executive

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Audit plan

Hutt City Council and group

For the year ending 30 June 2026

Executive summary

I am pleased to present our audit plan for the audit of Hutt City Council and group (the Council) for the year ending 30 June 2026. Our role as your auditor is to give an independent opinion on the Council’s and the Council group’s financial statements and service performance Information and all other information required to be audited or reported on under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and the Non-Financial Performance Measures Rules 2024. We also recommend improvements we identified during the audit.

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

Yours sincerely



Debbie Bradfield
Appointed Auditor
5 February 2026

Contents

- Focus areas: Risks and issues..... 2
- Group audit..... 7
- Materiality 8
- Expectations 12
- Our team..... 15
- Our audit process..... 16
- How we manage quality 19



Focus areas: Risks and issues

Based on the planning work and discussions we have completed to date, we set out the main audit risks and issues in the table below. These will be the main focus areas during the audit.

Additional risks may also emerge during the audit. These risks will be factored into our audit response and our reporting to you.

Risk/issue	Our audit response
Performance reporting: Customer satisfaction – Water supply and wastewater	
<p>The Council utilises Wellington Water Limited (Wellington Water) for services related to water supply, wastewater and relies on them for performance measure results reported in the Annual Report. Our audit opinion was modified over the past four years due to significant issues with the customer satisfaction performance measures for water supply and wastewater.</p> <p>It is important for the Council to maintain discussions with Wellington Water to ensure accurate performance results and robust supporting evidence. Failure to address past issues and make necessary improvements may result in continued modifications to our audit opinion.</p>	<p>We will continue discussions with the Council about how this matter has progressed and its plans to resolve the issues identified in the past. We will complete our planned audit approach, which will include engagement with the Wellington Water auditor to seek assurance over the performance information which the Council will rely on for its performance reporting.</p>
Performance reporting – Roading service performance measures	
<p>Two of the Council’s roading service performance measures were qualified in the prior year:</p> <ul style="list-style-type: none"> • The average quality of ride on the sealed local road network, measured by smooth travel exposure. • The percentage of customer service requests relating to roads and footpaths that are responded to within the specified timeframe. 	<p>We will discuss with the Council regarding progress on these roading measures.</p> <p>We will complete our planned audit approach, which will include engagement with the roading team to assess the effectiveness of the Council’s internal processes for capturing and maintaining the performance information used in its reporting.</p>

Risk/issue	Our audit response
<p>Both measures were qualified due to insufficient audit evidence to support the reported results. We understand that the Council has since strengthened its processes for collecting and maintaining reliable information for these measures.</p>	
<p>Three waters valuation and unit rate uncertainty</p>	
<p>Estimation uncertainty in the unit rates used to value the Council’s three water assets remains a significant area of focus, having been highlighted in the Council’s audit reports for the past two years. The 30 June 2024 revaluation resulted in a substantial uplift in unit rates that exceeded sector expectations, creating uncertainty about the sustainability of these elevated costs, notwithstanding some support from recent contract pricing. This concern has been further reinforced by independent reports issued after 2024 Annual Report, which raised questions about value for money in Wellington Water’s activities.</p> <p>The Council has indicated its intention to undertake a further revaluation as of 31 May 2026, ahead of the transfer of assets to Tiaki Wai Limited on 1 July 2026. The ongoing uncertainty surrounding unit rates heightens the importance of this revaluation, as the reasonableness of the valuation will depend on the appropriateness of the valuation methodology, the completeness and accuracy of the underlying data, and the appropriateness of key assumptions. Valuations of three waters infrastructure are inherently complex, relying on multiple data sources and significant assumptions that can materially affect the valuation and subsequent depreciation expense.</p> <p>One of the most critical assumptions in depreciated replacement cost valuations is the unit rate applied to major asset components. The Council should maintain a documented methodology, supported by an up-to-date cost information database, to substantiate the unit rates</p>	<p>To address the risk related to the unit rates used in the current year’s valuation, we will:</p> <ul style="list-style-type: none"> • review the valuation report to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17, <i>Property, Plant and Equipment</i>, have been met; • assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; • obtain an understanding of and test the underlying source data used in the valuation; • review management’s analysis of recent contract costs and confirming that these costs are appropriately aligned with, and support, the revalued unit rates used in the valuation model. • review the methodology used to develop unit rates and test those rates back to the Council’s analysis of recent contract costs; • engage with the valuers as necessary when assessing the reasonableness of the assumptions and methodology used and the reasons for movements in key asset components; • review the accounting entries and the fixed asset register to ensure the values are correctly updated; and • review the appropriateness of the disclosure, including any narrative.

Risk/issue	Our audit response
<p>used. It is important that the scope of valuation work is sufficient and that the reasons for movements since the previous valuation are clearly documented and justified. At a minimum, explanations should identify and analyse movements at the asset component level, including changes in source data (such as lengths and volumes), changes in unit rates, and any other material adjustments.</p>	<p>In 2024 an auditor’s expert was used in our review of the valuation and we will liaise with Council management about the use of an auditor’s expert for the 2025 three waters valuation.</p>
<p>Valuation of other property, plant and equipment</p>	
<p>The Council revalues its other assets on a three-year rolling cycle or earlier if there is expected to be a material movement in the fair value of those assets. We understand that the Council intends to revalue the following assets as at 31 May 2026:</p> <ul style="list-style-type: none"> • Roothing • Land • Buildings • Collection assets <p>The reasonableness of the valuations depends on the valuation method applied, the completeness and accuracy of the source data, and the appropriateness of key assumptions. Some valuations are inherently complex and involve the use of numerous data sources and key assumptions that can have significant impacts on valuations and the future depreciation expense, as applicable.</p> <p>The Council should ensure the scope of the valuation work is sufficient and the reasons for the movement in the valuation are documented and justified.</p>	<p>We will:</p> <ul style="list-style-type: none"> • review the valuation reports to assess the objectivity and competence of the valuer and whether the requirements of accounting standard, PBE IPSAS 17 have been met; • assess relevant quality controls that support the integrity of the underlying data and assumptions schedules used in the valuation; • obtain an understanding of and test the underlying source data used in the valuation; • review the method of valuing the operational assets and assess if the applicable method used is in line with the financial reporting framework; • engage with the valuers as necessary when assessing the reasonableness of the assumptions and methodology used and the reasons for movements in key asset components; and • review the appropriateness of the disclosure, including any narrative. <p>As part of the process, we will:</p> <ul style="list-style-type: none"> • enquire into the processes employed by the Council to ensure that the items revalued are complete. If any items have been excluded from the revaluation we will enquire into the reasons for this;

Risk/issue	Our audit response
<p>As a minimum, the reasons for the movement should identify and explain movements at an asset component level since the last valuation due to changes in source data (for example, construction price, supplies and labour cost escalations) and any other significant adjustments.</p> <p>The Council has planned to make use of an external service providers to perform these valuations in accordance with valuation standards and the Council’s financial reporting framework.</p>	<ul style="list-style-type: none"> • review how the Council satisfies itself that the revaluation is appropriate; and • discuss the results with, and obtain an assurance letter from, the valuers.
<p>Local Water Done Well</p>	
<p>The Council will need to decide on the appropriate accounting and reporting response to the changes in the management of their water assets under the Government’s Local Water Done Well (LWDW) programme. The response will depend on the nature and timing of the changes and the agreements in place or expected to be in place.</p> <p>The Council will need to consider how to account for the transfer of net assets to Tiaki Wai Limited and how to account for their interest in that entity. The appropriate accounting is going to be determined by the founding documents such as the constitution and the shareholder’s agreements, as well as other facts and circumstances specific to the Council’s arrangements.</p> <p>We understand that the Council, alongside the other four councils that have come together to form the new water entity, are receiving professional advice to help develop their response to the accounting and reporting implications of the agreements.</p> <p>The Council and council-controlled organisations will also need to develop an implementation plan to ensure the appropriate policies process and controls are established.</p>	<p>We will review the Council’s proposed response to the accounting and reporting implications of the LWDW programme including any advice obtained about the accounting and reporting implications.</p> <p>We will also continue to discuss the Council and council-controlled organisations implementation plan.</p>

Risk/issue	Our audit response
The risk of management override of internal controls	
<p>There is an inherent risk of fraud in every organisation due to management override of internal controls. Management is in a unique position to perpetrate fraud because of its 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.

Group audit

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

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

- group-wide internal controls; or
- internal controls at each component.

Deficiencies reported may be identified by the group engagement team or brought to our attention by a component auditor.

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

Component	Our audit approach
Urban Plus Limited and Group	The component auditor is Debbie Bradfield of Audit New Zealand. The audit work on this component will be specified scope procedures relating to Inventory, commercial development sales and cost of commercial development sales.
Seaview Marina Limited	Seaview Marina Limited is not a component selected for further audit procedures based on the group risk assessment. We will obtain the annual report to confirm that our risk assessment and approach remain appropriate.

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

Materiality

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

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

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

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

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

Misstatements

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

Financial statements materiality

	\$'000
Overall group materiality – used for asset revaluations	\$285,600
Specific group materiality – used for all other items	\$9,400
Overall parent materiality – used for asset revaluations	\$279,900
Specific parent materiality – used for all other items	\$8,700
Group Clearly trivial threshold	\$470
Parent Clearly trivial threshold	\$410

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

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

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

Materiality for service performance information

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

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

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

Material measure	Materiality
Water supply	
<p>Safety of drinking water</p> <p>The extent to which the local authority’s drinking water supply complies with the following parts of the drinking water quality assurance rules:</p> <ul style="list-style-type: none"> a. 4.10.1 T3 Bacterial Rules; b. 4.10.2 T3 Protozoal Rules; and c. 4.11.5 D3.29 Microbiological Monitoring Rule. 	0% of reported result

Material measure	Materiality
<p>Customer satisfaction</p> <p>The total number of complaints received by the local authority about any of the following:</p> <ul style="list-style-type: none"> a. drinking water clarity; b. drinking water taste; c. drinking water odour; d. drinking water pressure or flow; e. continuity of supply; and f. the local authority’s response to any of these issues; <p>expressed per 1000 connections to the local authority’s networked reticulation system.</p>	5% of reported result

Material measure	Materiality
Wastewater	
<p>Discharge compliance</p> <p>Compliance with the territorial authority’s resource consents for discharge from its sewerage system measured by the number of:</p> <ul style="list-style-type: none"> a. abatement notices; b. infringement notices; c. enforcement orders; and d. convictions; <p>received by the territorial authority in relation to those resource consents.</p>	5% of reported result
<p>Customer satisfaction</p> <p>The total number of complaints received by the territorial authority about any of the following:</p> <ul style="list-style-type: none"> a. sewage odour; b. sewerage system faults; c. sewerage system blockages; and d. the territorial authority’s response to issues with its sewerage system; <p>expressed per 1000 connections to the territorial authority’s sewerage system.</p>	5% of reported result

Material measure	Materiality
Stormwater	
<p>Discharge compliance</p> <p>Compliance with the territorial authority’s resource consents for discharge from its stormwater system, measured by the number of:</p> <ul style="list-style-type: none"> a. abatement notices; b. infringement notices; c. enforcement orders; and d. convictions; <p>received by the territorial authority in relation to those resource consents.</p>	5% of reported result
Asset quality	
<p>Road condition</p> <p>The average quality of ride on a sealed local road network, measured by smooth travel exposure.</p>	8% of reported result
<p>Responsiveness to roading issues</p> <p>The percentage of customer service requests relating to roads and footpaths that are responded to within the statutory timeframe.</p>	8% of reported result

Material measure	Materiality
Regulatory services	
Resource consents Percentage of non-notified resource consents processed within statutory timeframes.	8% of reported result
Building consents Percentage of building consent applications processed in accordance with statutory timeframes.	8% of reported result

Expectations

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

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

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

To help you prepare for the audit, we will liaise with management and provide them with a detailed list of the information we will need for the

audit. We will use AuditDashboard to make these requests and for transferring files as part of the audit.

Draft financial statements and performance information

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

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

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

Year-end processes

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

Bringing forward audit procedures

A lot of audit work is traditionally performed after the financial year-end. Where possible, we will aim to bring audit procedures earlier in the year. This will be focused on the following:

- year-to-date transactions for revenue and expenditure including employee costs;
- year-to-date performance measure testing for building consent and resource consent;
- year-to-date property, plant and equipment additions;
- revaluations of property, plant and equipment; and
- provision for landfill.

Completion of these tests earlier in the year enables more timely identification and resolution of errors and reduces the time your management needs to support the audit process at year-end, when the annual report is being prepared.

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

Due to 2025-26 being a revaluation year it is key that valuation reports are available in early June to allow for auditors to complete their work in June.

Timetable

Our proposed timetable is:

Interim audit begins	16 February 2026
Pre-final audit begins	1 June 2026
Audit of valuations and bringing work forward	8 June 2026
Pro-forma annual report for review, which includes all the disclosures relating the transfer of assets	22 June 2026
Draft full annual report, which includes the financial statements and service performance information	14 September 2026
Draft summary annual report	14 September 2026
Final audit begins	21 September 2026
Final annual report and summary annual report, incorporating all agreed amendments	16 October 2026
Verbal audit clearance given	19 October 2026
Draft report to the Council issued	19 October 2026
Draft audit opinion	19 October 2026
Audit opinion issued	30 October 2026
Final report to the Council issued	30 October 2026

Reporting

Communication with the Council and management

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

Meeting with	Planned timing
Ken Laban (Mayor) and Jo Miller (Chief Executive)	Start and end of the audit. Will also meet as and when needed during the year.
Jenny Livschitz (Group Chief Financial Officer)	Monthly.
Audit and Risk Subcommittee	As and when needed.

Our team

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

Our senior audit team members are:

Debbie Bradfield	Appointed Auditor
Dieter Rohm	Information System Audit Director
Sia Fatu	Information System Audit Manager
Sachi Delpachithra	Audit Manager
Sabel Wiliam	Audit Supervisor

The Appointed Auditor has extensive experience in the sector and is the Appointed Auditor for other clients in the sector.

Our audit process



Fraud risks

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

Your responsibility

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

Our responsibility

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

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

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

Professional judgement and professional scepticism

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

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

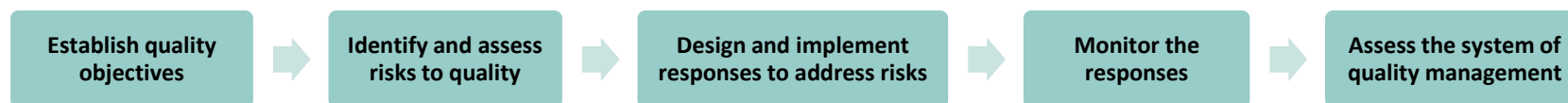
It also means we do not assume that what was true last year remains true this year. Because of this, the audit team will ask management some of the same questions we asked last year. Circumstances can change, information can become outdated, and our audit evidence needs to be current.

Wider public sector considerations

A public sector audit also examines whether:

- Hutt City 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 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 the Council or by one or more of its members, office holders, or employees.

How we manage quality



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

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

Quality objectives

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

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

Risk identification and key responses included in our SOQM

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

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

Independence

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

Internal and external inspections

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

Monitoring and assessing the SOQM

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

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

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

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



PO Box 99
Wellington 6140

www.auditnz.parliament.nz



22 April 2026

Report no: ARSC2026/2/31

Sensitive Expenditure Disclosures

Purpose

1. To provide the Subcommittee with a list of sensitive expenditure incurred by elected members, the Chief Executive and Directors for the period 1 January 2026 to 31 March 2026.

Recommendations

That the Subcommittee:

- (1) receives and notes the information; and
- (2) notes the Sensitive Expenditure disclosure information attached as Appendix 1 to the report: Sensitive Expenditure 1 January 2026 to 31 March 2026.

Background

2. Information has been extracted from our financial system from relevant cost centres and expenditure codes where sensitive expenditure is highly likely to be coded.
3. The list of transactions for the quarter from 1 January 2026 to 31 March 2026 is attached as Appendix 1 to the report.
4. This information will also be published on Council's website - [Sensitive Expenditure | Hutt City Council](#)
5. The current information provided by the Office of the Auditor General on sensitive expenditure can be located on their website - [Sensitive expenditure – Office of the Auditor-General New Zealand](#)

Appendices

No.	Title	Page
1↓	Summary of Sensitive Expenditure 1 Jan 2026 to 31 Mar 2026	144

Author: Darrin Newth, Financial Accounting Manager

Reviewed By: Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive

Summary of Sensitive Expenditure 01 January 2026 to 31 March 2026

Chief Executive and Directors

Representative	Date	Amount \$	Paid to	Description
Miller, J	11 Mar 26	1,600.00	Taituarā NZ Society Local Government Managers Incorp	One table at the Excellence Awards 2026 18 June 26 for 8 attendees
Miller, J	13 Nov 25	14.52	Purchase Card	Hutt and City Taxis – travel to LGNZ meeting for the metro sector in Wellington
Miller, J	19 Dec 25	1,404.83	South Wairarapa District Council	Wellington Regional Mayoral Session 4 and 5 Dec 25 - including accommodation and meals
Miller, J	17 Dec 25	200	Bellbird 2025 Ltd	Catering for morning tea for Director Geddes farewell
Miller, J	23 Jan 26	388.00	Southern Lights Social Club T/A Compass Coffee	Catering for a leadership group year ahead planning meeting x13 people
Blackshaw, A	28 Feb 26	300.54	Orbit Corporate Travel	AIR NZ flights and booking fee for travel Wellington to Christchurch 31 Mar 26 return to attend the Sport NZ National Territorial Authority Hui
Griffiths, J	14 Mar 26	16.04	Purchase Card	Care Park Wellington – parking fee while attending and presenting at an event at Ministry for Regulation
Griffiths, J	24 Mar 26	19.47	Purchase Card	Toss-Auckland CBD - lunch while attending and speaking at ALGIM meeting in Auckland
Griffiths, J	24 Mar 26	37.34	Purchase Card	UBER taxi fare - transport whilst in Auckland speaking at ALGIM meeting
Griffiths, J	24 Mar 26	43.37	Purchase Card	UBER taxi fare - transport whilst in Auckland speaking at ALGIM meeting
Griffiths, J	24 Mar 26	51.67	Purchase Card	UBER taxi fare - transport whilst in Auckland speaking at ALGIM meeting

Items dated prior to 1 January 2026, relate to transactions entered into during an earlier period and indicate the date of invoice or charge date however were not processed until after 1 January.

Griffiths, J	26 Mar 26	80.07	Reimbursement	Purchased refreshments for S&E Leadership team offsite workshop for 11 attendees
Kingsbury, J	22 Feb 26	15.00	Purchase Card	Hutt Valley Chamber of Commerce ticket for the Political Series with Hon David Seymour 26 Feb 26
Kingsbury, J	27 Feb 26	22.60	Purchase Card	Hutt Valley Chamber of Commerce ticket for the Rotary Hutt City with Chris Penk, Minister of Manufacturing
Kingsbury, J	25 Mar 26	10.32	Reimbursement	Catering for EDLT Training session - away day (x10 people)
Kingsbury, J	9 Dec 25	8.96	Purchase Card	WCC Parking fee while attending Te Awa Kairangi PGG meeting in CBD
Kingsbury, J	11 Dec 25	8.96	Purchase Card	WCC Parking fee while attending the Infrastructure NZ Leaders Lunch with Nick Leggett
Kingsbury, J	12 Dec 25	8.09	Purchase Card	WCC Parking fee while attending SSG (WRLC) meeting CBD
Kingsbury, J	23 Dec25	8.96	Purchase Card	WCC Parking fee while attending ILN Masterclass CBD (NZ Infrastructure Commission)
Kingsbury, J	28 Jan 26	8.09	Purchase Card	WCC Parking fee while attending a meeting Wellington City Council
Kingsbury, J	29 Jan 26	4.61	Purchase Card	WCC Parking fee while attending CBD meeting with NDY
Kingsbury, J	11 Feb 26	23.13	Purchase Card	Wilson Parking fee while attending Regional Transport Committee meeting in CBD
Kingsbury, J	10 Mar 26	8.96	Purchase Card	WCC Parking fee while attending Future Ready Delivery: A Downer Forum event
Kingsbury, J	11 Mar 26	8.96	Purchase Card	WCC Parking fee while attending the Ava footbridge at Kiwirail CBD office
Kingsbury, J	20 Mar 26	22.00	Purchase Card	Clifton Terrace Parking fee while attending the RiverLink PGG Governance meeting
Kingsbury, J	11 Mar 26	172.54	Blue Carrot 2019 Ltd	Catering for Away Day lunch on 18 Mar 26 for 9 attendees

Items dated prior to 1 January 2026, relate to transactions entered into during an earlier period and indicate the date of invoice or charge date however were not processed until after 1 January.

Mayor and Councillors

Representative	Date	Amount \$	Paid to	Description
Council – Cr Dyer	11 Feb 26	429.00	Reimbursement	Remuneration entitlement for District Licensing Committee additional hours
Council	7 Dec 25	5,250.00	Deidre Hill Facilitator	Fees paid for facilitation of two-day post-election planning hui for Council (November 2025)
Council	21 Jan 26	4,264.91	Dundas Street Ltd	Governance training sessions as part of the elected member induction programme (6–12 November 2025)
Council – Cr Dyer	23 Feb 26	195.00	NZ Local Government Assoc Inc	All of Local Government meeting 26 Feb 26
Council – Cr Yung	24 Feb 26	195.00	NZ Local Government Assoc Inc	All of Local Government meeting 26 Feb 26
Council	28 Feb 26	632.00	Transit Coachlines	Bus tour of landfill and Seaview Wastewater Treatment Plant as part of the elected members induction programme (3 February 2026)
Council – Cr Shaw	28 Jan 26	672.75	Reimbursement	Mileage reimbursement for travel undertaken on Council business (July–December 2025)
Council – Cr Mitchell	11 Mar 26	67.86	Reimbursement	Mileage reimbursement for travel undertaken on Council business
Mayoral Office	16 Feb 26	30.00	Heritage New Zealand	Mayor's ticket to attend session with Hon Chris Penk, Ministry for Building and Construction 10 Feb 26
Mayoral Office	13 Jan 26	208.51	Purchase Card	Catering for Mayor's Christmas BBQ on 11 Dec 25 for approx. 50 attendees
Mayoral Office	2 Feb 26	232.00	Blue Carrot 2019 Ltd	Morning tea 5 Feb 2026 - Pataka morning tea approx. 30 attendees
Mayoral Office	3 Feb 26	5.21	Purchase Card	Woolworths catering for Pataka morning tea 5 Feb 2026 approx. 30 attendees
Mayoral Office	3 Feb 26	7.49	Purchase Card	Catering for Pataka morning tea 5 Feb 2026 approx. 30 attendees
Mayoral Office	9 Feb 26	36.84	Reimbursement	Soft drinks for mayor's office for future events
Mayoral Office	14 Feb 26	31.93	Purchase Card	Catering for morning tea with Hutt Valley Sports Awards organisers 13 Feb 26

NB: The Mayor's travel expenses are pre-approved, with all other expenses approved by the Audit and Risk Subcommittee Independent Chair.

Items dated prior to 1 January 2026, relate to transactions entered into during an earlier period and indicate the date of invoice or charge date however were not processed until after 1 January.

22 April 2026

Report no: ARSC2026/2/114

Risk Management Update

Purpose of Report

1. To update the Audit and Risk Subcommittee on activities undertaken to maintain and improve risk management at Hutt City Council.

Recommendations

That the Subcommittee:

- (1) receives and notes the information;
- (2) notes the strategic risk register updated by the Corporate Leadership Team (as at March 2026), as attached as Appendix 1 to the report;
- (3) notes that there are 12 risks on Council's strategic risk register (previously 11); and
- (4) notes one new risk has been added to the strategic risk register, (Risk 12: Strategic decision-making risk for adoption of the Long-Term Plan 2027-2037), this risk has a residual rating of Medium.

Background

2. Strategic risks are reported to this Subcommittee on a quarterly basis, with the Corporate Leadership Team (CLT) reviewing these risks on a more frequent basis.
3. The Risk and Assurance Manager provides quarterly updates to this Subcommittee on activities to maintain and improve Council's risk management awareness.
4. The Strategic Risk Register ("the register") is a living document and updated quarterly at a minimum through consultation with risk owners. This allows for relevant and timely information to be presented to key stakeholders, the Chief Executive, CLT, officers, and elected members.
5. This information enables meaningful discussions, decision-making and an opportunity to actively manage key risks and focus resources on key areas.
6. Ongoing awareness and effective risk practices continue to be a critical focus for officers, ensuring risk awareness is embedded across all levels of the Council.
7. Council actively fosters a culture where risk identification, assessment and mitigation are not only a top-down initiative but also a collective responsibility.
8. Risks that are not captured on the strategic risk register continue to be monitored via operational risk registers by the respective business unit leads, and escalation occurs as required in alignment with the risk assessment criteria set.
9. Operational risk management is a daily occurrence as business units carry out business as usual activities. Risk and Assurance provides advice and support to business units and programmes on the evaluation and assessment of higher risk areas and the development of operational risk registers.
10. On a monthly basis, CLT also reviews, monitors and has oversight of issues (that is, uncertainties that have eventuated), with a focus on treatment plans and mitigation actions. This process allows for any emerging issues to be addressed in relation to the above risks.

Discussion

Council's Strategic Risk Register

11. There are 12 risks listed on the Strategic Risk Register (previously 11).
12. One new risk, Risk 12: Strategic decision-making risk for adoption of the Long-Term Plan 2027-2037, has been added and has a residual rating of Medium.
13. There is a risk that the governance decisions and sustained commitment required to agree the Long-Term Plan 2027-2037 and implement the agreed Target Operating Model are not achieved, limiting Council's ability to

deliver improved affordability for ratepayers and achieve intended financial and service delivery outcomes.

14. Further details of this risk are included in pages 21-22 of Appendix 1 attached to the report.

Fuel Supply

15. Council is progressing co-ordinated regional and local planning in alignment with WREMO. This includes assessing the continuity of Council operations across each Escalation Phase, identifying opportunities to reduce fuel consumption, and developing approaches to manage potential fuel supply disruption and associated financial impacts. Service level implications are also being considered as part of this work.
16. Additional Emergency Management measures specific to fuel supply are also being developed, including oversight and coordination of local fuel availability.
17. This work is ongoing and will be further advanced through the meeting on 21 April 2026. An updated position, including any proposed mitigations or decisions required, will be provided following that engagement.

Climate Change Impact and Considerations

18. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.
19. There are no climate change impacts or considerations arising from this report.

Legal Considerations

20. There are no legal considerations arising from the report

Financial Considerations

21. The financial considerations are detailed in the report in the relevant areas.

Appendices

No.	Title	Page
1	Strategic Risk Register (March 2026)	150

Author: Amanda Gray, Risk and Assurance Manager

Reviewed By: Jenny Livschitz, Group Chief Financial Officer

Approved By: Jo Miller, Chief Executive

STRATEGIC RISK REGISTER (MARCH 2026)



Key:

Inherent risk – assessed level of risk before any control treatments/mitigations have been put in place to reduce the severity impacts should the risk eventuate.

Residual risk – assessed level of risk after control treatments/mitigations have been put in place to reduce the severity impacts should the risk eventuate.

1. Simplifying Local Government / Local Government reform

Risk Owner: Chief Executive, **Secondary Risk Owner:** Director Economy and Development and Director Strategy and Engagement

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Risk Appetite: Low appetite

Risk Description: If major legislative or regulatory changes occur and Council cannot adapt quickly, this may lead to higher costs, compliance challenges and potential legal challenges and operational disruption across key functions. These impacts could reduce Council’s ability to meet community expectations, create financial strain, and damage trust and confidence in Council.

Risk Drivers:

- Significant changes to multiple laws and regulations affecting local government, including (but not limited to): Systems improvement Bill, Building Consent System Reform, Resource Management/planning Reform, development levies, the Food Act, Rates Capping Bill, Development Levies and Infrastructure Funding Amendment Bill, and further proposed system reform (for example abolishing Regional Councillors);
- Potential conflicts between new legislation and current Council priorities;
- Uncertainty around Council's end role and obligations;
- Uncertainty around BAU operations and impacts on staff;
- Limited timeframes to implement new requirements;

STRATEGIC RISK REGISTER

<ul style="list-style-type: none"> • Removal of joint and several liability leading to increasing competition from private Building Consent Authorities (BCAs); • Complexity of aligning existing operations including systems, structures, plans and processes with new rules; • Ambiguity in new laws could lead to errors in implementation or interpretation or potential legal challenges; • Unknown legislation and regulatory change in the future, leading to fiscal pressure and cost escalation driven by rising compliance costs; and • Political risk - possibility that a change in central government leads to significant shifts in policy direction, priorities, or funding, which may require Council to rapidly adjust strategies, operations, and compliance obligations.
<p>Current controls</p> <ul style="list-style-type: none"> • Officers and elected members are proactively engaging in legislative change processes, providing feedback and submissions on new legislation and policies such as the Resource Management and Building Act changes, including through LGNZ, Taituarā, the Mayoral Forum; • Working to reprioritise work programmes to align with changes to government priorities and funding available;
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • As more details become available, all potential opportunities and implications for Council and our communities will be assessed and will be responded to; • Continue to perform detailed analysis of any impacts; and • Quality advice prepared to support Council and other decision making.

2. Workforce resilience and organisational capability

<p>Risk Owner: Chief People Officer</p>																																																											
<p>Risk Ratings:</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <thead> <tr><th colspan="3">INHERENT RISK</th></tr> <tr><th>Likelihood</th><th>Impact</th><th>Risk</th></tr> </thead> <tbody> <tr><td>Likely</td><td>Major</td><td>High</td></tr> </tbody> </table> <table border="1" style="border-collapse: collapse; text-align: center;"> <thead> <tr><th colspan="3">RESIDUAL RISK</th></tr> <tr><th>Likelihood</th><th>Impact</th><th>Risk</th></tr> </thead> <tbody> <tr><td>Unlikely</td><td>Minor</td><td>Low</td></tr> </tbody> </table> </div> <div style="margin-top: 20px;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <tr><th colspan="5">Risk Matrix</th></tr> <tr><th rowspan="5">Likelihood</th><td>Almost Certain</td><td>Yellow</td><td>Red</td><td>Dark Red</td></tr> <tr><td>Likely</td><td>Green</td><td>Yellow</td><td>Red</td></tr> <tr><td>Possible</td><td>Green</td><td>Yellow</td><td>Red</td></tr> <tr><td>Unlikely</td><td>Green</td><td>Yellow</td><td>Red</td></tr> <tr><td>Rare</td><td>Green</td><td>Yellow</td><td>Red</td></tr> <tr><th colspan="2"></th><th colspan="3">Consequences</th></tr> <tr><th colspan="2"></th><td>Insignificant</td><td>Minor</td><td>Moderate</td></tr> <tr><th colspan="2"></th><td>Major</td><td>Extreme</td><td></td></tr> </table> <p style="text-align: center;">Risk Appetite (strategy): Moderate</p> </div>	INHERENT RISK			Likelihood	Impact	Risk	Likely	Major	High	RESIDUAL RISK			Likelihood	Impact	Risk	Unlikely	Minor	Low	Risk Matrix					Likelihood	Almost Certain	Yellow	Red	Dark Red	Likely	Green	Yellow	Red	Possible	Green	Yellow	Red	Unlikely	Green	Yellow	Red	Rare	Green	Yellow	Red			Consequences					Insignificant	Minor	Moderate			Major	Extreme	
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<p>Risk Description: If workforce resilience and organisational, capacity, capability and engagement are not effectively managed and sustained, Council may be unable to maintain a resilient and capable workforce. This may result in disengagement and loss of key staff, critical knowledge gaps and loss of institutional capability, increased recruitment, induction and training costs, wellbeing impacts, and increased pressure on remaining staff, ultimately reducing organisational effectiveness and Council's ability to deliver the Long-Term Plan and outcomes for its communities.</p>																																																											

STRATEGIC RISK REGISTER

Risk Drivers:

- Uncertainty and ongoing change in the local government sector due to reform activities and regional reorganisation;
- Uncertainty as a result of changes relating to the implementation of a new target operating model (TOM);
- Retention and recruitment, particularly of skilled staff (including in regulatory and infrastructure areas), needs to continue to be a key area of focus;
- Increased employee expectations of employers and the experience, compensation, flexibility they provide;
- Changing nature and expectations of leadership;
- Pressure in some parts of the business which should be resolved through ongoing improvements to systems and processes;
- Ongoing realignment activities and inadequate focus and effort put into these leading to disengagement, lack of role clarity; and
- Not having sufficient staffing levels for workloads (including to deliver significant capital investment programmes).

Current controls

- Ongoing engagement with staff including in relation to the TOM work, including regular feedback with staff through roadshows, internal surveys and keeping people informed through regular communication channels such as the Staff Panui;
- Clear performance expectations being set, aligned with organisational priorities and the business planning process. Expectation of ongoing feedback and coaching being undertaken by leaders;
- Annual review of remuneration (July);
- Ongoing exit surveys with timely reporting to identify areas for improvement proactively by tracking attrition statistics and feedback trends over time;
- Wellbeing programme activities including regular communications and promotion of support services available such as Vitae for EAP Services;
- Leadership education and learning opportunities such as webinars and the leadership forums, in line with the Kahikatea Leadership Framework;
- Providing opportunities for internal mobility where appropriate;
- Supporting the business to ensure we're getting the best outcomes when undertaking recruitment activities;
- Delivery of initiatives outlined in the Waiora Survey Action Plan;
- Go1 digital eLearning platform being utilised to provide access to learning activities (onboarding, compliance, core capabilities etc), and to support professional and personal growth and development;
- Performance development framework that provides resources for the various conversations our leaders need to have; and
- Monthly and quarterly reporting undertaken to enable identification of trends and support decision-making.

Planned mitigation actions:

- Build organisational change capability and growth mindsets to support staff resilience, adaptability and sustained engagement through ongoing change;
- Progress towards a skills-based workforce by enabling greater internal mobility, better matching of skills to roles and projects, and more flexible deployment of capability across the organisation;
- Optimising processes organisation wide and being more data driven;
- Use workforce and people data to proactively identify emerging capability, capacity and wellbeing risks and inform targeted interventions;
- Increase learning, connection and peer support opportunities for the Senior Leader Group to strengthen leadership capability and collective accountability in navigating a changing environment;
- Undertake a talent mapping exercise to identify critical roles, key talent and capability gaps, and inform targeted development, succession and retention planning;
- Focus on continuing to embed the Mana Kōrero framework to support a culture of regular feedback and enable high-performing teams;
- Focus on maintaining completion of goals entered into CultureAmp (at least 80%), to ensure staff are meeting performance expectations and working productively;
- Development of a Wellbeing and Belonging Framework to provide an intentional approach to supporting staff wellbeing;
- Continuing to provide leadership development opportunities aligned to our Kahikatea Leadership Framework;
- Implementation of new HRIS and payroll systems; and
- Delivery of initiatives outlined in the Waiora Survey 2025 Action Plan, and

STRATEGIC RISK REGISTER

Improve organisational change capability to support staff through change and maintain high engagement and performance.

3. Water Services Transition to Tiaki Wai Ltd

Risk Owner: Group Chief Financial Officer **Secondary Risk Owner:** Water Services Transition Manager

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Risk Appetite: Low appetite

Risk Description: If the water transition project fails to deliver the transfer of Three Waters functions, assets, and services to Tiaki Wai by 1 July 2026, water service delivery may be disrupted. This could result in operational inefficiencies, financial impacts, reputational damage, and loss of community trust, leading to political or regulatory scrutiny.

Risk Drivers:

- Inadequate or inconsistent stakeholder engagement and unclear roles and responsibilities leading to governance and communication gaps;
- Incomplete billing solution delivered at transition date, resulting in revenue and cashflow risks for Taiki Wai;
- Complexity in legal transfer of assets and functions, particularly where stormwater interfaces with retained transport/roading infrastructure, creating potential residual obligations for Council;
- Risk of funding withdrawal if third-party conditions are not met (e.g. IAF funding requirements);
- Workforce capability and capacity risk impacting transition delivery, for example capacity to deliver of IAF requirements; and
- High complexity of transition process with multiple interdependent stakeholders creating coordination challenges.

Current controls

- Proactive and transparent communication and engagement strategy; early and sustained dialogue with iwi and community leaders;
- Robust data verification processes; collaboration with WWL and the regional project team; early identification of data gaps;

STRATEGIC RISK REGISTER

- Detailed interim arrangements plan; clear service continuity protocols; coordination with WWL and new entity;
- Regular reporting to governance with resourcing as a standing agenda item;
- Regular engagement with the Taiki Wai Establishment Team, regional leads and Wellington Water or the People and Customer workstreams, and the overall regional establishment programme;
- People centric management of processes for staff impacted by this change, including those intended to transfer to Tiaki Wai; and
- Solutions focused intent and effective dispute resolution processes where parties disagree
- Project planning and working closely with Tiaki Wai team;
- The Finance Workstream is progressing and monitoring risks associated with assets, insurance, debt, treasury and balance sheet separation; and
- Billing solution identified and agreed, supported by external expertise for implementation.

Planned mitigation actions:

- Assess and implement a phased transition approach to 1 July 2026 to reduce the likelihood of multiple simultaneous risks on day one;
- Assess the organisational needs for day one and beyond, covering critical roles and functions, knowledge transfer and succession planning;
- Ongoing identification of key risk areas (for example IAF delivery), expectations/options and mitigation actions for transition with the Regional Establishment Team, Wellington Water and Partners;
- Future Service Level Agreements, partnership agreements and transition agreements;
- Focus on resolving differences and achieving effective timely resolution of disagreement; and
- Communication with ratepayers regarding billing

STRATEGIC RISK REGISTER

4. Health and Safety

Risk Owner: Chief Executive, **Secondary Risk Owner:** Chief People Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Risk Appetite: No Appetite

Risk Description: If, while undertaking operational activities on behalf of Council, there's a risk of injury, illness or death of a staff member, contractor, or member of the public, or damage to plant or equipment occurs from hazards within the work environment, there's a risk of the following:

- Prosecution under the Health and Safety at Work Act 2015 resulting in fines, reputation, damage to employment brand;
- Individual prosecution or imprisonment of Officers under the Act (Chief Executive and Directors are deemed Officers under the Act);
- Staff, public and/or stakeholder loss of trust and confidence in Council;
- Financial impacts for Council to cover costs of treatment, leave and potentially service delivery disruption; and
- Continuity issues and loss of organisational or operational knowledge.

Risk Drivers:

- Resourcing issues or constraints;
- Lack of clarity on roles and responsibilities;
- Breakdown in workplace practices and failed or absent controls;
- Complex and high-risk activities that are managed through contractors or partnerships with overlapping duties with varying levels of capability;
- Lack of understanding of health and safety responsibilities leading to a reduction in psychological safety culture and attitude to and ownership of health and safety risks;
- Varying levels of staff engagement and workload pressures, which can lead to heightened levels of stress, and low resilience; and
- External drivers including an increase in antisocial behaviour and public aggression, threats to personal and facility safety due to mental health issues and pressures in the community.

Current controls

- H&S management framework and reporting system (Assura);
- An active and engaged H&S committee with representatives from across Council;
- H&S reporting to CLT and the appropriate Committee;
- H&S Hazard and risk register and active controls;

STRATEGIC RISK REGISTER

<ul style="list-style-type: none"> • Annual site inspections for all HCC staffed facilities; • Specialist H&S resource (contract), supporting the RiverLink project; • Staff H&S induction and training; including Situational Awareness training with OPSEC, Good Yarn and Safeguarding Children; • Leaders HS&W training and induction programme; • Debriefs/investigations of events and publishing of lessons learned to provide learning opportunities; • Assets and Facilities work programme including Seismic Performance Register and strengthening activity, Asbestos register, facilities repairs and maintenance work including oversight of mould issues; • Wellbeing Programme and Employee Assistance Programme; and • H&S team focus on hazard and contractor management and enhancing organisation H&S capability as outlined and prioritised in the HSW workplan.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • Identification of critical risks; • Enhance H&S metrics and reporting to demonstrate performance of safety systems; • Facility upgrades; • Ongoing review of the wider H&S framework to ensure all policies, procedures and other documents are fit for purpose; • Development of Crisis and Emergency Management Framework and appropriate plans, policies and procedures; • Development of a Wellbeing & Belonging Framework to provide direction for supporting psychosocial risks, mental health & wellbeing, and psychological safety; and • Review of physical controls, training, and processes for managing antisocial behaviour.

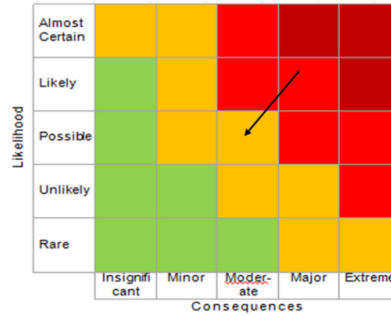
5. Seaview Wastewater Treatment Plant

Risk Owner: Group Chief Financial Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium



Risk Description: If the Seaview plant does not operate effectively and odours continue to impact the community, or there is asset failure or wastewater discharge, this may result in environmental and public health consequences, increased infringement notices, dissatisfied residents, financial losses and loss of trust and confidence and reputational damage.

Background:

The Seaview Wastewater Treatment Plant (the plant) serves a population of 160,000 within the Hutt Valley, treating about 60 million litres of wastewater daily. The main plant was commissioned in 2002. It is in very poor condition, ageing, with many components approaching the end of their design life. This is impacting on both plant capacity and performance and often breaching resource consent conditions for both water and air quality. In particular, the impact of offensive odour beyond the boundary is having a major impact on nearby businesses and communities. Additionally, the breakdown of the sludge dryer in the latter part of 2024 resulted in a spike in offensive odour and a consequential increase in the number of complaints. The breakdown also means a high quantity of wet sludge ends up in the landfill.

The biological process at the plant had been rectified and controls that had been put in place meant the plant has been operating effectively for the past 6 months.

However, an operational error made by the operator Veolia in mid-November has meant that the biological process has been impacted with the strong likelihood of odour issues.

The significant incident at the Moa Point Wastewater Treatment Plant on Wellington’s south coast on 4 February 2026 resulted in untreated wastewater discharging into Tarakena Bay. Work is underway to understand the cause of the incident, evaluate the extent of damage to the plant and determine what needs to be repaired or replaced.

Risk Drivers:

Note: Council’s role is to provide funding to WWL to perform water services delivery. Therefore, Council does not directly manage the risk of water services as part of its daily operations. On 1 July 2026, this responsibility will move to the new water

STRATEGIC RISK REGISTER

entity Tiaki Wai Ltd (Tiaki Wai).

- Much of the working componentry at the plant is nearing the end of its service life;
- Failures more likely to occur due to the assets nearing end of life
- Potentially more infringements, under the Resource Management Act;
- Negative impact on neighbouring communities; and
- Negative impacts on the environment.

Current controls

- Active and regular communications and engagement with key stakeholders (including residents) on operational matters at the plant and updates on the capital improvement works programme. Investment commitment over the next 10 years of \$225M to renew and upgrade existing ageing plant, including \$13M investment on improvements targeted at odour control;
- Regular Community Liaison Group meetings, with the most recent held on 22 October 2025, at which an update on the performance of the treatment plant was provided;
- Sludge dryer renewal project underway with contractor appointed under a design and build contract. Programme is working towards new dryer being operational in December 2027.
- External review of the Regional Wastewater Services Contract undertaken to clarify causes of poor plant performance with recommendations and an action plan in place.

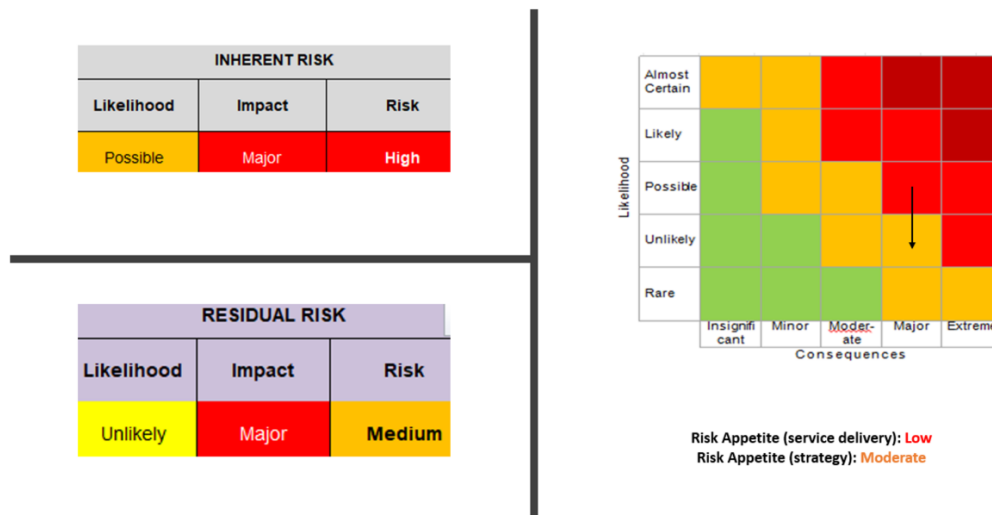
Planned mitigation actions:

- Continue to actively engage with key stakeholders, including the community and provide regular updates on the plant;
- WWL working on a long-term plan for the plant;
- WWL implementing recommended actions to maintain dryer to minimise risk of failure; and
- Action plan being implemented By WWL and Veolia to improve plant performance.
- WWL to work with Veolia on strengthening operational procedures.
- Long term solutions are being considered (for example an alternative site for a wastewater treatment plant in the future).
- Reviewing WWL's maintenance and inspection regime to understand the potential impact should a similar incident to Moa Point occur at Seaview.

6. Asset Planning and Management

Risk Owner: Director – Economy and Development, **Secondary Risk Owners:** Director Neighbourhoods and Communities and Head of Assets and Facilities Management

Risk Ratings:



Risk Description: If assets are not optimised / fit for purpose or adequately maintained, then this may result in health and safety risks for Council staff and communities and assets not being able to achieve the desired outcomes or service at required levels set through the Long-Term Plan.

If assets are unsafe, then there will be public dissatisfaction as a result of closures.

There may be higher whole of life costs and financial pressure on rates and charges due to poor planning for new construction (higher operating costs), reactive maintenance / renewal and reduced lifespans.

Trust and confidence may be lost as environmental outcomes will not be achieved or are too expensive for local communities to use.

Risk Drivers:

- Decisions through the Long-Term Plan requiring changes to asset investment, ownership, or service levels.
- Ageing assets, lack of sufficient investment / budget allocation. Renewal's investment required to address backlog as assets continue to age / deteriorate;
- Resourcing shortfall of expertise, technical advisers, contractor availability and contractor performance affecting delivery;
- Reactive and unbudgeted maintenance is very costly;
- Inflationary pressures and supply change delays and disruptions;
- Accelerated asset demand and consumption due to population growth and urban intensification, made worse by unsustainably low revenue;
- Changing needs and expectations of our population and rising expectation of public to provide a higher level of service;
- Less funding than expected leading to reduced levels of service (e.g., NZTA subsidy for maintenance, operations renewals);
- Inconsistent Long-Term Asset Management Plans across all asset types and sites;

STRATEGIC RISK REGISTER

- Economic, environment, financial constraints, impacts on assets management plans;
- Significant increases in infrastructure cost and access to materials/services that are critical to deliver our infrastructure programme;
- Legislative requirements and changes to standards to meet requirements means further investment in renewals is required (e.g., seismic for buildings, machinery, and components at pools / water supply / sewage treatment etc. for compliance and heritage aspects: Petone Wharf, Naenae pool);
- Increasing impacts of climate change, natural hazards, liquefaction prone soils, floods, slips as a result of storm events;
- Absence of fit for purpose asset management software/system for data collection and data use;
- Budget constraints; and
- Financial security of partners, local bodies and subsidiaries put assets and community enjoyment of assets at risk.

Current controls

- Effective contractor management and monitoring of performance to ensure delivery against service levels;
- Inspections and analysis of condition and useful life to understand and prioritise spending on maintenance, operations, and renewals;
- Ongoing funding for life of the asset in business cases;
- Completed assessment of asset conditions;
- Regular stakeholder communication about asset condition and level of investment required;
- Asset Management Plans approved for built and green assets, including asset divestment and savings (August 2023);
- External review of asset and facilities management undertaken, including diagnostic and development of improvement plan.
- Clear work programmes developed for all projects;
- Proactively managing mould issues at Petone Library;
- Detailed asset management planning underway; and
- An Asbestos Management Policy and procedures documents developed and implemented.

Planned mitigation actions:

- Deloitte implementation plan;
- Site safety compliance remediation work programme underway;
- Ongoing work on partnering with strategic contractors;
- Programme of improvement initiatives to improve capability; and
- Progress recommendations arising out of Third Party spend review e.g. align negotiations to aggregate common services.

7. Climate Change

Risk Owners: Corporate Leadership Team **Secondary Risk Owner:** Head of Climate, Waste and Resource Recovery

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Risk Description: If Council's planning, mitigations and adaptations, do not adequately respond or absorb the impacts of climate change, then there may be impacts to personal safety, disruption to business and transport (e.g. storms, floods, slips/ erosion, surges etc.), threats to the ongoing financial sustainability of businesses, impacts on community wellbeing, economic impacts, potential infrastructure asset impairment/reduced useful life/increased costs for assets in risk prone areas and loss of trust and confidence.

Note: The timeframe when considering this risk has a significant impact on the risk rating, for the current risk rating assessment up to 30 year time frame has been considered in line with Councils Long Term Plan and Infrastructure Strategy timeframes.

If a longer timeframe (for example 50 -80 years) was to be considered, then this would significantly increase the inherent and residual risk ratings, for example, the likelihood of climate change would increase to "Almost Certain" and impacts increase to "Extreme".

Risk Drivers:

Risk drivers increasing climate mitigation related risk:

- Availability of funding and resources for projects and activities that affect the speed of emission reductions;
- Availability of technologies to deliver on emission reductions;
- Council's ability to affect change in areas where it has limited or no control;
- Challenges in adapting and aligning plans over time to address new legislation and Government's directives could be cost prohibitive for HCC in the current financially constrained environment;
- Insufficient global, national and local focus, prioritisation and funding of emission reduction initiatives; Climate Change Commission reports and NZ Government's responses (or lack of it) will have an impact on HCC's ability to achieve/deliver emission reductions;

Risk drivers increasing adaptation exposure:

- Availability of funding and resources for projects and activities that affect Council's ability to affect the speed of adaptation (e.g. adapt infrastructure, engage with the community, etc);

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<ul style="list-style-type: none"> • Topography, river and shoreline movements, speed of change such as sea level rise; • Insufficient global, national and local focus, prioritisation and funding of climate adaptation initiatives; • NZ Government's responses (or lack of it) will have an impact on HCC's ability to deliver on community expectations regarding adaptation to climate change; • Challenges in adapting and aligning plans over time to address new legislation and Government's directives could be cost prohibitive for HCC in the current financially constrained environment.
<p>Current controls</p> <p><u>Controls addressing climate mitigation risk include:</u></p> <ul style="list-style-type: none"> • Council has in place a Carbon Reduction & Climate Resilience Plan 2021-2031, which includes work to address all key emission sources. This includes decarbonising Council assets, improving efficiency & electrifying of vehicle fleet, decarbonising Council projects and contracts, and reducing waste going to the landfill. Initiatives are monitored and progress tracked against objectives; • Existing policy requirement for any new contracts over \$1M to include carbon emission reduction requirements. • Work completed to understand gaps in climate disclosure and reporting; • Community and Climate Resilience Committee in place, with oversight on climate change work; • Various projects implemented or underway to reduce emissions (e.g. phasing out of fossil gas at all Council facilities, embedding carbon reduction objectives in all large procurement processes, etc); • Lower Hutt Climate Action Pathway 2021 was co-designed with the community and outlines a potential high-level pathway for reducing city wide emissions. This includes various Council actions. • Low Carbon Acceleration Fund is in place to assist with co-funding for projects in Lower Hutt that result in accelerated carbon reductions actions; • Council has in place an Integrated Transport Strategy, which also includes objectives regarding decarbonisation • CE performance objectives include reviewing and updating climate change plans. • Council has in place a Waste Management and Minimisation Plan 2023-29, which outlines various actions to reduce waste (and associated emissions). <p><u>Controls addressing climate adaptation risk include:</u></p> <ul style="list-style-type: none"> • Lower Hutt Climate Action Pathway 2021 was co-designed with the community, and this includes a chapter on adaptation, which includes information on the work planned and/or under way • District Plan review and changes; • Capital Investment projects underway with a focus on climate change adaptation and resilience includes: <ul style="list-style-type: none"> ➢ RiverLink Project – additional flood protection; ➢ Tupua Horo Nuku (Eastern Bays Shared Path) - coastal resilience
<p>Planned actions:</p> <ul style="list-style-type: none"> • Work is underway on a potential addition of a Food and Green Organics Collection Service, and the development of a Soil and Aggregate Recycling Facility at Silverstream Landfill. Decisions are due during 2026. • Work to develop Council's first climate disclosure report in alignment the external reporting requirements (XRB). • Revision of carbon targets, and development of additional medium term sub-sectoral targets, as required by the Local Government Funding Agency • Continued focus on capability uplift in targeted areas, for example decarbonisation focus in existing facilities

8. Information and Technology

Risk Owner: Chief Digital Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Possible	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Major	Medium

Risk Appetite: No Appetite

Risk Description: If key systems become unavailable or unusable to process transactions, provide services and progress Council's outcomes, or an unauthorised access or use of systems occurs (Cyber-attack), then this may result in loss of data, adverse impacts on service delivery, financial loss (cost to restore backup, reduced productivity), compliance breaches if personal information or sensitive data is released (e.g. Privacy Act, Public Records Act, LGOIMA) and loss of trust and confidence in Council.

Risk Drivers:

- Increase in external malicious cyber-attacks globally and locally;
- Education levels of staff around awareness and malicious threats;
- Staff creating / downloading applications for use on Council devices without obtaining the correct authorisation and/or fully understanding the associated security risks;
- Potential IT security and policies not clearly understood;
- Management of information by staff; and
- Legacy systems are increasingly not fit for purpose and /or lack of funding.

Current controls

- Cyber security governance and strategy in place;
- Security reporting completed quarterly to Security Governance Group;
- Ongoing staff training and communication to maintain awareness;
- Change control process enforced for changes to all IT systems;
- Penetration testing completed every 2 years;
- Annual security audit;
- IT security systems well managed and tested regularly;
- Network security patches maintained;
- Managed security contracts and security monitoring tools in place;
- Digital strategy, roadmap and funding for investments are in place;
- Prompt reporting of security and data breaches;
- Key core systems (finance, rates, document management, email) are SaaS (Software as a Service) solutions replicated across multiple datacentres (in the cloud);
- Secure backup solution for all systems (backing up on prem and in cloud) in place;
- Strong login password criteria and Multi Factor Authentication (MFA) implemented across Council;

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<ul style="list-style-type: none">• Hybrid Cloud operational. All 'on premise' systems hosted in a secure offsite datacentre; and• Cyber security analyst employed.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none">• Ongoing work to improve redundancy and security.• Developing Product Roadmaps to ensure continued upgrade and maintenance of systems

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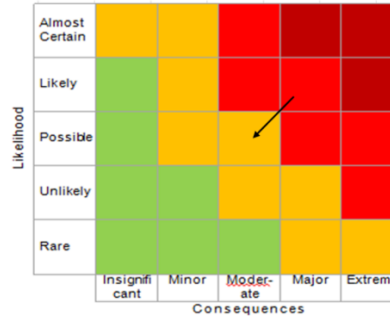
9. Financial Management

Risk Owner: Group Chief Financial Officer

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium



Risk Appetite: Moderate

Risk Description: If Council’s financial capacity and revenue does not meet demand and service needs, then it may not be able to prudently manage its financial obligations.

This may result in:

- Potential for Standard and Poor’s Credit Rating Agency (S&P) downgrades in the future. The rating was most recently reviewed in October 2025, where it was maintained by S&P at A+ with stable outlook. There are uncertainties with the changes ahead with the establishment of Tiaki Wai Ltd as to the approach that S&P will take about future rating impacts. HCC will be a minor shareholder and there is expected to be limited impact on the credit rating. There is however uncertainty in that the establishment arrangements are not complete.
- High cost of funding and/or inability to borrow, impacting on debt;
- Liquidity issues;
- Project delays;
- Deferral of asset maintenance/renewals;
- Service levels below community expectations;
- Suppliers unwilling to engage with Council to provide services;
- Difficulties in accessing skilled staff to deliver projects; and
- Loss in trust and confidence.

Risk Drivers:

- Reduced revenue combined with increased / unplanned / unbudgeted costs and/or requirement for higher debt levels;
- Uncertainty of central government reforms and related Council decisions;
- Uncertainty in global market and economic conditions effect on domestic / regional / local economy;
- Capacity / resourcing constraints and lack of sufficient capabilities (understanding) around managing debt collection and associated legislative rules;
- A shock event such as an earthquake would impact borrowing costs (on top of increased borrowing to spend on assets/projects) and reduced disposable household and local businesses income;
- Sustainability of Council debt levels and related interest costs;
- Cost escalations due to supply chain issues, disruptions, inflationary pressures and shortages of both

STRATEGIC RISK REGISTER

<p>skills and materials; and</p> <ul style="list-style-type: none"> • Economic climate conditions with increased cost of living impacting unfavourably on Council revenue sources and overall financial position.
<p>Current controls</p> <ul style="list-style-type: none"> • Future investment priorities and projects confirmed through Long Term Plan/Annual Plan processes; • In depth budget review process as part of Long-term Plan/Annual Plan processes; including comprehensive advice on financial risks, including debt headroom capacity constraints. • Treasury Risk Management Policy, liquidity management, forecasting, monitoring; with additional specialist advice on treasury strategy, given the economic conditions; • Financial Strategy debt limits and monitoring mechanisms; • Transparent reporting and financial management; • Scrutiny during budget setting and project business cases; • Financial performance monitoring processes which include monthly reporting to Corporate Leadership Team and quarterly reporting to Policy, Finance and Strategy Committee which enables financial issues to be raised and proactively managed; • Increased oversight and monitoring of major projects; • Policies, tools and options for rates relief and payment options, with proactive promotion of these; • Use of good quality data to inform decisions and planning; • Implemented and continue to work on improvements to project cost estimates process; • Proactive engagement on the new government policy programme to ensure financial risks and impacts are well understood; • Working closely with the local government sector and Local Government Funding Agency; and • Have ongoing assurance activities in place. • Proactively assessing the future likely impacts of the Taiki Wai changes, and providing advice related to the transfer arrangements as they developed and negotiated.
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> • Ongoing mitigations and planned actions around portfolio / programme / project management, asset management and procurement will drive better understanding of costs and help identify savings and efficiency opportunities; and • Take up opportunities to influence central government policy and advocate for communities in financial hardship.

10. Procurement

Risk Owner: Group Chief Financial Officer **Secondary Risk Owner:** Procurement Manager

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Unlikely	Moderate	Medium

Risk Appetite (strategy/ financial):
Moderate

Risk Description: If sub-optimal practices around the procuring of goods, works and services materialise, then this will impact the achievement of wider outcomes for procurement and create financial losses for Council due to:

- Unfavourable or sub-optimal contract terms which may lead to; reduced service levels below community expectations and inappropriate KPIs that promote or incentivise the wrong vendor behaviours and poor vendor performance
- Missed opportunities to leverage bargaining power;
- Increased risk of fraud and corruption in the appointment process; and
- Loss of trust and confidence.

Risk Drivers:

- Lack of sufficient skills and knowledge in procurement planning and executing “go to market” activities;
- Inconsistencies in reporting key vendor performance metrics; and
- The complexity, applicability and impact of the broader outcome’s framework on suppliers and reporting.

Current controls

- Procurement Strategy approved by Council on 27 March 2024;
- Consistent use of Procurement practices and capabilities to maximise commercial opportunities, performance standards, efficiencies, and effectiveness;
- Procurement team has oversight across all sourcing activities to ensure early identification and mitigation of potential risk exposures;
- Procurement guide is available to staff that outlines the policy, process, and practices;
- At the business case stage, on-going advice and guidance being provided across HCC business areas on procurement practices as required, leading to a shift in mindset around simplification of processes which leads to efficiencies to all stakeholders;
- Periodic communications with other Councils in the region, exploring opportunities for combined market approach for similar service and gaining economies of scale;
- Enterprise-wide contracts register in place, enabling better analysis of spend, and increase the overall effectiveness of contract management;
- Review and approval of new supplier request creation by Procurement Team ahead of review by

STRATEGIC RISK REGISTER

<ul style="list-style-type: none"> Accounts Payable (any above \$25,000); Annual review of procurement templates to ensure it is fit for purpose; and Ongoing training and support on the enterprise-wide contracts register. Ongoing training for all staff involved in procurement activities Lessons learnt register (from significant projects) in place and on procurement page in Te pataka AI tool in place, that provides staff with immediate information on the end-to-end procurement process, including policy and guidelines and next steps (including templates for procurement plans) on Te pataka
<p>Planned mitigation actions:</p> <ul style="list-style-type: none"> Ongoing review of practices, ensuring sourcing efficiencies, whilst maintaining the integrity of processes; providing ongoing training to support good procurement practices; Ongoing contract management training; and Working on including procurement practices and Council's approach with on-boarding of new staff. One pager on procurement included in induction packs for new staff Go1 eLearning procurement module available (non-mandatory).

11. Artificial Intelligence (AI)

<p>Risk Owner: Corporate Leadership Team</p>																		
<p>Risk Ratings:</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <table border="1" style="border-collapse: collapse; text-align: center;"> <thead> <tr><th colspan="3">INHERENT RISK</th></tr> <tr><th>Likelihood</th><th>Impact</th><th>Risk</th></tr> </thead> <tbody> <tr><td>Likely</td><td>Major</td><td>High</td></tr> </tbody> </table> <table border="1" style="border-collapse: collapse; text-align: center;"> <thead> <tr><th colspan="3">RESIDUAL RISK</th></tr> <tr><th>Likelihood</th><th>Impact</th><th>Risk</th></tr> </thead> <tbody> <tr><td>Possible</td><td>Moderate</td><td>Medium</td></tr> </tbody> </table> <div style="text-align: center;"> <p>Risk Appetite (strategy): Moderate</p> </div> </div>	INHERENT RISK			Likelihood	Impact	Risk	Likely	Major	High	RESIDUAL RISK			Likelihood	Impact	Risk	Possible	Moderate	Medium
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Likelihood	Impact	Risk																
Likely	Major	High																
RESIDUAL RISK																		
Likelihood	Impact	Risk																
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<p>Risk Description: If procurement, development, deployment and integration of AI technologies are not adequately and effectively performed, then this may lead to data security and privacy vulnerabilities and non-compliance with laws and regulation (e.g. breaches of the Privacy Act 2020), along with potential creation of ethical issues affecting people or the environment.</p> <p>Such occurrences may result in financial loss, legal and compliance implications, wastage of resources and loss of trust and confidence in the Council or create other reputational issues. Additionally, if AI technologies are not adequately implemented in the organisation with appropriate training and guidelines for use, then this could lead to unfair bias and discriminatory outcomes for individuals.</p> <p>Background:</p> <p>Since June 2024, Council has been working to establish itself as an exemplar in the use of AI for day-to-day productivity and enablement of staff to better deliver positive, transformational change.</p>																		

STRATEGIC RISK REGISTER

The AI-Volution Project has concluded a period of feasibility and design and has entered delivery, implementing a suite of AI-based solutions at Council.

The AI-Volution Project has been also supplemented by the delivery of a series of AI-related supporting material and works. The AI-Volution Project has concluded a period of feasibility and design and has entered delivery, implementing a suite of AI-based solutions at Council.

There are also potential opportunities Council can access by using AI technologies. These opportunities include:

- Operational efficiencies;
- Improved customer experience and support (e.g. AI powered chatbots 24/7);
- Enhanced decision making;
- Cost reduction (e.g. through reduction of manual interventions);
- Improve internal capability and reduce reliance on external expertise, and associated costs, as required; and
- Improved employee productivity and work satisfaction due to up-to-date tools.

Risk Drivers:

- Staff using unapproved AI technologies for work purposes outside of Council secure environment;
- Cybersecurity considerations, as applicable to any new technology;
- Poor prompting and review processes leading to inaccurate, incomplete or misleading information along with unfair bias and discriminatory statements;
- Changes to AI applicable legislation and regulation;
- AI technology developing at a rapid pace and inability to keep up with best practice;
- The speed at which AI technologies advance can be overwhelming, leaving employees struggling to keep up with the rate of change;
- Stakeholder resistance; and
- Misalignment with Council priorities.

Current controls

- Establishment of AI Risk Management Framework, outlining Council expectation of staff when using AI including:
 - AI Strategy, outlining the direction and focus;
 - AI Policy;
 - AI Guidelines for staff;
 - AI Governance Group;
 - AI Risk Tiering (Traffic Lights);
 - Staff training and development regimen; and
 - Privacy and security system (Privacy Impact Assessments & Security Risk Assessments).
- AI trials completed with small numbers of staff to understand opportunities and risks at a manageable scale before wider adoption;
- Robust Change Management Plan and approach developed and to be implemented to increase AI maturity and ensures correct support and guidance to successfully adopt and apply the tools;
- Ongoing and regular engagement with key stakeholders;
- Seeking external advice and/or review of AI matters to supplement internal capability; and
- Introduction to AI training rolled out to the organisation to ensure understanding of AI policy.

Planned mitigation actions:

- Ongoing training and education to staff;
- Communication and Engagement Plan;
- Other risk strategies to be actioned as set out in the Council AI Policy; and
- Transition to BAU of AI capability from the AI-Volution Project.

12. Strategic decision-making risk for adoption of the Long-Term Plan 2027-2037

Risk Owner: Corporate Leadership Team

Risk Ratings:

INHERENT RISK		
Likelihood	Impact	Risk
Likely	Major	High

RESIDUAL RISK		
Likelihood	Impact	Risk
Possible	Moderate	Medium

Almost Certain					
Likely					
Possible					
Unlikely					
Rare					
	Insignificant	Minor	Moderate	Major	Extreme
	Consequences				

Risk Appetite: No Appetite

Risk Description: There is a risk that the governance decisions and sustained commitment required to agree the Long-Term Plan 2027-2037 and implement the agreed Target Operating Model are not achieved, limiting Council’s ability to deliver improved affordability for ratepayers and achieve intended financial and service delivery outcomes.

Background:

The Target Operating Model include a range of initiatives intended to improve the efficiency, effectiveness, and financial sustainability of Council services. These may include changes to service delivery, prioritisation of investment, and potential divestment of assets.

Delivering these outcomes requires community consultation on trade-offs and for Elected Members to agree priorities and make difficult decisions to achieve improved efficiencies. If key decisions are delayed, Council may be unable to finalise the LTP and then to realise the efficiency and effectiveness improvements required to demonstrate value for money for ratepayers.

Risk Drivers:

- Expectation to further reduce rates in the next Long-Term Plan, requiring elected members to make difficult decisions about assets, revenue settings and service levels.
- Increasing affordability pressures for rates and water charges, creating expectations for Council to limit cost increases while maintaining services.
- Financial risks associated with mitigating future rates increases to meet legislative rates capping signalled by central government
- Changes in governance priorities across electoral cycles
- Community or stakeholder pressure affecting implementation of agreed initiatives
- Differing governance views on strategic transformation initiatives
- Reluctance to implement decisions that involve trade-offs or service changes
- Lack of shared understanding of value-for-money outcomes
- Resources diverted from strategic areas of focus due to unplanned events (e.g. extreme weather)

STRATEGIC RISK REGISTER

Current controls

- Formal governance resolutions and decision-making processes supporting the Long-Term Plan 2027-2037 and strategic initiatives.
- Council agreed funding to support the implementation of the Target Operating Model report

Planned mitigation actions:

- Ongoing asset reviews and proposed changes to service levels
- Enhance Council reporting and decision-making templates to clearly link recommendations to:
 - Long Term Plan 2027- 2037 outcomes
 - Target Operating Model implementation
 - Council's value-for-money objectives
- Strengthen visibility of strategic priorities and transformation initiatives in governance reporting.
- Resourcing LTP process effectively and ensuring capability and capacity in place throughout. Including staged decision-making processes to understand key trade-offs.
- Proactive and sustained elected member engagement, such as additional briefings to support effective decision-making processes,
- Specialist technical resources where required to ensure quality advice to Elected Members (for example on the Financial Strategy)

22 April 2026

Report no: ARSC2026/2/115

Three-Year Internal Audit Plan 2026 - 2028

Purpose of Report

1. To seek approval from the Audit and Risk Subcommittee for the Three-Year Internal Audit Plan 2026-2028.

Recommendations

That the Subcommittee:

- (1) receives and notes the report; and
- (2) approves the Three-Year Internal Audit Plan 2026-2028, attached as Appendix 1 to this report.

Background

2. Internal Audit is an independent, objective assurance and advisory activity, within the Risk and Assurance service offering. It is one component of the total assurance Council receives through the various activities it undertakes.
3. Its purpose is to add value by providing meaningful advice to key stakeholders through a systematic, disciplined approach to the improvement of operational controls.
4. It also helps achieve key strategic priorities, effective risk management practices and governance processes.
5. Whilst this internal audit plan is set for three years, this plan may be revised and updated annually on a rolling basis to ensure ongoing relevance with Council's risk profile and priorities.
6. It prioritises engagements using a risk-based approach of Council's strategic and operational risk profiles, key strategic priorities and business objectives, current economic environment, management's concerns and Risk and Assurance insights of services and core business processes.

7. This three-year internal audit plan has been developed using a risk-based approach. It maintains flexibility to allow ad-hoc engagements to be added-on and/or engagements to be shifted, depending on the scenario.
8. The activities undertaken to develop this plan included:
 - a. noting the total assurance activities across Council to manage exposure to the risk of achieving key priorities;
 - b. considering the risks listed on the Council Strategic Risk Register;
 - c. reviewing of the management reports provided by Audit NZ in prior years;
 - d. consulting with key stakeholders across Council; and
 - e. reviewing available internal audit plans for similar Councils; and
 - f. in consultation with directors.
9. The following internal audit engagements are planned or underway for 2025/26:
 - a. Cash Handling follow-up review, Q1 (completed),
 - b. Assets Management Review and Planning, Q3
 - c. Fraud risk review, Q4

Climate Change Impact and Considerations

10. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Appendices

No.	Title	Page
1↓	Internal Audit Plan	174

Author: Amanda Gray
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Reviewed By: Jenny Livschitz
Group Chief Financial Officer

Approved By: Jo Miller
Chief Executive

INTERNAL AUDIT PLAN 2026-2028



1 EXECUTIVE SUMMARY

The Internal Audit Plan 2026-2028 outlines the planned internal audit engagements and related assurance activities for the period 1 July 2025 to 30 June 2028.

Whilst the internal audit plan is set for three years, this plan is revised and updated annually on a rolling basis for the approval by the Corporate Leadership Team and Audit and Risk Subcommittee to ensure ongoing relevance with Council's risk profile and priorities.

The internal audit plan prioritises audits using a risk-based component of Council's strategic and operational risk profile, key strategic priorities and business objectives, current economic environment, management's concerns and Risk and Assurance's insights of services and core business processes.

This audit plan has been developed by:

- Taking account of the key risks identified in the risk register;
- Using the internal auditor's experience of the organisation and the sector more generally to identify other areas of risk which may warrant attention;
- Reviewing Audit New Zealand's Management report; and
- Discussing identified risks and other relevant issues with management to identify the potential scope of internal audit.

The work programme has been developed using a risk-based approach. It allows for some flexibility to accommodate audits that may be reprioritised in response to changing risk profiles and priorities. Any material changes to the programme are communicated to the Corporate Leadership Team and Council's Audit and Risk Subcommittee.

The internal audit activity is one component of a suite of total assurance activities that the Corporate Leadership Team and the Audit and Risk Subcommittee looks to in meeting its risk, control and governance framework objectives.

Council has an in-house Risk and Assurance function through which all engagements on this plan will be delivered. Where technical specialist expertise is required for a particular audit engagement, this will be sought outside of Council. Any specialised work outsourced will be performed under the supervision of Risk and Assurance.

2 DEFINITION¹

Internal audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

3 PLANNING

Through planning, a number of business processes and/or initiatives were identified as potential auditable areas. A prioritisation process was undertaken to allow for linkage of internal audit activity to key risks and management input.

¹ Institute of Internal Auditors definition of internal auditing.

The prioritisation criteria included consideration of the extent/degree to which the:

- Activity is aligned with strategic priority strands;
- Activity is relied upon to mitigate key risk;
- Proposed review would support key process improvement initiatives;
- Area impacts on service delivery and/or financial performance;
- Activity contributes to meeting key stakeholder accountability expectations;
- Assurance received from previous audits or from other assurance activity; and
- Maturity of processes.

The scope of internal audit aims to avoid gaps and/or duplication of effort with other sources of assurance. Therefore, Risk and Assurance will consider reviewing key activities / components to ensure they can be relied on to provide assurance.

A review sponsor will be identified for each engagement performed.

4 SCOPE

Internal audit assessments include evaluating whether:

- Risks relating to the achievement of Council's strategic objectives are appropriately identified and managed;
- The actions of Council's officers and contractors are in compliance with Council's policies, procedures, and applicable laws, regulations and governance standards;
- The results of operations or programmes are consistent with established objectives and goals.
- Operations or programmes are being carried out effectively and efficiently;
- Established processes and systems enable compliance with policies, plans, procedures, practices, contractual obligations, laws and regulations that could significantly impact Council;
- Information and the means to identify, measure, analyse, classify, and report such information is reliable and have integrity; and
- Resources and assets are acquired economically, used efficiently, and protected adequately.

5 FUNCTION OF RISK AND ASSURANCE

The Risk and Assurance function is responsible to use professional judgement, formulating an opinion and reporting on the effectiveness and adequacy of internal controls and governance processes within auditable areas. This function works collaboratively with management to achieve pragmatic solutions to audit findings and opportunities for improving business processes and controls.

The Risk and Assurance Manager responsibilities include:

- Ownership and delivery of the internal audit plan;
- Ownership and management of the risk management end-to-end function, including reporting on strategic risks to the Audit and Risk Subcommittee on a quarterly basis;
- Ownership and management of relevant policies, registers and providing advice as required;
- Fraud Risk assessments; and
- Review of Business Continuity.

NB: assurance engagements over Risk and Assurance's non-audit responsibilities must be overseen by an external provider in order to safeguard independence and objectivity.

6 TYPES OF INTERNAL AUDIT ACTIVITY

A sponsor will be identified for each planned review. Internal audit activity may involve:

- **Audit:** the examination and evaluation of the adequacy and effectiveness of management's control over operational risk as well as the quality of performance in carrying out assigned responsibilities to achieve

the business units/process/functions goals and objectives. (The audit report provides a positive assurance opinion on management control).

- **High Level Review:** limited scope assessment of the adequacy and effectiveness of controls over key risks. Subject to a satisfactory outcome, a report is issued that confirms no significant or material issues were identified (i.e. a "Negative Assurance"). If significant issues are identified, the level of risk implies an audit is required.
- **Change Reviews:** analysis of risks for implementation of new systems, structures, products or processes and benefits realisation.
- **Risk Monitoring and Review:** continuous monitoring of risks and the control environment.
- **Projects and initiatives:** this category includes risk management advice, assistance, and other risk related activities which provide management with risk management guidance and staff with a better understanding of business processes and activities.

7 REPORTING AND MONITORING

Reporting to management will include an assessment of the state of controls in the area reviewed and will have an emphasis on improvements. The internal audit report will include management's comments and corrective action taken or to be taken in regard to the specific findings along with an anticipated timeframe for completing the corrective action.

The final report is available to the Director and/or process owner, the sponsor, the Corporate Leadership Team and Chief Executive. A high-level summary of the findings will be provided quarterly to Audit and Risk Subcommittee as part of the "*Risk Management and Assurance Update*".

Risk and Assurance is responsible for follow-up on findings and implementation of corrective actions. All significant findings will remain in an open issues file until cleared.

7.1 NAVIGATING THIS DOCUMENT

The table under section 7.2 maps the key risks to sources of assurance to determine the adequacy of overall coverage and to minimise duplication of effort. The top risks are taken from the strategic risk register.

Where there are other sources of assurance, the scope of internal audit aims to avoid gaps and overlaps (duplication of effort).

Meetings were held with key stakeholders to determine the internal audit plan set out under section 8.

Section 9 outlines the preliminary scope for the reviews listed under section 8.

Assurance Mapping to the Strategic Risk Register



Risk	Residual Risk Rating	Internal audit reviews proposed for upcoming three-year period	Other sources of assurance	Notes
1. Simplifying Local Government/Local Government reforms – if major changes occur and council cannot adapt quickly this could lead to higher costs, compliance challenges and operational disruption	Medium			<ul style="list-style-type: none"> ➤ As this is an emerging risk, it is too early for specific assurance. As proposed reforms progress there will be opportunities for assurance. For example – through the next LTP expert external advice will be obtained on rates capping and Financial Strategy.
2. Workforce capacity, capability and engagement impacts Council’s ability to successfully deliver its vision, strategies and commitments.	Low		<ul style="list-style-type: none"> ➤ Monthly and quarterly reporting undertaken to enable identification of trends and support decision-making. 	<ul style="list-style-type: none"> ➤ Six monthly employee engagement surveys and action planning processes. ➤ Monitoring of learning and development participation and mandatory training completion. ➤ Ongoing engagement with staff on the Target Operating Model work, regular feedback with staff through roadshows, and keeping people informed through regular communication channels such as the Staff Panui;
3. Water Services Transition to Tiaki Wai Ltd - if the water transition project fails to deliver this could result in operational inefficiencies, financial impacts and loss of trust and confidence	Medium		<ul style="list-style-type: none"> ➤ Independent Quality Assurance review on billing processes ➤ Legal Transfer Questionnaire responses have had quality assurance review from in house subject matter experts ➤ Tiaki Wai Ltd will be independently audited ➤ PwC technical accounting advice ➤ PwC treasury specialist advice ➤ Martin Jenkins technical advice on Revenue and Financing Policy review 	<ul style="list-style-type: none"> ➤ Expert advice has been sought from Simpson Grierson on specific aspects of the transition.
4. Health and safety of staff and people on premises.	Medium		<ul style="list-style-type: none"> ➤ Quarterly H&S performance reporting to CLT and monitoring of performance indicators and incident trends. ➤ H&S Committee oversight and worker engagement mechanisms. ➤ Internal audits (both on-site and in-field) and monitoring of corrective actions. ➤ Six-monthly ComplyWith surveys. ➤ Six-monthly governance reporting to the Audit & Risk Subcommittee. 	<p>The following activities are either underway or planned:</p> <ul style="list-style-type: none"> ➤ H&S Manager current state review of the H&S policies and procedures. ➤ H&S Manager will undertake a system maturity / gap assessment of the H&S management system. ➤ Development of a critical risk framework.

<p>5. Seaview Wastewater Treatment Plant – if ineffective or asset failure</p>	<p>Medium</p>		<ul style="list-style-type: none"> ➤ External review of the Regional Wastewater Services Contract undertaken to clarify causes of poor plant performance with recommendations and an action plan in place. 	<ul style="list-style-type: none"> ➤ Seaview Wastewater treatment plant is operated and upgraded on behalf of Hutt City Council by Wellington Water. Wellington Water are audited annually. On 1 July 2026, this responsibility will move to the new water entity Tiaki Wai Ltd (Tiaki Wai).
<p>6. Asset planning and management - Assets do not deliver expected outcomes effectively, efficiently or sustainably.</p>	<p>Medium</p>	<ul style="list-style-type: none"> ➤ Asset Condition Review (progress made on addressing the AM practices gaps issued by Taituarā and the review actions implemented to address the gaps in leading practices identified through the independent review performed by Deloitte) 	<ul style="list-style-type: none"> ➤ Asset Management practices review by Taituarā Technical Advisor ➤ NZTA Waka Kotahi two yearly investments audits on transport infrastructure ➤ LTP 2024-2034 audit by Audit NZ ➤ Q1/2 2024/25 - Independent review by Deloitte on Council's AMFM practices against leading practices. 	<ul style="list-style-type: none"> ➤ Findings from the independent review by Deloitte are being implemented ➤ Progress recommendations arising out of Third Party spend review e.g. align negotiations to aggregate common services.
<p>7. Failure to plan for Climate Change and its impacts</p>	<p>Medium</p>		<ul style="list-style-type: none"> ➤ Lumen Energy advice for energy audits. ➤ Lumen Energy peer review Council's carbon footprint. ➤ Council approved interim Carbon Reduction & Climate Resilience Plan 2021-2031, includes all the work to decarbonise Council assets, improve efficiency & electrifying of vehicle fleet, establish environmental policies and implement strategies to achieve carbon zero targets. Initiatives are monitored and progress tracked against objectives. ➤ WSP – Climate Change Disclosures 	
<p>8. Information and Technology</p>	<p>Medium</p>	<ul style="list-style-type: none"> ➤ System Implementation (TBC - either CRM or HRIS Payroll- to be implemented Q4 2026/27) – achieving of objectives, outcome and costs 	<ul style="list-style-type: none"> ➤ Audit New Zealand annually review; ➤ Externally monitored device located on the network; ➤ Monitors all traffic across the network; ➤ Managed TaaS network solution (industry compliant); ➤ Security access penetration testing; and ➤ Finance and rates systems are SaaS software (cloud based) with redundancy / continuity plans 	

Risk	Residual Risk Rating	Internal audit reviews proposed for upcoming three-year period	Other sources of assurance	Notes
9. Financial management - financial capacity to meet demand, needs and prudent management of financial obligations.	Medium	<ul style="list-style-type: none"> ➤ Fraud Risk data analytics/unusual transaction Review ➤ Sensitive Expenditure Review 	<ul style="list-style-type: none"> ➤ Standards and Poors credit rating assessments ➤ Technical advice: rates/financial strategy ➤ PwC advice for treasury risk management ➤ PwC annual tax review; ➤ Audit NZ audits Annual Report, Audit NZ LTP audit; ➤ Forecasting, reporting monthly to CLT and quarterly to Council's Policy, Finance, Strategy Committee 	
10. Procurement practice and contract management and monitoring impacts service levels and HCC costs	Medium	<ul style="list-style-type: none"> ➤ Procurement and contract management review Q1 2026/27 with a focus on implementation of previous recommendations, managing vendor performance and value for money. 	<ul style="list-style-type: none"> ➤ Recent procurement Internal Audits - the last three years, recommendations need time to embed ➤ PwC - Third party spend review ➤ Elements of NZTA procedural audit cover procurement 	<ul style="list-style-type: none"> ➤ Specialist technical advice is sought on high complex, high risk procurement activities.
11. Artificial Intelligence	Medium			<ul style="list-style-type: none"> ➤ Planned Business Unit led review of staff adherence to Council Policy and Procedures.
12. Delivery of the Long-Term Plan 2027 - 37	Medium		<ul style="list-style-type: none"> ➤ LTP is independently audited by Audit NZ 	

8 INTERNAL AUDIT THREE YEAR PLAN

Internal audit reviews	2025/26	2026/27	2027/28
a. Cash handling follow up review	Q1	Q1	
b. Assets Management Review and Planning	Q3		
c. Procurement and contract management Review		Q3	
d. Sensitive Expenditure Review		Q2	
e. Fraud risk review and fraud focussed data analytics (unusual transaction analysis) – periodic two-yearly review	Q4		
f. Property Leases Review (High-level)			Q3
g. Review of Strategic Capital Project (RiverLink component of the project or a project within the Transport business unit)			Q2
h. Technology – Go Digital Project (Either Customer Relationship Management or HRIS/Payroll)		Q4	Q1
i. Artificial Intelligence			Q4
j. Contingency	✓	✓	✓
k. Follow-up	✓	✓	✓
l. Planning, reporting and liaison	✓	✓	✓

NB: Internal audits could be reprioritised depending on priority and the feasibility of resourcing, particularly externally resource where required.

Refer **Section 9** “*Audit Universe*” for listing of auditable activities and details of preliminary scope.

Risk and Assurance will consult with the sponsor and activity/process owners on scope, timing and approach.

9 AUDIT UNIVERSE

Auditable Activity ² and Preliminary Scope (In alphabetical order)
<p>Artificial Intelligence</p> <p>Review the use of Artificial Intelligence (AI) to assess whether it is appropriately governed and used according to Council policy. Consider how AI tools are being adopted and used across the organisation, including governance arrangements, risk management, data and privacy considerations, and staff guidance. Assess whether AI is being used in accordance with Council policy and risk management framework. The audit will aim to identify opportunities to strengthen oversight and ensure AI technologies are used in a responsible, cost-effective, and transparent manner.</p>
<p>Asset Management Review and Planning</p> <p>Review the processes to ensure alignment between key planning documents relating to core Council assets i.e. asset management plans and LTP: collaboration with other groups, the robustness of data, outcomes aligned to LTP (including sustainability goals), execution of plan, all of life costs. Planning and updating processes and reporting changes / variances e.g. actual v planned v forecast asset management plan. Timing to align with LTP/Annual plan process.</p> <p>This will be a follow-up on progress made addressing the previous independent review findings on Asset Management (by SOLGM and Deloitte).</p>
<p>Cash handling</p> <p>Follow up review of previous audits recommendations. Further review of Neighbourhoods, hubs and community centres that handle cash for adherence to council policies and procedures.</p>
<p>Fraud Risk Review - Assess the adequacy and effectiveness of management's control of fraud risk, and to identify opportunities for improvement.</p>
<p>Procurement and Contract Management</p> <p>Review progress against previous internal audit recommendations for procurement practices. Identify and assess how contract management practices allow alignment with its partners to successfully deliver value for money, community outcomes and ensure the full benefit from contractual arrangements is obtained.</p>
<p>Property Leases</p> <p>Review of rents on Council owned properties including setting the rent, income collection and renewals.</p>
<p>Review of strategic Capital project</p> <p>Assessing the management, monitoring and reporting of strategic capital projects. Governance structure, oversight, adequacy of resourcing to achieve outcomes. Review a sample of capital projects against good practice in relation to project management and service performance.</p>
<p>Sensitive Expenditure</p> <p>A review of the adequacy and effectiveness of controls over processing of sensitive expenditure, supporting documentation and approval process, in alignment with Council's policies. Include audit of Tech One invoicing and approvals.</p>
<p>Technology – TBC either CRM or HRIS and Payroll</p> <p>assess whether appropriate governance, controls, and processes were established during implementation and are operating effectively post-go-live. Consider system configuration, data migration, user access management, and key business process controls to determine whether the system supports accurate, reliable, and efficient operations.</p>
<p>Operational/ Ad Hoc Audits, as required</p> <p>Review key operations to ensure risks are managed and controlled. Scope to be determined on a case-by-case basis.</p>

² Auditable activities could be based on a location, team, function, financial statement area, compliance requirement, or other justification as having a role in creating or preserving value for Council. These have some role in managing one or more risks to the achievement of Council objectives. If it can't be tied to an objective and risk, the activity will not be featured here.

Report no: ARSC2026/2/116

Health and Safety Performance Update

Purpose of Report

1. This report highlights Council's Health and Safety performance for the six-month period from 1 July 2025 to 31 December 2025.
2. This report provides qualitative commentary on activities undertaken during the period and is presented based on the key areas of focus as outlined in Council's Health and Safety Policy:
 - Leadership
 - Risk management
 - Engagement
 - Overlapping duties

Recommendation

That the Subcommittee receives and notes the report.

Background

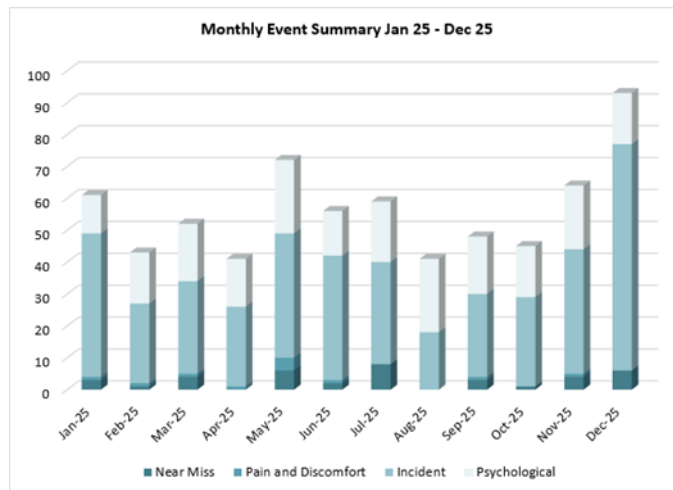
Health and Safety Performance Update – Leadership

3. Quarterly Health and Safety reporting continues to be provided to the Corporate Leadership Team, ensuring visibility of performance and due diligence obligations under the Health and Safety at Work Act 2015.
4. The Audit and Risk Subcommittee has continued to receive six-monthly ComplyWith updates, including one for the July 2025 to December 2025 period, which is being received as part of this agenda.
5. The ComplyWith survey outlines our compliance with health and safety obligations across the organisation, with two areas of partial compliance identified.

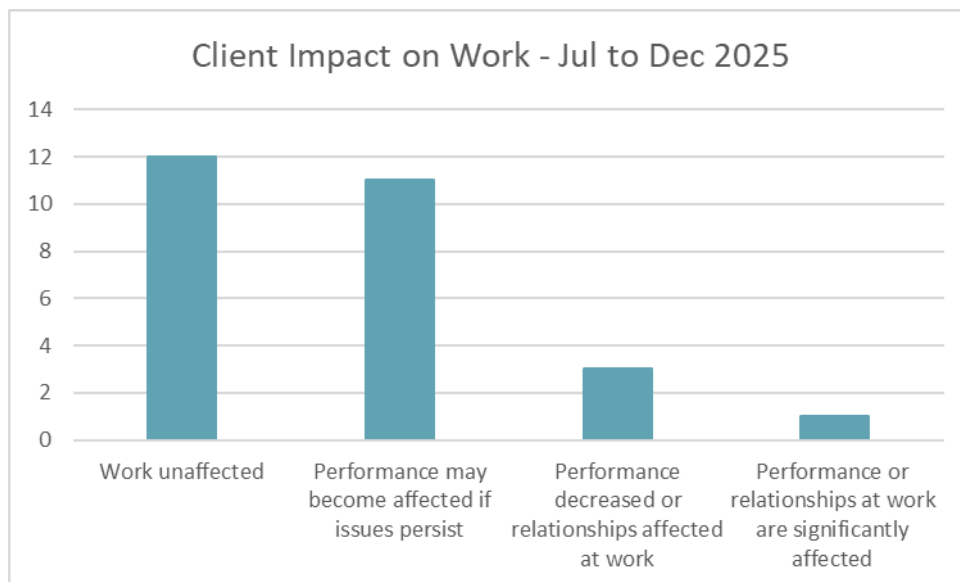
6. One relates to the Primary Duty of Care to monitor worker health and workplace conditions, associated with a mould issue at Petone Neighbourhood Hub. Issues with the hub have been well documented, including water-tightness issues that have led to mould growth and rot, as well as structural issues with the atrium. To help mitigate this, part of the facility is sealed off to manage air quality issues, and temporary support has been installed in the atrium. For health and safety reasons, the Chief Executive has decided to close the hub by the end of May 2026 or earlier if needed.
7. The second relates to enforcement officer requirements under the Hazardous Substances and New Organisms Act 1996. This was due to the Environmental Protection Authority (EPA) not issuing its annual survey in recent years, rather than any inaction by Council. This matter has now been resolved following direct notification to the EPA.
8. 87.5% of new people leaders who have either joined Council in the past six months or moved into a leadership role have attended a Health and Safety leader induction within four weeks of starting. This induction process supports leaders in understanding and fulfilling their responsibilities and expectations. Officers are currently considering using online learning to facilitate and streamline this process.

Risk Management

9. There were 356 Health and Safety events reported during the period, which represents an increase of 39 events from the previous reporting period.
10. This reflects a positive reporting culture and ongoing visibility of events across Council. Common themes include verbal aggression, threats of violence, intimidation and retaliation from members of the public in relation to rule violations.
11. Most of these events continue to occur at our pools, Neighbourhood Hubs, and libraries. While most events result in low physical harm, the frequency of exposure can present an ongoing psychological safety risk.
12. Approximately 35% of events reported during the period relate to Te Ngaengae Pool and Fitness. These events highlighted the range of events that occur at our pool facilities, including first aid (largely relating to members of the public), biological substances in the pool (faecal matter or vomit), anti-social events, dry or wet rescues, unsupervised children and medical events.
13. The Health and Safety team are working with Aquatics to standardise reporting practices and to define appropriate reporting channels. Consistent practice across our pools will provide better insight into what our staff are exposed to in the workplace and, in addition to identifying actions to mitigate risks where possible, will also enable us to consider how we report this information.



14. There were 20 staff injuries recorded, representing a reduction from 31 in the previous period. Most injuries were minor, with six requiring medical treatment. No notifiable events were recorded. There are no significant trends related to site locations for these injuries.
15. During this six-month period, there have been 27 instances of staff contacting the Employee Assistance Programme (EAP) for support. 33% of the issues relate to work factors. As reported by the individuals, in most cases, work performance is not being affected, highlighting how the programme is an effective and proactive support mechanism.



Engagement

16. Health and Safety Committee meetings continue to be a key engagement mechanism, with approximately 75% attendance. Ongoing engagement through committee meetings, and reporting reflects a generally positive Health and Safety culture across Council.

17. Situational awareness continues to be an area of focus, as a supporting control to ensure frontline staff are equipped to manage behavioural risks. 22 staff attended Situational Awareness training during this period. Council will also be providing Call Centre and Communications training for staff responsible for direct contact with customers over the phone, given the rise in more challenging conversations they are facing. As officers continue to focus on managing Critical Health and Safety Risks, any additional controls to reduce the likelihood and consequence of events will be identified and implemented.
18. Training and guidance on manual handling were also undertaken during the period to reduce injury risk following a pattern of injuries from strains and sprains. Further work is being done to embed good work practices and consider ongoing training needs.

Overlapping Duties

19. While no significant overlapping duties issues were reported during this period, a review of contractor management processes and practices is planned to identify areas for improvement. This will ensure Council continues to meet its obligations for consultation, cooperation, and coordination under the Health and Safety at Work Act 2015.

Discussion

20. The following priorities have been identified for the next period:
 - (a) Develop a Critical Health and Safety Risk Framework to strengthen risk management.
 - (b) Assessment of Officer confidence in their due diligence requirements will be undertaken to support the development of a learning and assurance programme.
 - (c) Review of contractor management processes and practices to identify areas for improvement.
 - (d) Review and update the Health and Safety Policy and Manual to ensure it remains current and fit for purpose.

Options

21. While no significant overlapping duties issues were reported during this period, a review of contractor management processes and practices is planned to identify areas for improvement. This will ensure Council continues to meet its obligations for consultation, cooperation, and coordination under the Health and Safety at Work Act 2015.

Climate Change Impact and Considerations

22. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Consultation

23. There are no consultation considerations associated with this report.

Legal Considerations

24. There are no legal considerations associated with this report.

Financial Considerations

25. There are no financial considerations associated with this report.

Appendices

There are no appendices for this report.

Author: Tim Marsden
Health and Safety Manager

Approved By: Kelly Alkema
Chief People Officer

22 April 2026

Report no: ARSC2026/2/117

Legal Compliance survey results

Purpose of Report

1. The purpose of this report is to present the key findings from the legal compliance survey.

Recommendations

That the Subcommittee:

- (1) receives and notes the information on the 41 non-compliances recorded during the survey;
- (2) notes that, of the 41 non-compliances recorded, 11 have been resolved, and that 30 corrective actions remain; and
- (3) notes that the ComplyWith system will send regular reminders to staff to review and update these remaining compliance issues until they are resolved.

Background

2. Council uses 'ComplyWith', a legal compliance management tool, to identify and monitor legal compliance risks. Legal obligations are mapped to the responsible roles within Council and updated according to legislative changes. An online compliance survey is completed twice a year, which enables officers to identify and report on legal risks and issues.
3. The 'Corrective Actions' function on ComplyWith allows officers to monitor risks and set Action Plans that require them to lay out steps needed to resolve non-compliances. The function also helps track unresolved risks by sending staff regular reminders.

Discussion

4. The results from the previous survey were reported to the Audit and Risk Subcommittee on 26 August 2025. All Corrective Actions from the previous survey have been resolved and completed.
5. The ComplyWith survey was sent out to 132 staff on 20 January 2026. The survey covered the period between 01 July 2025 and 31 December 2025 and captured 3,897 obligations under 112 Acts and Regulations. Everyone to whom the survey was assigned completed it.
6. The survey recorded 41 non-compliances, all of which had an Action Plan attached. Of the 41 non-compliances, 11 have already been resolved. There are 30 Corrective Actions active in the system, subject to ongoing monitoring and implementation.
7. The next survey will be out on 01 July 2026 and will cover the period between 1 January 2026 and 30 June 2026.

Overview of key results from the survey

Employment

8. Under the Holidays Act 2003, employees must be paid at the correct rate when they are on holiday or leave, or there is a public holiday. Through Phase 2 of the Holidays Act Remediation Project, payments covering March 2022 to February 2025 were made to current staff in July 2025. Staff who have resigned and are still owed money will be contacted.
9. Further remediation is underway and will be completed before a new, fully compliant payroll system is introduced around mid-2026. There is regular reporting to this Subcommittee on the HRIS and Payroll System, including the Holidays Act Remediation Project.

Health and Safety

10. The ComplyWith survey outlines our compliance with health and safety obligations across the organisation, with two areas of partial compliance identified.
11. One relates to the Primary Duty of Care to monitor worker health and workplace conditions, associated with a mould issue at Petone Neighbourhood Hub. Issues with the hub have been well documented, including water tightness leading to mould growth and rot, and structural issues with the atrium. To help mitigate this, part of the facility is sealed off to manage air quality issues, and temporary support has been installed in the atrium. For health and safety reasons, the Chief Executive has decided to close the hub by the end of May or earlier if needed.

12. The second relates to enforcement officer requirements under the Hazardous Substances and New Organisms Act 1996. Historically, the Environmental Protection Authority (EPA) issued an annual survey to territorial authorities to confirm that enforcement officers were appropriately qualified, warranted, and operating within a defined scope. This survey has not been issued for the past three to four years, and the required information was not therefore provided during that period.
13. The partial non-compliance was raised due to this inaction from EPA rather than inaction from Council. This has now been resolved following direct notification to the EPA.

Buildings

14. Eight partial compliances were recorded under the Building Act 2004 and one under the Fire and Emergency New Zealand (FENZ) Act 2017 and (Fire Safety, Evacuation Procedures and Evacuation Schemes) Regulations 2018.
15. It has been identified that not all accessible Council-owned buildings display the international symbol of access as required under section 120 of the Building Act. An audit has been completed to identify buildings that require signage, and installation is scheduled for the coming weeks.
16. Under s363A of the Building Act 2004, a Territorial Authority must decide applications for a certificate for public use (CPU) within 20 working days using the correct process. A non-compliance was raised, as some CPU applications were not decided within the required statutory timeframe during the survey period. As part of Continuous Improvement (CI), a new work instruction is being developed, and training will be provided to the Building team. Weekly management monitoring has been implemented, and any instances of exceeding the 20-day period are now investigated.
17. Under the Building Act, building consent applications must be decided within 20 working days. Two non-compliances were recorded where this statutory timeframe was not met during the survey period. Reducing the number of applications that exceed the 20-day timeframe remains an ongoing focus, with weekly monitoring showing compliance levels consistently above 95%, which MBIE and IANZ consider 'substantive compliance'. The non-compliances are marked as resolved in the system with ongoing actions in place.
18. A Building Consent Authority (BCA) must decide whether to issue a code compliance certificate (CCC) within 20 working days using the correct process. The building team currently issues over 95% of code compliance certificates (CCCs) within the statutory timeframe. Monitoring and reporting continue to be strengthened, with a focus on progressing towards full compliance.
19. The Building Team is taking action to manage workload demands to meet the statutory timeframe for issuing compliance schedules as required under ss 102(1)-(2), 103 and 104 of the Building Act.

20. An application for a certificate of acceptance for building work already completed must be decided within 20 working days and may only be issued if the requirements of section 96 are met. Two non-compliances were raised against this obligation, which is an ongoing area of focus, with work underway to reduce the number of applications that exceed the 20 working day timeframe. Performance is monitored weekly and typically sits above 95% compliance. The non-compliances are marked as resolved in the system with ongoing actions in place.
21. FENZ must be notified in writing if the nominated contact person will be absent for more than 21 days, or when specified building events occur (or as soon as practicable if prior notice is not possible). A former staff member was identified on the FENZ contact list. The Assets & Facilities Management team is actively engaging with FENZ to confirm the correct point of contact and to ensure the information is up to date.

Environment

22. There were three partial compliances recorded against obligations under the Resource Management Act 1991 and Regulations.
23. Under the Resource Management Act 1991, the conditions of a resource consent must be complied with. An Infringement Notice was issued by Greater Wellington Regional Council (GWRC) for three instances of sediment discharge beyond the zone of reasonable mixing at Whiorau (Lowry) Bay. This non-compliance has since been resolved. Mitigation actions were implemented on site to address impacts and prevent further sediment discharge, including a change in methodology to restrict works to areas behind coffer dams. A final review with the construction team was completed on 17 December 2025.
24. Effectiveness and efficiency of the District Plan have been assessed in part through the District Plan Review. However, this has not been comprehensive, and there has been no public reporting on monitoring results in the past five years. An action plan for meeting Council's requirements for monitoring the effectiveness and efficiency of the District Plan is currently being developed. However, ongoing national resource management reforms are likely to result in this requirement being removed or amended before the plan is implemented.
25. Council must approve or decline a survey plan for a subdivision within 10 working days and must only approve the plan if the required conditions are met. If approved, a section 223 certificate must be given by the chief executive or another authorised officer. The team continues working with the development engineering team to reduce the time for processing ss224s/223s certificates to improve approval timeframes, respond to urgent requests as required, and work through the existing backlog.
26. There was one partial non-compliance and seven zero non-compliances recorded against obligations under the Local Government (Water Services) Act.

27. Under section 190(3)-(6) of the Act, trade waste permits must not be inconsistent with environmental performance standards and must comply with statutory limits. While Council's trade waste consents currently include discharge limits, there are no wastewater environmental performance standards or a Trade Waste Discharge Plan in place. Under the transition, Tiaki Wai will be responsible for developing these standards and the Trade Waste Discharge Plan.
28. Council officers are not currently warranted to undertake the enforcement functions set out under the Local Government (Water Services) Act. As part of the water services transition, responsibility for administering and enforcing the provisions under Subpart 2, compliance and enforcement of the Act, will be formally delegated to Tiaki Wai from 1 July 2026.
29. Work is progressing on this long-term project to sort through expired enforcement records accumulated over the past 20 years. Section 30(1) of the Dog Control Act requires enforcement records to be deleted if they are older than 30 months, except for unpaid infringement fines. The goal is to review the records and identify and destroy only those related to fines that have been paid in full.

Health

30. Under Section 69(4) of the Psychoactive Substances Act 2013, a local approved products policy must be reviewed at least every five years. The last review of Council's policy in 2016 noted the 2014 legislative changes, which have remained unchanged, and that these products have been banned from commercial sale in New Zealand for approximately 12 years. As a result, the legislative requirement is no longer applicable, and the policy currently regulates activity that does not occur in practice. Therefore, the policy will be formally rescinded.

Managing information

31. The incidents identified during the period 1 July 2025 to 31 December 2025 related to process or human error. One incident met the threshold to notify the Office of the Privacy Commissioner; this matter remains ongoing. Overall, incidents were identified promptly and managed effectively through timely containment actions, guidance to affected business units, and updates to processes or supporting guidance where required. The data indicates a continued level of organisational awareness and consistent use of Council's privacy incident reporting framework, supporting early detection and mitigation of privacy risks.

Climate Change Impact and Considerations

32. The matters addressed in this report have been considered in accordance with the process set out in Council's Climate Change Considerations Guide.

Appendices

There are no appendices for this report.

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Approved By: Bradley Cato
Chief Legal Officer

22 April 2026

Report no: ARSC2026/2/32

Council's response to the potential national fuel shortage

Purpose

1. To update the Audit and Risk Subcommittee on Council's approach to the current fuel crisis, including planning for impacts on Council services and actions required in each stage of the 2026 National Fuel Plan.

Recommendation

That the Subcommittee receives and notes the report.

Background

2. Ongoing conflict in the Middle East has raised the possibility of international fuel supply disruption. While the most likely near-term effect for New Zealand is fuel price volatility and heightened public concern, more disruptive scenarios could affect fuel availability, freight movements, and the continuity of essential services.

Central Government is leading the response

3. National and regional planning assumptions indicate that any response would be nationally led, regionally coordinated, and locally implemented. In that context, the fuel sector would manage station prioritisation, priority customer settings would likely be determined nationally, and local implementation would focus on supporting the continuity of essential services and safe public access.
4. Fuel supply disruptions in New Zealand are coordinated by the Fuel Sector Coordinating Entity, using the response activities in the National Fuel Plan (the Plan). The Ministry of Business, Innovation and Employment (MBIE) and the National Emergency Management Agency (NEMA) are responsible for developing the Plan and monitoring fuel stocks.

5. For the local government sector, the Department of Internal Affairs (DIA) has established the Local Government Fuel Response Unit to explore potential options to relieve regulatory barriers in the sector that could help reduce fuel demand beyond Phase 1 of the Fuel Plan. Members of the response unit include DIA, Taituarā, Local Government New Zealand, NEMA and Taumata Arowai.

Regional coordination of response activities

6. The Wellington Region Emergency Management Group (the WREM Group) will coordinate a regional, multi-agency response to manage the consequences of a fuel supply disruption, ensure the continuity of critical services and lifeline utilities across the region, and support the wellbeing of affected communities.
7. The intent is to manage the regional consequences of a fuel supply disruption by maintaining a clear and accurate understanding of fuel availability across the Wellington Region, coordinating closely with fuel suppliers, lifeline utilities, and national agencies, and ensuring that available fuel is prioritised for critical services and essential infrastructure.
8. The response will focus on maintaining public confidence, discouraging panic buying, and supporting fair and equitable access to fuel while protecting the continuity of emergency response, healthcare, freight, utilities, and other critical community functions.
9. The WREM Group is preparing a phased and scalable response to a fuel supply disruption. The response will initially focus on monitoring, coordination, and demand management, and will progressively escalate to regional coordination of fuel prioritisation and consequence management if shortages worsen.

Local considerations

10. Lower Hutt also has some local considerations that could become relevant if disruption escalates, including:
 - a) pressure on public fuel stations;
 - b) possible traffic management requirements for public safety; and
 - c) the need to maintain access to fuel for critical operations and contractors.

Discussion

Council response planning

11. Officers have proactively considered the potential implications of fuel disruption for Council and the wider city. This work is summarised in the A3 attached as Appendix 1 to the report, which identifies likely scenarios, sector impacts, and possible mitigations, including possible impacts across:
 - a) lifeline utilities;
 - b) food production and freight;
 - c) waste and sanitation;
 - d) construction and infrastructure;
 - e) supermarket logistics;
 - f) emergency services;
 - g) ports and shipping;
 - h) consumer goods supply; and
 - i) Council business-as-usual operations.
12. Council has one of the largest electric vehicle fleets in Lower Hutt, and in later phases, this could be required to support critical services delivered by other agencies such as police and health.
13. For Council, the key risks relate to contractors, field operations, and workforce availability if fuel prices increase sharply or fuel availability becomes constrained. Officers are talking to our key contractors to understand fuel access and storage, as well as the flexibility to reprioritise use if needed.
14. The Government's National Fuel Plan (2026) outlines four phases of response. Officers have developed a template that maps Council services against these, like what was produced during the COVID pandemic. This is attached as Appendix 2 to the report.
15. Officers are working with WREMO to understand the likely impacts of a prolonged fuel supply disruption on staff and the community. This includes the approach to managing staff, with carpooling and the use of public transport already being encouraged and supported. Council's Flexible Working Guidelines include the ability to work from home for up to two days a week, where business needs can be managed, and no change to this is anticipated in phase 1 or 2. This would be reconsidered should the country move to phase 3.
16. Officers have contacted all key partners to understand their impacts and planned actions, and inter-dependencies. These include mana whenua and local marae, Wellington Water, Waste Management, NZTA and Health NZ.

17. Officers have also connected with key community organisations to understand their challenges and likely needs, including kai providers.

Financial impact

18. Initial assessment of financial impacts across council activities indicates:
- a) limited direct fuel cost exposure (eg fleet largely electrified, electricity contracts fixed);
 - b) indirect cost pressures through contracts indexed to fuel (eg landfill, kerbside, maintenance); and
 - c) revenue risks linked to reduced economic activity (eg building consents, landfill volumes, parking, animal registrations, use of services).
19. At present, Council is tracking within budget and does not expect a material impact in the current financial year. However, sustained disruption would require active reprioritisation.
20. Principles are currently being developed to guide this with a focus on all fuel-related cost increases being managed through reprioritisation within existing baselines by reducing, deferring, or slowing other expenditure.
21. This would prioritise essential, statutory, and safety-critical services (e.g. emergency response, lifeline infrastructure, waste and sanitation) and consider other activities based on fuel use and community impact. It also includes considering remote, digital, or alternative delivery methods where feasible to reduce reliance on fuel.

Communications and engagement

22. Council will follow the lead of national and regional communications advice on the Fuel Crisis, aligned and updated for local use as required.

Risks

23. Key identified risks are outlined in Table 1.

Table 1: Risks of prolonged fuel disruption

Risk	Mitigation
Panic buying and long queues could disrupt emergency access and create localised traffic gridlock	Support coordinated messaging and potential traffic management deployment if demand spikes
Construction delays, contractor disruption and cost escalation for council projects	Potential reprioritisation or deferral of non-critical projects if disruption occurs
Fuel shortages could reduce council service delivery and create community expectations challenges	Seek agreement on prioritisation of essential services if fuel supply tightens

Budget pressure if fuel prices rise significantly or disruption is prolonged	Awareness of potential cost pressures and need for operational adjustments
Critical services may not be prepared for sustained transport or fuel constraints	Endorsement of cross-council review and updates to BCP arrangements
Misinformation or panic buying could worsen fuel shortages and public anxiety	Support consistent messaging across council and regional partners

Next Steps

24. Officers will continue to monitor the situation, including advice and direction emerging from national and regional leadership.
25. Should the risk environment change, further advice will be provided to elected members on implications for Council operations, staff guidance, and any actions required to support service continuity or regional coordination.

Appendices

No.	Title	Page
1	A3 Summary of the Fuel Shortage	198
2	Hutt City Council National Fuel Plan impacts template	199

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Reviewed By: Andrea Blackshaw
Director Neighbourhoods and Communities

Approved By: Jo Miller
Chief Executive

Situation: The possibility of fuel supply disruption due to ongoing conflict in the Middle East



Lead Agency – MBIE	
Response principle - Nationally led - Regionally coordinated - Locally implemented	
Scenario	Impact
Most Likely	NZ continues to receive fuel, MBIE remains in monitoring phase, elevated prices and persistent market volatility
Most Likely Plus	NZ continues to receive fuel, further price escalations due to overseas supply constraints, intermittent local fuel shortages
Most Dangerous	A regional emergency such as severe weather while external supply conditions remain tight and public demand elevated

Regional and Local Priority Customers: MBIE is determining priority bands for customers/critical services to ensure uninterrupted supply to life-preserving services and direct fuel supplies to others according to priority. Details of priority bands have not been released.

Wellington Region CDEM Group Action Plan: An assumption based action plan has been developed to coordinate regional and local actions aligned to the updated National Fuel Plan.

No firm direction has been issued to inform regional and local planning and it is assumed that councils will be responsible for coordinated welfare support to communities.

Highest Risks (HCC)

- Contractors & project cost escalation
- Public safety if panic buying fuel
- Cost increase / HCC budget impacts
- Vulnerable communities have reduced access to goods and services

Lower Hutt has 16 – 18 operational fuel stations

Sector	Consequence if Fuel Disrupted	Mitigations
HCC BAU operations	Petrol based vehicles, particularly for contractors and field operations potentially constrained.	Prioritise council fleet, contractors and critical services; reduce non-essential travel.
HCC staff	Higher commuting costs; possible workforce availability impacts.	Encourage flexible work where possible; provide internal guidance on travel and fuel use
Hutt City Residents	Cost pressures mean more households need help with household goods, transport medication / emergency grants. Increase in social isolation	Promote and connect residents to existing financial assistance, transport options, and support available in the community
Critical infrastructure backup power	Diesel shortages affect generators for hospitals, telecom towers, water and wastewater plants.	Prioritise fuel for lifeline utilities; confirm generator fuel reserves and resupply arrangements.
Emergency services	Police, ambulance and FENZ mobility and response capability reduced.	Priority fuel access for Police, Ambulance and FENZ through national/regional arrangements.
Waste & sanitation	Rubbish collection, recycling, septic servicing and landfill operations stop creating public health risks.	Prioritise waste and sanitation fleets to maintain public health services.
Healthcare access	Reduced ability for staff, patients, medicines and supplies to reach Hutt Hospital, pharmacies and community care providers.	Prioritise fuel access for healthcare logistic and coordinate with Health NZ to maintain critical supply and patient transport.
Supermarket logistics & refrigeration	Cold-chain logistics affected; supermarket distribution centres and refrigerated transport rely on fuel.	Prioritise supermarket distribution and refrigerated freight; maintain access to priority sites.
Construction & infrastructure	Road maintenance, construction, repairs and heavy machinery operations disrupted.	Prioritise fuel for emergency works, critical repairs and essential road maintenance.
Food production & agriculture	Diesel required for farm machinery, irrigation, fertiliser transport, fishing fleets and milk tankers.	Prioritise diesel for food production, milk collection and essential food freight.
Public transport reliability	Bus services may reduce if diesel supply tightens, limiting access to work, healthcare and essential services.	Work with regional partners to prioritise fuel for core public transport routes and communicate service changes early.
Consumer goods	Courier logistics, parcel delivery and	Prioritise essential freight and logistics

References: Wellington Region CDEM Group Action Plan, Fuel Response Plan 2026, MBIE

Hutt City Council – National Fuel Plan Impacts

Escalation Phases (MBIE)	Phase 1 – Watchful	Phase 2 – Precautionary	Phase 3 – Managed	Phase 4 – Protected
PHASE DEFINITIONS	Fuel available, market functioning, focus on monitoring and preparation	Fuel available but disruption emerging; conservation encouraged, govt demand managed	Fuel prioritised to critical services; limits introduced; govt directs allocation	Severe shortage; strict allocation; life-preserving services protected
General	<p>Identify critical vs non-essential service</p> <p>Assess impacts on critical services</p> <p>Ensure critical services keep fuel stocks high</p> <p>Engage with partners and contractors to understand their fuel risks, continuity plans, contract implications</p> <p>Engage iwi and community groups to understand potential welfare needs</p> <p>Prepare approach to managing public/ staff expectations</p>	<p>Prioritise delivery of critical services</p> <p>Review delivery of priority and non-essential services Consider disruptions to key internal projects.</p> <p>Liaise with contractors on continuity plan implementation</p> <p>Consider pausing lower priority projects</p> <p>Enable and encourage "Remote-first" compliance pathways (reduce travel for inspectors)</p>	<p>Prioritise delivery of critical services</p> <p>Restrict travel to critical staff only</p> <p>Make fleet vehicles available for critical staff carpooling</p> <p>Proactive Vitae and welfare engagement</p> <p>Liaise with Government / Regulators on impacts to key internal projects</p> <p>Consider security measures and/or relocate fuel assets</p> <p>"Regulatory Triage" model (risk-based enforcement)</p>	<p>Restrict use of fleet vehicles – save for emergencies</p> <p>Manage impacts of service disruption</p> <p>Adjust scope and deliverables of key internal projects</p> <p>Reallocate fuel to highest priority services</p> <p>Manage impacts of service loss on the community</p> <p>Consider welfare support, particularly for isolated groups</p> <p>Consider temporary extensions/forbearance for regulation</p>
Emergency Management	<p>Planning, investigate and/or implement fuel reduction/cost reduction initiatives, information collection.</p>	<p>CMT and IMT activation - implement fuel reduction/cost reduction initiatives, measures to reduce impacts on staff, welfare response</p> <p>Prioritise emergency access to e-fleet and fuel for generators</p>	<p>Scaled EOC response - focus on intelligence collection, contingency planning (secondary events such as severe weather), welfare delivery</p> <p>Fuel prioritised to response only; priority for e-fleet</p>	<p>Scaled EOC - increased tempo as we pick up exacerbated 2nd order impacts</p> <p>Full emergency mode; life-saving only; priority for e-fleet.</p>
Water services	<p>Normal ops; check Wgtn Water/Tiaki Wai resilience plans</p>	<p>Wgtn Water/Tiaki Wai prioritise treatment & pump stations; defer non-essential works</p>	<p>Prioritise critical supply</p>	<p>Critical supply only; failures likely increase</p>
Trade Waste	<p>Normal</p>	<p>Prioritise high risk</p>	<p>Reactive only</p>	<p>Urgent only</p>
Solid Waste				
<ul style="list-style-type: none"> Kerbside Collection 	<p>Normal collections</p>	<p>Normal collections</p>	<p>Normal collections where electric fleet in use; some restrictions for fuel-dependent collections (recycling deprioritized, less frequency)</p>	<p>Changes to best utilise electric fleet only with focus on public health.</p>

• Landfill operations	Normal, but encourage focus on efficiency	Normal, but encourage focus on efficiency	Prioritise compacter at landfill (our biggest user of diesel) and other critical operations	Restrict to critical operations and works
• Landfill construction	Normal, but encourage focus on efficiency	Normal, but encourage focus on efficiency	Restrict works to essential only	Restrict works to essential only
Transport & Roading	Normal delivery	Defer minor works	Critical maintenance only	Network safety only
Maintenance	Delivery as per programme. Plan for prioritised works programmes	Prioritised delivery programme targeting lifeline routes, arterial routes and safety works. Potential to reduce cyclical works cycles and defer low priority works.	Emergency and safety works only	Emergency works only
Renewals	Delivery as per programme. Plan for prioritised works programmes	Consider the reduction of renewals programme.	Programme deferred	Programme deferred
Parking			Fleet cars may not be available Reduced revenue	Significantly reduced revenue
Major Capital Projects				
• Te Wai Takamori	No change to delivery	No change to delivery	Prioritise in work programme Consider impacts/opportunities	Prioritise in work programme Consider impacts/opportunities
• Tupua Horo Nuku	No change to delivery. Completion imminent	No change to delivery. Completion imminent	Open sites made safe and work halted.	Open sites made safe and work halted.
• Petone Wharf	No change to delivery, consider future supply chain issues and options.	No change to delivery, consider future supply chain issues and options.	Consider pause due to lower priority	Consider pause due to lower priority
• War Memorial Library	No change to delivery; consider options for delaying in later stages	No change to delivery; consider options for delaying in later stages	Consider pause due to lower priority	Consider pause due to lower priority
Procurement/contracts	Develop principles to guide contract management Contact key providers to discuss impact and options	Contact key providers to discuss impact and options	Use principles to adjust contracts approach, case by case and prioritised	Use principles to adjust contracts approach, case by case and prioritised
Parks & Reserves				
• Maintenance	Normal maintenance	Consider reduced cycles for fuel-dependent services (mowing etc)	H&S only	Minimal maintenance / closures

			Close areas that become unsafe due to lack of maintenance Regional/national conversation re pausing some organised sport/ closing sports fields (potential for local, informal options instead) Re-direct contractors to less fuel-dependent tasks	Regional/national conversation re pausing all organised sport/ closing sports fields (potential for local, informal options instead) Consider suspending contracts due to force majeure.
• Renewals	No change to delivery, consider future supply chain issues and options.	No change to delivery, consider future supply chain issues and options.	Delay non-essential projects with fuel implications.	Delay non-essential projects with fuel implications.
• Cemetery	No change to delivery, consider future supply chain issues and options.	No change to delivery, consider future supply chain issues and options.	Service prioritised and run fuel-efficiently	Service prioritised and run fuel-efficiently
Aquatics	Normal ops, limited impact on operations.	May be reduced patronage/revenue due to cost pressures, consider reduced hours/services	Closures likely	Non-essential service Major revenue loss Closures/reduced hours due to low patronage/inability to staff
Community facilities and services	Normal ops, limited impact on operations.	May be reduced patronage/revenue due to cost pressures, consider reduced hours/services; encourage/provide additional digital/remote services; some staff losses due to cost pressure of travel	Closures due to low patronage/inability to staff Staff redistributed to nearest geographic hub.	Non-essential service. Closures/reduced hours due to low patronage/inability to staff
Regulatory Services				
• Building	Normal	Reduced site visits	Critical inspections only	Paused except urgent
• Animal Services	Normal	Dog collections appointment only; Prioritise high risk	Dog collections appointment only; Reactive only	Dog collections appointment only; Urgent/ risk of harm only
• Parking	Normal	Prioritise high risk	Reactive only	Urgent only
Environmental Health (noise, food, alcohol etc)	Normal	Prioritise high risk	Reactive only	Public health only
Governance	Normal meetings	Normal meetings	Consider shift to on-line meetings. Emergency governance activated	CDEM-led
Corporate				
• Fleet	Review fuel use	Fleet prioritisation	Strict allocation	Critical staff only
• Workforce	Follow national direction and messaging	Additionally use Teams to reduce travel for meetings/events.	Reconsider work from home settings	Reconsider work from home settings

	<p>Encourage reduced fuel use</p> <p>Support car pooling and use of public transport</p> <p>Maintain current WFH settings.</p>	<p>Maintain current WFH settings but support alt hours where requested.</p> <p>Consider use of fleet to support carpooling</p>	<p>Redeploy staff where possible (site closest to home)</p> <p>Explore financial assistance (e.g., AL payout provisions)</p>	<p>Redeploy staff where possible (site closest to home)</p> <p>Explore financial assistance (e.g., AL payout provisions)</p>
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Priority of Council Services

Activity / Service	Fuel Dependency	Classification
Emergency Management	High	Critical
Three waters	Very High	Critical
Solid Waste - Collection	Low	Critical
Solid Waste - Landfill	Very High	Critical
Cemeteries Operations	High	Critical
Regulatory – Public Health (EH, dangerous buildings, dog attacks)	Medium–High	Critical
Customer Contact Centre (incl. after-hours)	Low	Critical
Communications	Low	Critical
Finance (rates, payments, payroll)	Low	Critical
People & Culture (HR, payroll, H&S)	Low	Critical
Information Systems / IT (core systems)	Low	Critical
Roading Maintenance	Very High	Priority
Parks and Reserves	Very High	Priority
City Safety/CCTV	Low	Priority
Community Facilities Maintenance (hubs, halls, etc)	Medium	Priority
Planning Consents / District Development	Low	Non-essential
Growth and resource management planning	Low	Non-essential
Roading Projects / Capital Works	High	Non-essential
Community / Engagement / Strategy Work	Low	Non-essential
Library/aquatics/arts and culture services and programming	Low	Non-essential
Sports fields and indoor rec centres	High/Low	Non-essential
Community development - grants, facilitators	Low	Non-essential

22 April 2026
Report no: ARSC2026/2/33

Regulatory Compliance and Assurance

Purpose

1. To provide assurance to the Audit and Risk Subcommittee on regulatory compliance and enforcement performance across key service areas, and to identify current and emerging risks, noting that there is also a regulatory compliance report that goes to the Infrastructure and Regulatory Committee.

Recommendation

That the report be received and noted.

Resource Consents

2. The Resource Management Act sets a statutory timeframe of 20 working days to process non-notified resource consents.
3. Table 1 below shows continued improvement in processing times for non-notified resource consents.

Table 1: Non-notified Resource Consents issued within 20 working days

Financial Year	2023/24	2024/25	2025/26*
Total consents issued within 20 working days	242	280	152
Total consents issued	314	298	157
Percentage issued within 20 working days	77%	94%	97%

* Financial year to date as of 28 February 2026

4. Council is not fully compliant with the statutory timeframe of 100% non-notified resource consents to be issued within 20 working days.

5. The most recently reported results from the Ministry for the Environment National Monitoring System for 2023/24 state that for all issued resource consents across 78 councils, that 82% were within the statutory timeframe.
6. There are two upcoming risks that may have an impact on Council's resource consent processing times. The first relates to the establishment of Tiaki Wai on 1 July 2026. There may be some disruption during the transition period when Tiaki Wai takes responsibility for the three waters related components of resource consent applications. However, this should be a short-term risk.
7. The second risk relates to the increase in development contributions on the valley floor from 1 July 2026. In previous years, there has been an influx of applications before development contribution increases, which has affected consent processing timeframes. However, this should also be a short-term risk, and any influx of applications is expected to be on a smaller scale than in previous years.
8. Table 2 below shows that the number of resource consents received so far in 2025-2026 is consistent with the previous year but is lower than 2022-2023 and 2023-2024 for the year to date.

Table 2: Resource consents received by quarter / financial year

Financial Year	Q1	Q2	Q3	Q4	Total
2022/23	100	145	69	66	380
2023/24	93	83	79	163	418
2024/25	63	62	41	74	220
2025/26	67	61	39*		167

* Financial year to date as at 28 February 2026

Building Consents

9. The Building Consent Authority (BCA) is responsible for processing building consents, inspecting building works and issuing Code of Compliance Certificates (CCCs). The Building Act sets a statutory timeframe of 20 working days to process building consents and CCCs. There is also a new requirement in the Building Regulations to undertake 80% of all building inspections within three days of being requested.
10. Table 1 below shows continued improvement in processing times for building consents. Substantive compliance is 95% and greater. Following a period of sustained housing growth, the BCA struggled to resource up to meet consenting and inspection volumes. This resulted in a decline in compliance with statutory timeframes. A multi-year improvement programme was completed in 2025, resulting in a significant uplift in BCA performance. The BCA is now considered low risk by the industry accreditation body IANZ.

Table 1: Building Consents issued within 20 working days

Financial Year	2023/24	2024/25	2025/26*
Total consents issued within 20 working days	615	878	635
Total consents issued	1136	1086	670
Percentage issued within 20 working days	55%	82%	96%

* Financial year to date as at 28 February 2026

11. The government's planned reform of the building sector introduces potential risks to the ongoing operations of the BCA. Management is actively engaging with government and other BCAs and is implementing process adaptations to mitigate these risks.
12. Table 2 below shows continued improvement in processing times for CCCs. Substantive compliance is 95% and greater.

Table 2: CCC's issued within 20 working days

Financial Year	2023/24	2024/25	2025/26*
Total consents issued within 20 working days	460	829	540
Total consents issued	869	888	560
Percentage issued within 20 working days	53%	93%	96%

* Financial year to date as at 28 February 2026

13. The table below shows the number of inspections delivered within three days of being requested. This is a new requirement with an 80% compliance target, and therefore, monitoring and reporting only began this financial year.

Table 3: Inspections completed within three days of being requested

Financial Year 2025/26	Q1	Q2	Q3	Q4
Total number of inspections completed	1675	1199	838*	
Percentage completed within 3 days	93	93	86*	

* Financial year to date as at 28 February 2026

14. The BCA is currently replacing its core IT system (Go Get) due to the vendor (Objective Corporation) indicating that the product will go end of life on 30 June 2026. Following a procurement process, a new provider (Ally) was selected, and a transition project is underway, with a planned go-live in early May 2026.

Parking Services

15. Infringements are the primary enforcement mechanism under the Land Transport Act. The increase in infringement volumes in 2025/26 is largely attributed to enhanced monitoring capability through the introduction of mobile Licence Plate Recognition (LPR) technology, rather than a material change in underlying compliance behaviour.
16. Infringement volumes are predominantly driven by non-payment within paid parking zones.

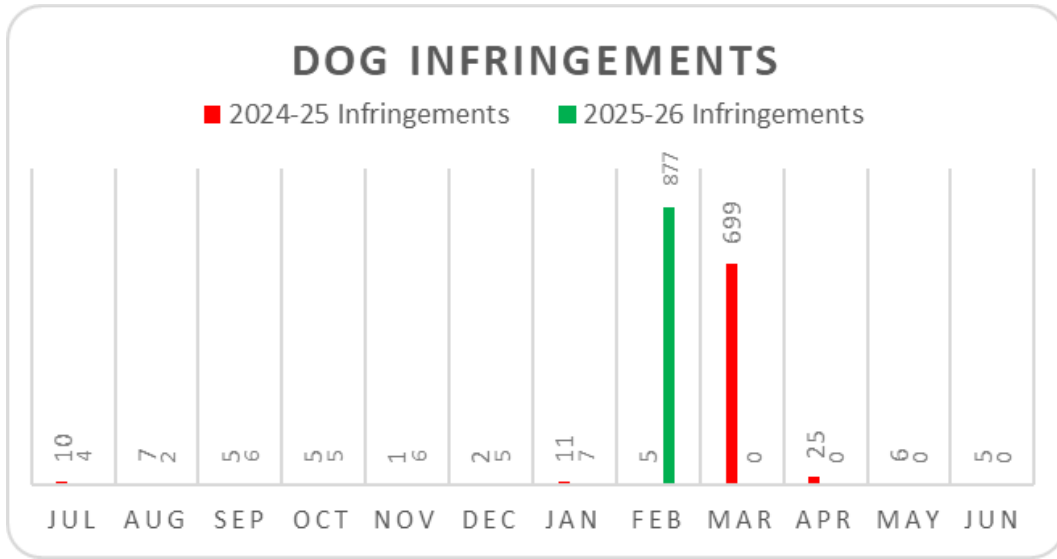
Graph 1: Showing Parking Infringement volume over a three-year period



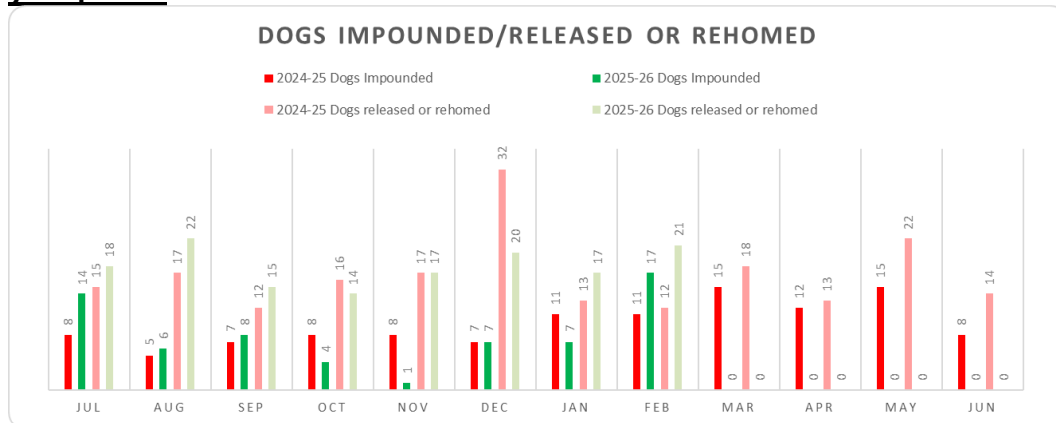
Animal Service

17. A range of enforcement tools is available under the Dog Control Act, including infringements, seizure, and prosecution. Annual infringement activity includes bulk issuance for unregistered or non-microchipped dogs.
18. Three prosecutions were undertaken in 2024/25, with none recorded to date in 2025/26.
19. A proactive, customer-focused approach is applied to achieving compliance outcomes, with a preference for resolution outside of Court proceedings.

Graph 2: Showing infringements issued under the Dog Control Act over a two-year period

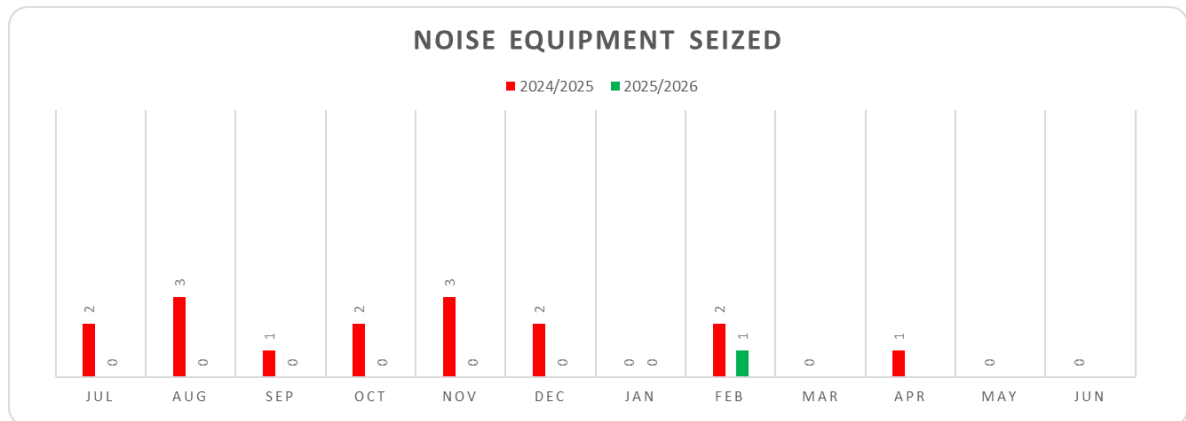


Graph 3: Showing dogs impounded under the Dog Control Act over a two-year period

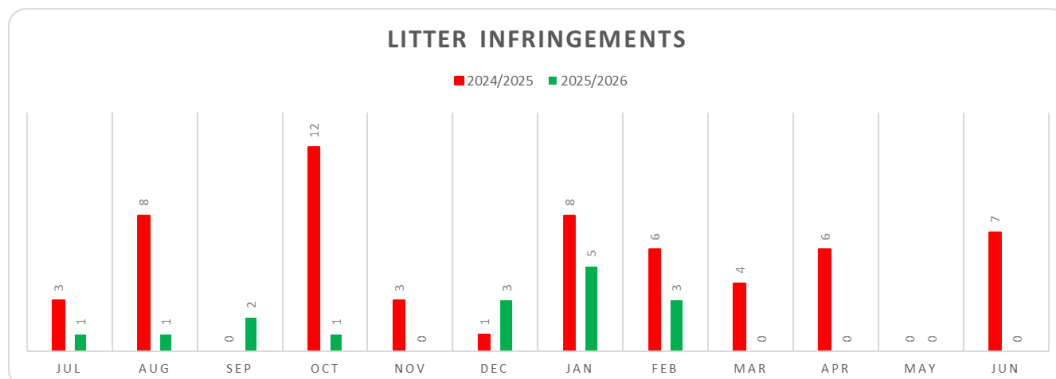


Environmental Health (Noise and Litter)

- 20. Repeated noise breaches can result in the source of the noise (eg stereo equipment) being seized.
- 21. Seizure activity in 2025/26 is lower than in the previous year. While the underlying drivers are not confirmed, contributing factors may include increased compliance following prior enforcement and changes in social behaviour associated with current economic conditions.

Graph 4: Showing noise equipment seized over a two-year period

22. Infringements are issued where sufficient evidence exists to link litter dumping to an identifiable offender.
23. The reduction in litter infringements is primarily attributable to the reduced availability of evidence required to identify offenders. Enforcement action is dependent on locating traceable materials within dumped litter (eg addressed documents) to establish a clear evidentiary link.

Graph 5: Showing litter infringement issued over a two-year period

Water Services

24. Seaview WWTP has four abatement notices that are currently active, and one abatement notice was recently completed.
25. The active abatement notices are:
 1. Abatement A956 (issued June 2021) to cease discharging offensive and objectionable odour,
 2. A998 (December 2021) to cease dry weather discharges to the Waiwhetu Stream, A1026 (September 2022) to cease discharge of non-compliant effluent
 3. A1111 (October 2024, amended February 2025) to implement a range of capital works to treat air discharges and reduce odour from the plant, and to provide evidence of the effectiveness of those actions.

4. A1111 is in progress with Stage 1 and Stage 2 works completed, and an independent report on effectiveness has been undertaken. The February 2025 amendment removed the requirement to install odour treatment in the current dryer hall building following a value-engineering exercise.
26. Abatement A1108 (August 2024) to complete biofilter upgrade works and provide a report on the effectiveness of the works. This was completed.

Appendices

There are no appendices for this report.

Authors: Tim Johnstone, Head of Planning and Richard Barton, Head of Building Control

Reviewed By: Jon Kingsbury, Director Economy & Development

Approved By: Andrea Blackshaw, Director Neighbourhoods and Communities

TO: Chair and Members
Audit and Risk Subcommittee

FROM: Jenny Young, Democracy Advisor

DATE: 22 April 2026

SUBJECT: AUDIT AND RISK SUBCOMMITTEE FORWARD PROGRAMME 2026

Purpose of Memorandum

1. To provide the Audit and Risk Subcommittee (subcommittee) with the proposed Forward Work Programme for 2026.

Recommendation

That the Subcommittee receives and notes the Forward Programme for 2026 attached as Appendix 1 to the memorandum.

Background

2. The Terms of Reference require the subcommittee to monitor and provide advice on the effectiveness of how Council discharges its responsibilities in relation to governance, risk management, and internal control.
3. The Forward Work Programme for 2026 is intended to support planning by enabling members and officers to coordinate work programmes for the year. The programme is attached as Appendix 1 to this memorandum.

Forward Programme

4. The Forward Work Programme is a living document and is subject to regular review and update.

Appendices

No.	Title	Page
1 ↕	Audit and Risk Subcommittee 2026 Forward Programme	212

Author: Jenny Young
Democracy Advisor

Approved By: Kathryn Stannard
Head of Democratic Services

AUDIT¹ AND RISK SUBCOMMITTEE 2026 Forward Programme

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Forward Programme	Democratic Services	✓	✓	✓		✓	
Regulatory Compliance and Assurance Update	Economy and Development	✓	✓	✓		✓	
Water Service Transition Update	Strategic Projects	✓	✓	✓		✓	
Risk Management and Assurance Update	Finance	✓	✓	✓			

¹ The forward programme is a working document that is updated to include reports on matters as they arise.

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Sensitive Expenditure Disclosures	Finance	✓		✓		✓	
External Audit update	Finance	✓		✓			
Annual Tax Compliance Update	Finance					✓	
Review of Procurement Strategy and Policy	Finance	✓					
Treasury Risk Management Policy	Finance	✓					

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Review of Financial Delegation Policy	Finance	✓					
Holidays Act Remediation Project (half-yearly)	Finance			✓			
Tupua Horo Nuku / Eastern Bays Shared Pathway Project Update	Transport	✓		✓			
Legal Compliance survey results	Legal	✓				✓	

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Litigation, Official Information Requests and Privacy Updates	Legal	✓				✓	
Health and Safety Update (half-yearly)	Chief People Officer	✓				✓	
Te Wai Takamori o Te Awa Kairangi RiverLink Project Update	Te Wai Takamori o Te Awa Kairangi RiverLink Project Team	✓		✓			
Cybersecurity Update 2026 (public excluded)	Information Services		✓				

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Group Annual Report 2025/26 and audit update	Finance, Strategy and Policy		✓	✓	✓		
Insurance Renewal Update	Finance			✓			
Human Resource Information System and Payroll Project Update	Information Services			✓			
Eastern Hutt Road and other resilience work (half-yearly)	Transport	✓				✓	

Description	Business Unit	Cycle 2 21 Apr	Cycle 3 24 June	Cycle 4 25 Aug	Additional meeting: Annual Report 29 Sep	Cycle 5 10 Nov	Upcoming
Overview of AI at Council	Strategy and Engagement			✓			
Standard and Poor's Credit Rating update	Finance			✓			
Contract Management	Finance					✓	
Regional Amalgamation	To be advised						Timing is subject to the progression of the regional amalgamation process