

**I give notice that  
a Risk & Assurance Committee Meeting will be held on:**

<b>Date:</b>	<b>Wednesday, 13 September 2023</b>
<b>Time:</b>	<b>9.00am</b>
<b>Location:</b>	<b>Council Chamber 107 te Heuheu Street Taupō</b>

# **AGENDA**

## **MEMBERSHIP**

**Chairperson** Mr Bruce Robertson  
**Deputy Chairperson** Cr Danny Loughlin

**Members** Mr Anthony Byett  
Cr Anna Park  
Cr Rachel Shepherd  
Cr Kevin Taylor  
Mayor David Trewavas  
Cr John Williamson

**Quorum** 4

**Julie Gardyne**  
**Chief Executive Officer**

## Order Of Business

<b>1</b>	<b>Karakia</b>	
<b>2</b>	<b>Whakapāha   Apologies</b>	
<b>3</b>	<b>Ngā Whakapānga Tukituki   Conflicts of Interest</b>	
<b>4</b>	<b>Whakamanatanga O Ngā Meneti   Confirmation of Minutes</b>	
4.1	Risk & Assurance Committee Meeting - 7 July 2023.....	3
<b>5</b>	<b>Ngā Ripoata   Reports</b>	
5.1	Project Quantum Update .....	4
5.2	Health, Safety and Wellbeing Report.....	11
5.3	Review of Sensitive Expenditure .....	18
5.4	2023 Annual Report Audit Plan Update .....	19
5.5	Long-Term Plan Risk and Assurance Update .....	20
5.6	Financial Strategy Update 2024-34 Long-Term Plan .....	23
5.7	Treasury Management Policy Review .....	28
5.8	Monthly Performance Report - July 2023 .....	29
5.9	Chief Executive Update to Risk & Assurance Committee - Current Risks .....	30
<b>6</b>	<b>Ngā Kōrero Tūmataiti   Confidential Business</b>	
6.1	Confirmation of Confidential Portion of Risk & Assurance Committee Minutes - 7 July 2023 .....	31
6.2	Review of the Council's Health and Safety System .....	31
6.3	Litigation Update .....	31

**4.1 RISK & ASSURANCE COMMITTEE MEETING - 7 JULY 2023**

**Author:** Shainey James, Governance Quality Manager

**Authorised by:** Nigel McAdie, Legal and Governance Manager

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the minutes of the Risk & Assurance Committee meeting held on Friday 7 July 2023 be confirmed as a true and correct record.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Risk & Assurance Committee Meeting Minutes - 7 July 2023

**5.1 PROJECT QUANTUM UPDATE**

**Author:** Tracey May, Digital Transformation Manager

**Authorised by:** Libby O'Brien, General Manager People and Community Partnerships

**TE PŪTAKE | PURPOSE**

To give the Risk and Assurance Committee an update on the status of Project Quantum.

**WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY**

This report serves to provide the Risk and Assurance Committee with details on Project Quantum, this includes the background, its purpose, cost to deliver and timeframe of deliverables.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the update on Project Quantum risks and progress.

**TE WHAKAMAHUKI | BACKGROUND**

The update has been before the Risk & Assurance Committee at a prior meeting 13 July 2021, refer item number 4.2 and the following resolutions were made: That the Risk & Assurance Committee receives the report RACC202103/05.

**NGĀ KŌRERORERO | DISCUSSION****What is Project Quantum?**

Project Quantum is a four phase, multi-year programme of work expected to be completed end 2024, that is the replacement of our core Enterprise Resource Planning (ERP) systems used for all core functions, such as finance, rates and revenue, regulatory and customer management functions along with associated documentation.

Project Quantum is an organisation-wide change to the way Taupō District Council (TDC) operates and interacts with our customers and each other, allowing us to get on with what we do best: supporting and transforming our community to be a place where people thrive. While technology improvements form the core of the project, Project Quantum is not just about technology, being more about business transformation.

**Background**

The planning of the strategic vision for the project started in 2017 as part of "what does great looks like" PricewaterhouseCoopers (PWC) strategic review of our technology landscape and roadmap to achieving the vision and design principles.

The aim of the programme is to provide a more customer responsive end-to-end service with better tools and technology to future proof our organisational goals. While it has been in progress since 2018 with an open market expression of interest (EOI) and request for proposal (RFP) process, we signed the agreement with TechnologyOne (T1) in 2019 to implement the CiAnywhere software as a service cloud solution (to replace MagiQ ERP and other minor systems). In 2020 the T1 Enterprise Content Management (ECM, replacing Objective which stores and manages our documents) was added to the scope based on user experience and feedback.

In 2019, the strategic vision for Project Quantum was formed, aligned to the TDC vision and values and signed off by the CEO at the time, Gareth Green. These are:

- Excellence in the delivery of our key services, and management of risk as a result of our systems
- Ease of interaction for our customers – our customer can interact with us in a way which is convenient to them, as opposed to what works for us
- Reduced manual intervention and operational costs of transaction – less manual back filling for system limitations

- Having our information open for our communities to access, given it is their information
- Better monitoring of how we are performing and how we do our jobs (KPI reporting both internal and external)
- Customer-centric technology – one view of customer, increasing our ability to go from good to great
- Showing value to our communities through providing things which are useful to them, and in the process making us more efficient and effective
- Financially responsible to the rate paying community
- Enhancing our systems’ legislative compliance to reduce exposure for ratepayers.

One of the key priorities was to leverage our people, processes and technology to transform our digital space for you to access information anywhere, meaning our people are freed up to do what they do best.

**Why are we doing this?**

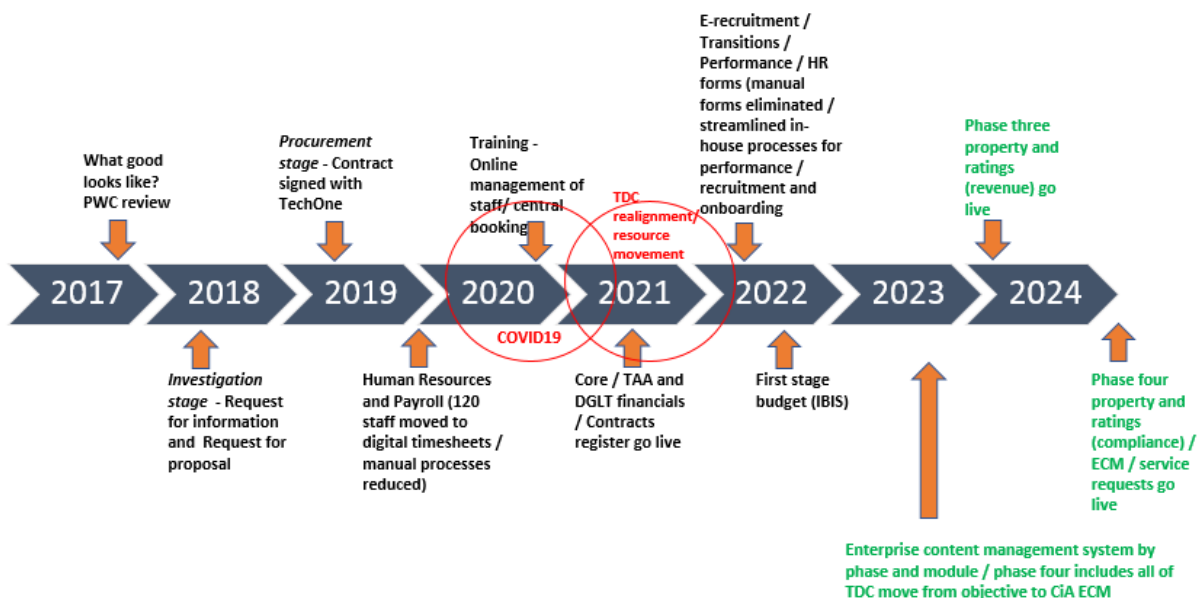
Community expectations and how people want to interact with councils have shifted rapidly in recent years. The digital experience is no longer just desirable, it is a critical part of councils’ community interactions and part of what our community expects from us.

Prior to implementing our shift to CiAnywhere, we had over 200 unique software applications as part of our business as usual (BAU) processes, with these systems often not talking to each other, and are on legacy platforms that need to be upgraded. As well as being highly inefficient, this also creates major challenges for areas such as training, access, security, our ability to be agile, and creates a lack of one unified source of customer and operations data.

TDC have under-invested in our technology and information assets in the past and we now have to catch up to the growing needs of our customer and staff. Large core ERP systems are typically reviewed every 10 years to ensure they are still meeting organisational needs. MagiQ has been in place at TDC for 35 years and Objective for 15 years.

We are among many across local government that are currently undertaking these business transformation projects – Rotorua, Waikato RC, Gisborne, Kapiti, Tasman, Queenstown, Bay of Plenty Regional Council, Hawkes Bay Regional Council.

**Our Journey**



The first two phases of the project have been completed and we are currently at phase three of the programme of work. This phase is about enabling a new way of working within the property and ratings (revenue) space and will be completed by March 2024. This phase includes revenue activities such as:

- Rates and water billing
- Animal management
- Infringements
- The way we charge and collect money
- The way we manage our content
- Taupō Airport Authority (TAA) leases and licenses.

Phase four will run from February 2024 to December 2024 and is focused on compliance activities, covering:

- How requests are managed
- TDC leases and licenses
- Building and resource consents
- Development contributions
- Permits for food, health and liquor, compliance enforcement
- LIMs, PIMS and Online property files
- Assets - fleet, portable and TDC assets
- Migrating content for non-ERP users into CiAnywhere ECM.

Alongside Project Quantum is the continuous improvement work which includes reviews and upgrades (i.e.: CiAnywhere upgrades every six months, Microsoft, etc) of all systems currently in use. We recognise our systems and technology landscape is constantly evolving and requires continual improvement to ensure it is up to date, secure and continues to meet our changing business needs.

Our finance system was implemented in 2020 - 2021 at a time of significant change across TDC which has resulted in some changes being made to improve and update the system accordingly.

One of the biggest risks for the project is the internal buy-in and capacity for the organisation to adopt changes. Because of this, change management, including communications and training have also been strengthened to assist our people with adopting the changes. (See attached Change Management Strategy for phase 3.)

### **Benefits**

High level programme benefits include:

- Sustainable: enhancing business capabilities, costs reduction, streamlining processes, efficiency gains, mitigation of risk
- Regulatory and legislative compliance: meeting compliance and audit obligations
- Community: improving outcomes for the community
- Customer experience: improving the quality of our products and services and online interactions with customers
- Workforce and culture: moving to a more digitally enabled workforce, improving staff development and cultural enablement.

Benefits realised to date include:

- Completely integrated People and Culture processes, from application and onboarding to payroll and performance management
- Retiring of four People and Culture systems and multiple manual spreadsheets
- Confidence in the payroll system for compliance to legislation and best practice
- Over 120 staff moved from manual paper timesheets onto electronic timesheets

- Ability to process payroll from anywhere during Covid lockdowns.
- Self-service payslips and leave processing
- Increased reporting and the implementation of a live dashboard
- Implementation of a contracts register to satisfy audit requirements.

## NGĀ HĪRAUNGA | CONSIDERATIONS

### Whakahāngai ki tā te Kaunihera wawata | Alignment with Council's Vision

Council's vision is 'we will be a district of connected communities who thrive and embrace opportunities'.

This is accompanied by a core set of values to underpin decision-making, the following of which are relevant to this particular proposal:

- Tangata Whenua are acknowledged and respected – inclusion of Kaupapa Māori metadata to ensure all information is acknowledged and retrievable for our iwi partners
- Vibrant places and connected communities – data to support improved decision making
- Innovative, thriving economy – improved customer experience, making it easier to interact with Council.
- Resilient communities working in partnership – transparency in our processes
- Flourishing environment.

### Ngā Aronga Pūtea | Financial Considerations

The financial impact of the proposal is estimated to be \$10,202,966 (budget) vs \$9,799,698 (expected cost to deliver).

<i>Data</i>	\$	925,540.26
<i>People (Staff capitalisation)</i>	\$	4,096,792.50
<i>Implementation (incl licencing)</i>	\$	2,753,308.24
<i>Other (ie: legal, audit)</i>	\$	128,809.57
<b>Spend to date:</b>	<b>\$</b>	<b>7,904,450.57</b>

### Long-term Plan/Annual Plan

The expenditure outlined is currently budgeted for under the Annual Plan.

## Ngā Aronga Ture | Legal Considerations

### Local Government Act 2002

Local Government Act 2002 The matter comes within scope of the Council's lawful powers, including satisfying the purpose statement of [Section 10](#) of the Local Government Act 2002. The matter will enable Council to meet the current and future needs of the communities for good quality local public services (ie: efficient, effective and appropriate to present and anticipated future circumstances).

The matter assists Council in providing local public services.

## Ngā Tūrarū | Risks

Key risks theme and mitigation activities have been identified in the table below, a full list of project risks and appropriate risk management activities are contained in the project risk register (attachment 2).

Key risks are identified as risk considered to be 'high' and include:

Risk Theme	High, Med, Low	Risk Mitigation
<b>Business Risk – Legacy Systems</b> The current solutions (MagiQ and	High	Implementing the remainder of CiAnywhere will significantly reduce the risk associated with the

Risk Theme	High, Med, Low	Risk Mitigation
<p>Objective) have been in place for several decades. Both systems are in the sunset phase of software lifecycle with technical support coming to an end soon. Neither system has been upgraded since 2017.</p> <p>There is the risk of additional costs and extended timeline if we were to upgrade these systems now, but the data they contain is business critical.</p> <p>Data migration from MagiQ is proving challenging.</p>		<p>aging systems. CiAnywhere will remove the reliance of the business processes currently in MagiQ and will also act as a content and data repository to replace Objective.</p> <p>Further business continuity discussions are underway including data warehouse opportunities.</p> <p>Clean data where possible. Migrate only what is necessary.</p>
<p><b>Organisational Change Management</b></p> <p>This type and scale of Organisational Change Management is new to Council and this may impact user adoption of the solution and the ability to realise the project benefits sooner.</p>	High	<p><b>Update:</b> a new change manager has been bought into the project. A new change, communication and training strategy has been developed and ratified by the steering committee.</p> <p>Development of internal skills and ownership of change and improvement – leader led approach.</p> <p>Training resource to focus on creation and delivery of training for core organisational wide modules. <b>Note: whilst this is now a gap (as highlighted) we are in the recruitment process for a new training resource.</b></p> <p>Early development and communication of the system familiarisation and training plan as much as practical.</p> <p>Early involvement of the business in solution design and testing to bring them on the journey.</p>
<p><b>Resourcing</b></p> <p>Key project team roles are not adequately resourced resulting in delays to data migration, integration, test execution and reduction in quality due to inability to support the business through other phases.</p>	High	<p>Team roles identified in advance to ensure right skills on board to deliver project.</p> <p>Report on capacity and/or capability issues as soon as identified to Steering.</p> <p>Contract out key pieces of work as necessary to maintain quality and timelines where possible.</p> <p>Actively hiring for addition team roles as required throughout the project.</p> <p>Opportunities being investigated to share knowledge and expertise across councils doing the same project.</p>
<p><b>Resourcing</b></p> <p>Business representatives required for key parts of the project may not be available due to increase in BAU workloads and resourcing shortages, delaying design input, test execution and training</p>	High	<p>The project delivery approach has changed in a response to the lessons learnt for the first 2 phases.</p> <p>Project planning considers and avoids periods of peak activity in affected teams.</p> <p>Key staff have been identified and are involved but are not expected to do configuration.</p> <p>Steering committee change now consists of people leaders involved in the phase three and phase four roll out. Steering committee championing the changes and assigning resources to the project.</p> <p>Project manager working with people leaders and project team to organise work in advance to allow</p>



Risk Theme	High, Med, Low	Risk Mitigation
		for backfill planning.
<p><b>Service Level Risk</b></p> <p>Whenever a new system goes live there is risk of drop in service level as staff get used to new ways of doing job and system issues are identified and resolved.</p> <p>Many processes have been designed around a legacy system, in silos and have not been reviewed in many years.</p>	Med	<p>Change to staged implementation to reduce risk of service level impacts and have time to bed the system in before moving onto the next phase.</p> <p>Ensure staff are trained and comfortable with using the CiAnywhere and the new processes.</p> <p>Ensure appropriate level of on-site consultant support post go-live.</p> <p>Large support community for break/fix issues processes in place.</p> <p>Application Management Support (AMS) contract in place to provide remote assistance up to 40 hours per month – to be increased as more modules go live</p> <p>Review processes to ensure they are efficient and effective. Align with change management and training to ensure they are understood and adopted by staff.</p>
<p><b>Change of Timeline</b></p> <p>There is risk of additional costs and extended timeline resulting from Vendor initiated timeline changes due to resourcing, development, configuration and testing delays.</p>	High	<p>Rotorua Lakes council are now live with P&amp;R – we are in regular contact to take on their learnings.</p> <p>Time to get new two new BA's up to speed will result in some delays to the Compliance stream.</p> <p>TechnologyOne consultants will provide additional training and configuration support to ensure timeframes are met.</p>

### TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is of a low degree of significance.

### TE KŌRERO TAHI | ENGAGEMENT

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

### TE WHAKAWHITI KŌRERO PĀPAHO | COMMUNICATION/MEDIA

No communication/media required.

### WHAKAKAPINGA | CONCLUSION

All four phases of Project Quantum are expected to be completed by the end of 2024. Project Quantum is a business transformation programme with Digital Solutions enabling and project managing the transformation. Project Quantum has been reviewed over the life cycle of the programme to ensure the programme is still fit-for-purpose, cognisant of business-as-usual (BAU) pressures on our staff and on track with expected outcomes of a programme of this nature.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Change strategy for Project Quantum
2. Project Quantum Risk Register

## 5.2 HEALTH, SAFETY AND WELLBEING REPORT

**Author:** Michelle McGill, Health, Safety and Well-Being Manager

**Authorised by:** Nigel McAdie, Legal and Governance Manager

### TE PŪTAKE | PURPOSE

To provide assurance that there are core systems and controls in place to manage Taupō District Council's critical health, safety and wellbeing risks that are aligned to the duties imposed under the Health and Safety at Work Act 2015 (HSWA). This report covers a three-month period June-August 2023.

### WHAKARĀPOPOTOTANGA MATUA | EXECUTIVE SUMMARY

This report is focussed on our continued progress on Council's key strategic activities aligning workstreams to risk, resources and assurance that Council is providing a safe workplace for its workers and other persons.

1. We have commenced our internal assurance programme by having KPMG conduct a review of the Council's health and safety management system completed in July 2023 – refer separate paper in this agenda. The current state analysis will help inform the development of a work programme to support both the health and safety team, and operational teams meet best practice standards.
2. We continue to focus our efforts towards managing our risks, especially our critical risks associated with tasks and duties that could result in serious injury or death. We have identified 14 critical safety risks across the organisation:

Working on or in proximity to a roadway	Driving for work	Working in a confined space
Working at height	Hazardous substances/asbestos	Working over or near water
Working with plant or machinery	Working alone/in isolation	Working with energy sources
Working in or around excavations	Dealing with aggressive and/or abusive people	Working in proximity of overhead or underground services
Declining mental health	*Managing overlapping H&S duties between contractors and council (NEW)	

3. Critical Risk Registers support the risk management processes for the different sites and departments across Council. These registers provide workers with information about specific workplace risks and applicable controls. To assist addressing some gaps across our registers, the Local Authority Shared Services (LASS) groups have had discussions regarding applicable software to create and manage the registers, and the level of detail required in relation to critical risks.
4. The assurance programme for managing risk is progressing across the organisation with the use of the app *Vault Check* to create and access templates. The assurance audit tools target the high risk-work done both internally and externally and supplement our critical risk registers.
5. Wellbeing of workers is paramount to enhancing a strong safety culture. The Council's People and Culture team are engaging external expertise in this challenging field through the provision of courses and monitoring of Employee Assistance Programme (EAP) services available to employees.
6. The Contractor management framework remains under review. With the recent change to bring Procurement, Risk, and Health and Safety under the umbrella of Business Excellence, this should see some stronger alignment around contractor management. Activity planning will commence in September 2023.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the Health, Safety and Wellbeing Report for June to August 2023.

**TE WHAKAMAHUKI | BACKGROUND**

The Health and Safety at Work Act (HSWA) and the Regulations that underpin the Act provide a framework to manage workplace risks to ensure the health and safety of workers and visitors to the workplace. This report looks at the Council's core systems for risk management to demonstrate that the responsibilities of duty holders (refer s44 of the Act) are being discharged.

**NGĀ KŌRERORERO | DISCUSSION****1. Strategic Progress**

The following workstreams outline Council's progress on current/outstanding safety activities that strengthen and support the Health and Safety Strategy.

Workstream	Status	Next milestone	Comment
Inspections and audits for the operational teams uploaded into Damstra	20%	Transition all H&S inspections into Damstra to provide reporting metrics	Maintenance and equipment checks are completed but saved outside Damstra in the Objective files. No reporting capability within Objective.
Critical Risk Audits and Inspections in Damstra	50%	Further develop KPIs to provide assurance that audits and inspections are being completed.	Current health and safety KPIs could be improved to be SMART(er)
Contractor Management framework	80%	Online Contractor Induction	The Draft <i>Contracting to Council</i> documentation is under review. To be finalised and the website updated.
Fire and Emergency preparedness	100%	All buildings and venues have an Approved Fire Scheme where legislatively required, with all six-monthly evacuation drills completed.	One more training session scheduled to ensure all fire wardens are trained to NZQA standards.
Safety Management System (SMS) review	0%	Alignment of our SMS to the ISO 45001 International Standards	Review is required to align the SMS with ISO 45001
Risk Registers	10%	Utilise a risk assessment template that is consistent across all Council operations. Draft template sitting within the Risk Charter.	Transition working documents (SMP's, SOP's, SWMS) that have identified risks onto new template once approved.
Risk Registers	20%	Develop Critical Risk Registers	Explore options creating robust critical risk registers. Options – 1. Damstra new risk module 2. Bow tie risk assessment
Inductions	80%	TDC has developed an online induction, and in-house technology supports creating Site Specific Inductions.	Online induction due for review July 2023 and to be incorporated into P&C's on-boarding induction process for new recruitments.
Health and Safety Training	On going	Level 1 and Level 2 HSR training  ICAM investigation training	Scheduled for September and October 2023
Aggressive behaviour	On	Review technology options	Automated locking of buildings

management	going	for escalations / Guardian Angel. On-going training on resilience and de-escalation for front line staff	under review
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**2. Management of Risks**

Section 30 of HSWA references a duty on a person -

- (1) (a) to eliminate risks to health and safety, so far as reasonably practicable; and
- (b) if it is not reasonably practicable to eliminate risks to health and safety, to minimise those risks so far as reasonably practicable.
- (2) A person must comply with subsection (1) to the extent to which the person has, or would reasonably be expected to have, the ability to influence and control the matter to which the risks relate.

This duty is applicable to all workers including contractors to the extent they are able to influence and control workplace risks. The measurement of key performance indicators are a way to monitor compliance.

**(a) Key performance indicators – last 3-month period:**

- I. New Hazards/Observations -15
- II. Audits and Inspections: Construction & Civil - 7
- III. Audits on Traffic Management Plans (STMS) - 12
- IV. Safety Alerts -1
- V. Corrective Actions by Business unit -table

Business Unit	Current Corrective Action Status	Number of Actions
Operational & Delivery Group	Completed	71
	Not Started	9
	Underway	11
Organisation Performance Group	Completed	3
	Not Started	1
	Underway	1
People & Community Partnerships Group	Completed	5
Strategy & Environmental Group	Completed	5

These indicators are collated through the Damstra software with data feeding into active dash boards.

While incident reporting reflects a good health and safety culture, health and safety observations are not as effectively reported into the H&S software as the process of internal service requests is more familiar to employees, particularly where there is a cross over between departments to mitigate workplace hazards.

Corrective actions are a mandatory requirement in the incident and hazard management framework and while our reporting data is substantial, this directly correlates to corrective actions assigned.

Where there is a significant health and safety risk identified and there is an opportunity to share lessons learnt (either internally or externally) a Safety Alert is generated.

Audits and inspections are an on-going area for improvement, with the Vault Check app currently being rolled out across the Council work fronts. The Project Management Office (PMO) team are demonstrating use of the inspection and audit templates provided in Damstra, with development of bespoke templates underway within the Infrastructure/Solid Waste, Parks & Reserves, Cycle Instructors and the Events teams.

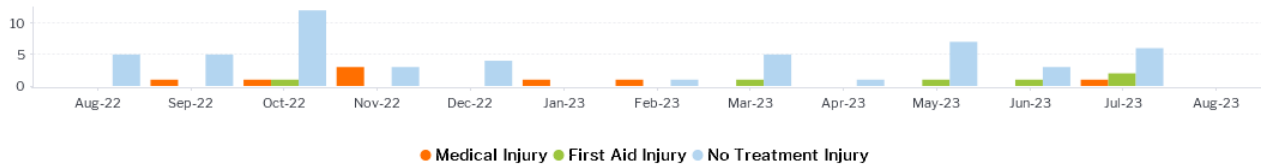
**(b) Incident Reporting**

Incidents profiled for this report are summarised below in the graphs for the previous 12 month rolling period. Across Council, there is a good culture of reporting incidents. Serious harm injuries remain very low with most injuries requiring either no treatment or simple first aid treatment.

Injuries for the last three months are consistent with the trending data, with most injuries representing no treatment (9), first aid (3) or medical treatment injury(1).

All incidents once logged into Damstra have an investigation status. Those with a status of “Not Started” indicates that the investigation has not yet commenced. Incidents are not closed out as “completed” until all corrective actions pertaining to the incident have been completed.

Rolling 12 mths - Injury Types



Events - Quarter One - 2023

No. of Events	Type of Event				Total
	Illness	Incident	Injury	Near Miss	
Event Status					
Completed	1	26	7	6	40
Not Started	0	0	1	0	1
Underway	0	3	0	2	5

Events - Quarter Two - 2023

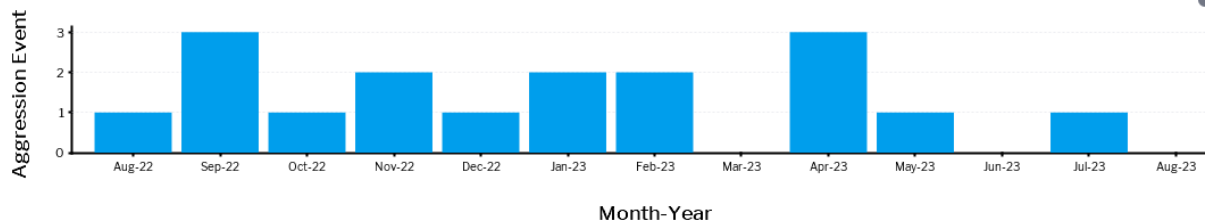
No. of Events	Type of Event				Total
	Illness	Incident	Injury	Near Miss	
Event Status					
Completed	2	26	8	2	38
Not Started	0	0	1	0	1
Underway	0	4	2	2	8

Events - Quarter Three - 2023

No. of Events	Type of Event			Total
	Illness	Incident	Injury	
Event Status				
Completed	1	6	7	14
Underway	0	5	1	6

In the last three-month period, there has been a decline in the reporting of aggressive behaviours, although one incident involving a youth did trigger the closure of the Tūrangi Library and was escalated through to the local Police.

TDC Rolling 12 Mths - Aggression Events



**(c) Notifiable Events to WorkSafe NZ (3 months)**

There were no Notifiable Events reported to Work safe NZ in this 3-month period.

### 3. Health and Wellbeing

Health and Wellbeing is a shared portfolio between the People and Culture Manager and the Health, Safety and Wellbeing Manager. WorkSafe NZ have identified mental wellbeing as a workplace risk, and Council acknowledges it in our 14 critical risks.

Data from the Council's external counselling provider, the Employee Assistance Programme (EAP) indicates that for the last twelve-month period June 2022 – May 2023 there has been an increase in the use of the Programme compared with the same period in June 2021- May 2022.

Utilisation of EAP services is at 10% of our workforce. We have seen a decrease in the month of July – with just 2 additional ongoing programmes, 1 new programme and 20 sessions across Council employees.

To help address this indicator, Mental Health Awareness workshops have been made available to all staff from the beginning of 2023, and a more focused two-day workshop on Mental Health First Aid targeted to managers and supervisors commencing in August 2023 with 64 participants.

### 4. Active Worker Participation

One of the key requirements of health and safety legislation is that it is mandatory to have active worker participation. Section 58 of HSWA includes a duty to engage with workers and s 61 includes a duty to have worker participation practices. WorkSafe NZ are more proactive in this area with their appointment of a HSR Development Lead to support organisations in this area.

Taupō District Council has two functioning Health and Safety Committees meeting quarterly.

(a) The Corporate Health and Safety Committee consists predominantly of the customer facing areas of the business, providing the opportunity to identify risks and review the controls in place in these customer facing roles. A key focus for this Committee over the last 12 months has been the critical risk associated with dealing with poor behaviours, either at our venues, offices or out in the community.

(b) The Operational Health and Safety Committee is focused on the operational areas of Council where the majority of the 14 critical risks sit. This Committee includes members who are responsible for managing contractors to Council who regularly undertake high risk work involving critical risks.

Worker wellbeing is a standing agenda item for both Committees. This looks at the triggers of workplace psychosocial risks and mitigations in place are being constantly evaluated.

All HSRs are members on their respective Committee and management representation on the Committees is encouraged to facilitate robust discussions on safety matters and to ensure resources can be assigned to address worker concerns raised at the meetings.

HSR Training is outsourced to external providers scheduled for September and October 2023.

### 5. Contractor Management

Contractor management is key to ensure the safe delivery of the District's infrastructure, services to the community and maintaining the objectives outlined in the Council's Long-term Plan and Annual Plan.

As Council and its contractors are both PCBUs under HSWA with overlapping duties, health and safety requirements are integrated into the Council's internal procurement processes by way of mandatory health and safety requirements. These requirements are set out in a framework available on the Council website - *Contracting to Council*.

## Specific Actions Taken to Comply with HSWA

Section 36 of HSWA imposes a primary duty of care. The role of officers of a PCBU is to ensure that Council is a safe workplace, and that the Council has the required resources available. We continually evaluate this by:

- a) Including Health, Safety and Wellbeing as an agenda item on all Executive Team meetings.
- b) The minutes from the Health & Safety Committee meetings are reviewed by the Executive Team.
- c) The Chief Executive and the Executive Team ensure sufficient finance, budgets and training are available across the business to manage health, safety, and wellbeing risks.

The Health, Safety and Wellbeing Manager is actively involved with two LASS groups – Waikato LASS and the Bay of Plenty LASS. This provides an opportunity to contribute to the Mahi Tahī Local Government Collaboration Portal - a shared resource where health and safety policies, guidance and topical material is freely available. Members from the LASS councils meet on a quarterly basis.

The BOP General Inspectorate (GI) Manager for WorkSafe NZ has approached the LASS groups to promote their four external facing programmes of work that are being prioritised to make the largest impact for Aotearoa. These are:

- Reducing harmful exposures (carcinogens and airborne risk programme)
- Keeping people safe around machines (plant and structures)
- Worker voice (worker engagement, participation and representation)
- Working closer to the source of influence and control (upstream duties)

WorkSafe is proposing to work with the civil sector from November 2023. The programme involves requesting assistance from councils to facilitate access to civil sites by providing council points of contact or project managers for works currently underway.

## NGĀ HĪRAUNGA | CONSIDERATIONS

### Whakahāngai ki tā te Kaunihera wawata | Alignment with Council's Vision

Council's vision is 'to be the most prosperous and liveable district in the North Island'. This is accompanied by a core set of values to underpin decision-making, the following of which are relevant to this particular proposal: World Class; Quality; Resilient.

### Ngā Aronga Pūtea | Financial Considerations

Any financial implications relating to this report will be met within existing budgets allocated to health, safety and wellbeing.

### Ngā Aronga Ture | Legal Considerations

HSWA and associated regulations were introduced in 2016. Significant fines have now been highlighted in the media for PCBUs who have not taken all reasonably practicable steps to mitigate health and safety risks.

Any notifiable events have the potential to be investigated by the Government regulator – WorkSafe New Zealand.

### Ngā Hīraunga Kaupapa Here | Policy Implications

There are no known policy implications. Health and safety is embodied in all areas of Council work.

### Ngā Tūraru | Risks

A failure to adequately manage health and safety (including worker wellbeing) has significant potential reputational and legal risks, both for the Council as an organisation, and for senior officers. These risks are being managed by implementation of the processes and controls detailed in this report, with opportunities for further improvement identified by the KPMG report.

## TE HIRANGA O TE WHAKATAU, TE TONO RĀNEI | SIGNIFICANCE OF THE DECISION OR PROPOSAL

Council's Significance and Engagement Policy identifies matters to be taken into account when assessing the degree of significance of proposals and decisions.

Officers have undertaken an assessment of the matters in the [Significance and Engagement Policy \(2022\)](#), and are of the opinion that the proposal under consideration is of a low degree of significance.



**TE KŌRERO TAHI | ENGAGEMENT**

Taking into consideration the above assessment, that the decision is of a low degree of significance, officers are of the opinion that no further engagement is required prior to Council making a decision.

**WHAKAKAPINGA | CONCLUSION**

A failure to adequately manage health and safety (including worker wellbeing) has significant potential reputational and legal risks, both for the Council as an organisation, and for senior officers. This report provides assurance to governance that there are core systems and controls in place to manage Taupō District Council's critical health, safety and wellbeing risks that are aligned to the duties imposed under the Health & Safety at Work Act 2015.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

Nil

**5.3 REVIEW OF SENSITIVE EXPENDITURE**

**Author:** Jamie Dale, Risk Manager

**Authorised by:** Louise Chick, Business Excellence Manager

**PURPOSE**

To update the Committee on the findings of the Sensitive Expenditure Policy compliance review and highlight any areas for improvement.

**DISCUSSION**

This report is completed every six months to ensure formal internal reviews of sensitive expenditure are undertaken that meet Audit NZ requirements. These reports are reviewed as part of the regular reporting undertaken by Audit NZ.

The information for this review is sourced from the Council's CiAnywhere system that is used to process and record all sensitive expenditure transactions and compliance with the policy is assessed against this information.

**CONCLUSION**

No incidents of activity that could be considered as fraud were identified in this review.

**RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the Sensitive Expenditure Report for the period 1 January 2023 – 30 June 2023.

**ATTACHMENTS**

1. Sensitive Expenditure Report - Jan 23 to Jun 23

**5.4 2023 ANNUAL REPORT AUDIT PLAN UPDATE**

**Author:** Sarah Matthews, General Manager Organisation Performance

**Authorised by:** Julie Gardyne, Chief Executive Officer

**TE PŪTAKE | PURPOSE**

To receive an update from the Appointed Auditor for Taupō District Council; and to approve the updated plan and timetable for the audit of Taupō District Council's 2023 Annual Report.

**NGĀ KŌRERORERO | DISCUSSION**

There have been changes to the Audit Plan for the audit of Taupō District Council's 2023 Annual Report. These changes are outlined in the **attached** letter.

**WHAKAKAPINGA | CONCLUSION**

It is recommended that the Committee receives the information and approves the updated timetable.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee:

1. Receives the letter, dated 4 September 2023, from the Appointed Auditor: Audit logistics and the selected material performance measures for audit; and
2. Approves the updated audit plan and timetable for the audit of the 2023 Annual Report.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Letter, dated 4 September 2023, from the Appointed Auditor: Audit logistics and the selected material performance measures for audit

**5.5 LONG-TERM PLAN RISK AND ASSURANCE UPDATE**

**Author:** Louise Chick, Business Excellence Manager

**Authorised by:** Sarah Matthews, General Manager Organisation Performance

**TE PŪTAKE | PURPOSE**

The purpose of this report is to provide a quarterly update on the development of Taupō District Council's (TDC) Long-term Plan 2024-34 (LTP) and associated risks. It is provided for information purposes and does not require any decision-making on the part of Committee members.

**NGĀ KŌRERORERO | DISCUSSION****Progress Update**

Since the previous update to the Risk and Assurance Committee the following progress has been made on the development of the LTP:

1. Elected Members have developed a **Vision** and suite of **Community Outcomes** (Attachment 1), which was approved at the Council meeting on 29 August 2023.
2. **Activity Area Plans** have been completed for the business units and shared internally on TDC's intranet site (Tui). These will need to be reviewed by business units after Capital and Operating Programmes have been confirmed.
3. **Business Cases** and **Project Summaries** developed for capital and operational projects. These are currently undergoing a final internal review for quality assurance purposes.
4. **Project prioritisation model** has been developed. This establishes a framework to rate projects based on their contribution towards i) TDC's Community Outcomes, ii) what the Council understands the community priorities to be (i.e. the extent to which the investment or project is likely to be supported by the community); iii) the extent to which the project helps: mitigate operational, environmental, legal/compliance risks; enhance our economy; or to contribute towards an enhanced system, asset & project performance.
5. A **draft capital work programme** developed for Council consideration on 31 August.
6. A **draft Development Contribution Policy** has been distributed for internal review.
7. A **draft Infrastructure Strategy** has been distributed for internal review.
8. The principles behind changes to the **Finance Strategy** workshopped with Elected Members and will be presented in a report to Risk and Assurance.
9. Work commenced on various **finance and rating policies**. These are likely to be drafted later than expected due to information from external parties e.g. National Transition Unit (NTU) affordable waters information delays.
10. **Early Engagement** with our community commenced 18 August and closed on 4 September. This involved a digital campaign and nineteen community events. Through this engagement TDC sought feedback on future priorities via online surveys. There was a particularly good uptake on the 'Bag-it or Bin-it' survey<sup>1</sup> which addresses options for future kerbside collection. It is likely the [lively supporting video](#) generated a high-level of community engagement.
11. **Audit booked** (Planning: 4-13 December; Consultation Document audit: 30 January – 23 February; LTP audit: 20 May – 9 June).

**Key Challenges**

Resourcing of the LTP has been one of our key challenges.

The previous LTP Programme Manager (Louise Chick) left the project on 1 September due to an internal promotion and an existing LTP project resource from the Policy Team (Kendall Goode) has stepped in to cover this role. Utilising an existing project resource will put further pressure on the programme, but it was seen by the project team as preferable to engaging an external resource, as it was unlikely that Council

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<sup>1</sup> At the time of writing TDC has 450 survey responses after five days of launching our early engagement.

would find someone experienced at this stage of the LTP, with most existing resources being engaged by other councils, and the delay in procuring a resource and bringing them up to speed would be more of a challenge.

A key resource with responsibilities to coordinate the programme of capital and operational projects was unavailable at a key time for nearly a month and has resulted in a two-week delay to the preparation of a draft capital programme. However, the programme was still developed in sufficient time to issue it to Elected Members for their review and consideration prior to the Council workshop at the end of August.

The Finance team resourcing is a key challenge for the LTP programme and we currently have four vacancies in the team, along with a busy work programme with external audit for Annual Report purposes. Two rounds of advertising have been completed for the vacant positions and the GM Organisation Performance has been working hard to fill these resourcing gaps while the Finance Manager has been on annual leave.

In order to manage the resourcing challenges in the finance area, it has been agreed to delay collation of LTP operational budgets by 2-4 weeks to better align this process with the availability of finance resource. This will mean the Consultation Document will now be adopted in February 2024, but still in time to enable the final LTP proper to be adopted before 30 June 2024.

### **Risk Management**

The LTP Risk Register has been kept active by the LTP Project team with good support from the TDC Risk Manager. The updated risk register is presented in Attachment 2. Changes from the risk register previously reported are denoted with a light green (improvement) and a light red (worsening).

Of the total 26 risks identified, 5 were initially rated 'Extreme' with mitigation measures reducing them to 'Medium' and 'High'. There are 9 risks with a residual risk rating of high, up from the previous report where there were 7 risks with a residual high risk rating. Commentary on how these are being managed, is provided below.

### **Key Risks**

#### **LTP24\_001 – Not Achieving Timeframes**

No change since previous report.

#### **LTP24\_002 – Reliance on Key Staff (increase)**

This risk has increased since the previous report due to the reasons outlined in the 'Key Challenges' section above. The change in Programme Manager is being controlled by ensuring the role is filled by a staff member already well engaged in the LTP development. The new Programme Manager will receive a thorough handover, and the previous Programme Manager will be on hand to answer questions and support transition as necessary. The Finance team resourcing constraints are also adding to the increase of this key risk.

#### **LTP24\_007 Inaccurate Forecasting Assumptions**

No change since previous report.

#### **LTP24\_009 – High levels of uncertainty in the financial sector – impact on rates**

No change since previous report.

#### **LTP24\_011 – Three Waters Reform Assumptions (increase)**

There has been no sector-wide policy on how to manage three water reforms within LTPs. TDC has taken a position to include three waters within the entirety of its 10 year plan. There is a risk that a sector wide position is established late which conflicts with TDC's approach.

This risk has increased since the previous report, as the Water Services Entities Amendment Bill achieved Royal Assent on 22 August, which provides some interim clarity, but current electoral polling indicates further change is possible in late October.

**LTP24\_015 – Iwi Engagement**

No change since previous report.

**LTP24\_017 – Landfill Assumption**

No change since previous report.

**LTP24\_018 - New LTP Approach (increase)**

TDC has adopted several new ways of building the LTP, e.g. Activity Area Plans, use of a Business Case model to compile project data, implementation of new budgeting software (IBIS). The risk is that the business may be confused or uncomfortable doing something differently and this may cause issues with meeting timeframes as we have to bring the business up to speed with the new way of doing things. The likelihood of this risk has increased as some parts of the business have found the new approach confusing, and others have found it helpful for stimulating strategic thinking.

This risk was managed by: i) preparing and circulating a 'paint by numbers' Guidance Note; ii) holding a series of training and drop-in sessions held for budget owners; iii) Policy team support offered in drafting of Activity Area Plans and Business Cases (holding the pen). Despite this, some delays have been incurred while the business completed development of its business cases and business case models.

**LTP24\_020 Staff Burnout & Morale**

No change since previous report.

**Closed Risks**

Two risks have been closed since the previous report and these are detailed below.

**LTP24-014 - Strategic Direction is unclear (CLOSED)**

This risk is now closed as TDC has developed a new Vision and Community Outcomes which are being used in the development of the LTP.

**LTP24-022 - New CEO or change at Executive Level (CLOSED)**

Closed as new CE established and settled in positively.

**WHAKAKAPINGA | CONCLUSION**

TDC's LTP is being developed to tight timeframes, and there are a number of risks associated with its development. However, despite some resourcing challenges the project is progressing well.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the report on the development of the Long-term Plan 2024-34 and the project's key risks.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Vision and Community Outcomes
2. LTP24 Risk Register - 22 Aug 23

<b>5.6 FINANCIAL STRATEGY UPDATE 2024-34 LONG-TERM PLAN</b>
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**Author:** Sarah Matthews, General Manager Organisation Performance

**Authorised by:** Julie Gardyne, Chief Executive Officer

### TE PŪTAKE | PURPOSE

The purpose of this report is to update the Risk and Assurance Committee (the Committee) on planned drafting approaches, current issues, and proposed changes to Taupō District Council's (TDC) Financial Strategy for the Long-term Plan 2024-34 (LTP). Due to challenges with the LTP timeline this year, most notably timing of information being released by Central Government in relation to significant sector reforms, Council Officers have taken this approach to ensure the Committee members are well engaged before a draft strategy is completed.

### TE WHAKAMAHUKI | BACKGROUND

Council's Financial Strategy is not just a legislative requirement but a critical part of the LTP and a core financial document.

As per the Local Government Act 2002 (LGA), the purpose of the financial strategy is to:

- (a) facilitate prudent financial management by the local authority by providing a guide for the local authority to consider proposals for funding and expenditure against; and
- (b) provide a context for consultation on the local authority's proposals for funding and expenditure by making transparent the overall effects of those proposals on the local authority's services, rates, debt, and investments.

The LGA also provides details of what Financial Strategies must include, as follows:

- (a) a statement of the factors that are expected to have a significant impact on the local authority during the consecutive financial years covered by the strategy, including,
  - (i) the expected changes in population and the use of land in the district or region, and the capital and operating costs of providing for those changes; and
  - (ii) the expected capital expenditure on network infrastructure, flood protection, and flood control works that is required to maintain existing levels of service currently provided by the local authority; and
  - (iii) other significant factors affecting the local authority's ability to maintain existing levels of service and to meet additional demands for services.
- (b) a statement of the local authority's—
  - (i) quantified limits on rate increases and borrowing; and
  - (ii) assessment of its ability to provide and maintain existing levels of service and to meet additional demands for services within those limits.
- (c) specify the local authority's policy on the giving of securities for its borrowing.
- (d) specify the local authority's objectives for holding and managing financial investments and equity securities and its quantified targets for returns on those investments and equity securities.

Aside from legislative requirements, Office of the Auditor General (OAG) and the Local Government Sector provide good practice guidance which needs consideration when preparing Council's financial strategy. This guidance includes:

- Summarising the past, describe the present situation and challenges, and set goals for the future (including why); and
- Being clear about trade-offs for its goals; and
- Being presented in a concise way; and
- Having a good link between financial and infrastructure strategies; and
- Having a clear beginning (setting the scene), middle (explaining the current challenges), and end (describing the destination and its importance and impact).

**NGĀ KŌRERORERO | DISCUSSION**

There are several key factors likely to have a significant impact on the drafting of TDC's financial strategy:

- The current economic environment is creating challenging times for our communities. There will be a greater emphasis during this LTP on ratepayer affordability.
- Significant changes are expected in relation to Central Government reforms. Along with known changes, detailed information in relation to the reforms is still missing, most notably in relation to the Affordable Waters Reform.
- Credit ratings are becoming increasingly difficult to maintain in the current environment and upcoming changes and challenges are likely to sustain or increase this difficulty. Unlike some of our peers, TDC has been lucky to be able to maintain our credit rating in the current environment which can be attributed in part to our strong liquidity due to TDC's Taupō Electricity Limited (TEL) fund.
- Availability of external funding is likely to be limited due to the economic environment and Central Government debt levels. Waka Kotahi subsidies are assumed to be a potential risk given the income reductions from the Covid-19 pandemic and significant infrastructure spending completed and still ongoing due to extreme weather events over the last few years.
- The Local Government Cost Index (LGCI) has caused challenges in Council's rates benchmarking over the last few years in the high inflationary environment and due to inflation being difficult to predict.
- Climate action/inaction is likely to have an impact on Council's lending costs due to financial disclosures now required by lending institutions (climate-related disclosures).
- The number of extreme weather events has highlighted the importance of resilience measures and the importance of financial planning to mitigate this risk.
- TDC has appointed Forsyth Barr as an investment advisor to manage the TEL fund. Forsyth Barr will run a workshop with Council in October/November 2023 to create a new Statement of Investment Policy and Objectives (SIPO), which will govern the management of this fund. The SIPO for the transitional period has been based off the 2021 Treasury Management Policy. There will need to be additional requirements in the financial strategy to account for this change.

Planned changes for TDC's Financial Strategy, include:

- To incorporate this guidance and significant changes required, Council Officers have decided not to use the 2021-31 Financial Strategy as a base for the 2024-34 Financial Strategy, although any major changes from the previous strategy will still be made clear to the TDC Elected Members.
- The greater emphasis on ratepayer affordability will require careful management within the financial strategy and any trade-offs / goals are likely to form a key part of the strategy and we need to ensure risks are adequately addressed. The balanced budget benchmark may be impacted by the affordability trade-offs if Council's revenue does not equal or be greater than its operating expenses.
- The financial impact of the Central Government reforms will need to be addressed. Rates income will reduce with the Affordable Waters Reform and TDC's asset value will likely reduce (depending on updated accounting advice yet to be re-released by the National Transition Unit). A thorough review of all parameters and benchmarks will be required and transitional requirements and differences are also likely, depending on information yet to be received e.g. the timing of waters debt payments. The missing information (and context) has the potential to have significant impact on TDC's Financial Strategy and benchmarks.
- TDC's previous Financial Strategy has emphasis on Council retaining its AA+ credit rating by ensuring that it operates in a financially prudent manner and stays within the limits imposed within this financial strategy. Although this is important, the amount of control over credit ratings, may well be limited and impacted by the current environment and reform changes. This will likely need to be amended to reflect this.
- Consideration of other sources of funding and risk of external funding availability will need to be addressed within the financial strategy.
- Rates affordability benchmark will need adjustment to reflect the current environment. The self-imposed benchmark compares the Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy. The quantified limit in TDC's previous Financial Strategy was LGCI + 2.5%. Due to LGCI challenges in last few years, it would be prudent to increase this to between 3-5%.



- Ensuring we are utilising the Local Government Funding Agency (LGFA) Climate Action Loans and Green, Social, and Sustainability loans to ensure Council is not being left behind. Reference made to possibility of climate action/inaction impacting lending costs and any other actions required to mitigate this risk.
- The TEL fund had two key purposes in TDC's previous financial strategy, including self-insurance for Council's portion of underground assets in case of a natural disaster. The purpose of the TEL fund will need amending, due to legislation (Water Services Entity Bill #4) requiring three waters assets to be reflected in LTPs only for the first 2 years. TDC will need to amend the self-insurance detail to reflect the three waters assumptions, with the sole purpose of the fund remaining (Community Project Fund).
- Planning for emergency events and contingencies continues to remain important in the current environment and the current fund requirements should be carried over to TDC's new Financial Strategy.
- With TEL fund management changes, expect SIPO to sit outside of Financial Strategy and Treasury policy, but general investment strategy/principles referenced. Recommend strengthening inflation proofing of the fund and include parameters around how that will work. Possibility for Council to build up fund value in this Financial Strategy.
- In TDC's previous Financial Strategy it was recognised that Council would fund 100% of depreciation of its assets over the asset's lifecycle. While Council Officers agree with maintaining 100% depreciation funding and the methodology of intergenerational equity, it is recommended that the depreciation funding principle within the Financial Strategy be slightly adjusted to reflect the practicality of smoothing funding if required (spreading any large increases over a few years).

## NGĀ HĪRAUNGA | CONSIDERATIONS

### Ngā Tūraru | Risks

Key risks, theme, and mitigation activities have been identified in the table below, and include:

Risk Theme	High, Med, Low	Risk Mitigation
<p><b>Uncertainty due to Affordable Waters Reform progression and Central Government Elections</b></p> <p>Changes have been made to the Affordable Waters Reforms including key provisions, such as, the number of entities and the transfer date of assets to the entities. TDC is receiving new information on a regular basis and this uncertainty is creating a challenging environment to produce a sound Financial Strategy.</p> <p>The changes have also meant that progress has slowed on some of the detailed information, such as debt settlement and other accounting advice which will help inform the direction of the Financial Strategy.</p> <p>The uncertainty of a possible change in Government and reform direction post Central Government Elections is a risk to the delivery of and quality of the Financial Strategy.</p>	High	<p>As identified in the planned changes to TDC's financial strategy (above), the financial impact of the Central Government reforms will need to be addressed.</p> <p>TDC has been proceeding on the assumption that the Affordable Waters Reform will go ahead but have mitigated the risk by collecting ten years of water information for Council's LTP (albeit with less rigour than other projects).</p> <p>Council Officers are also mitigating this risk by ensuring they stay up to date with reform information and are involved in several sector reform groups.</p>
<p><b>Current Economic Environment</b></p> <p>In the current economic environment, strong consideration must be given to</p>	High	<p>As identified in the planned changes to TDC's financial strategy (above), trade-offs / goals are likely to form a key part of the strategy and we need to ensure risks are adequately addressed.</p>

Risk Theme	High, Med, Low	Risk Mitigation
<p>rates affordability.</p> <p>This contrasts with the high inflationary environment over the last few years and other budgetary pressures that are having an ongoing impact (subsequent to the Covid-19 pandemic and recent extreme weather events).</p> <p>The affordability aspect of the financial strategy will require careful management and likely result in trade-offs.</p> <p>The balanced budget benchmark may also be impacted by the affordability trade-offs if Council's revenue is not equal or greater than its operating expenses.</p>		<p>Rates affordability benchmark will also require adjustment to allow to reflect learnings from the previous inflationary environment but will need to reflect affordability concerns, particularly in the next few years.</p> <p>Adjusting the depreciation funding principle slightly to reflect the practicality of smoothing funding, if required, will also mitigate this affordability risk by spreading any large increases over a few years, noting that TDC still have last years' depreciation smoothing to add back.</p>
<p><b>Infrastructure resilience and impact of extreme weather events</b></p> <p>The impact of climate change and increase in extreme weather events over recent years is driving increases in costs (such as insurance), concerns about availability of external funding due to pressure on funding sources (such as Waka Kotahi transportation funding), and an increasing focus by Council and Ratepayers on ensuring both infrastructure and financial resilience.</p>	High	<p>As identified in the planned changes to TDC's financial strategy (above), planning for emergency events and contingencies will continue to remain an important feature of this Financial Strategy.</p> <p>The realistic nature of TDC's limited control over credit ratings has also been proposed, with the Financial Strategy likely need to be amended to reflect the current environment.</p> <p>Consideration of other sources of funding and risk of external funding availability has also been proposed to be addressed within the financial strategy.</p> <p>TDC's Infrastructure Strategy and Financial Strategy will be aligned to ensure themes are consistent and the work programme ensures collaboration on these key strategies.</p>
<p><b>Potential impact of climate change disclosures on future lending requirements / costs</b></p> <p>TDC's lenders are now subject to Climate Disclosures introduced by new legislation (under Part 7A of the Financial Markets Conduct Act 2013) and information will need to be collected by our lenders in relation to the impact of Council's lending.</p> <p>The goal of this legislation was to ensure that the effects of climate change are routinely considered in business, investment, lending, and insurance underwriting decisions.</p> <p>Once lenders are reporting these disclosures, this will likely drive a change in lending behaviour and/or costs based on climate impact.</p>	Med	<p>As identified in the planned changes to TDC's financial strategy (above), ensuring we are utilising the Local Government Funding Agency (LGFA) Climate Action Loans and Green, Social, and Sustainability loans to ensure TDC is not being left behind. Recognition in the Strategy that there is possibility of climate action/inaction impacting lending costs.</p>

**WHAKAKAPINGA | CONCLUSION**

There are several key factors impacting the drafting of TDC's Financial Strategy, along with legislative compliance and good practice. As a result of this, Council Officers have decided not to use the 2021-31 Financial Strategy as a base for the 2024-34 Financial Strategy and several changes from the existing strategy are likely, given the impact of the current environment and to address the current risks.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the report by Sarah Matthews, General Manager Organisation Performance, titled 'Financial Strategy Update 2024-34 Long-term Plan'.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

Nil

**5.7 TREASURY MANAGEMENT POLICY REVIEW**

**Author:** Sarah Matthews, General Manager Organisation Performance

**Authorised by:** Julie Gardyne, Chief Executive Officer

**TE PŪTAKE | PURPOSE**

The purpose of this report is to provide a draft of Taupō District Council's (TDC) Treasury Management Policy (TMP) for the Long-term Plan 2024-34 (LTP). It is provided for information purposes and does not require any decision-making on the part of Committee members.

**NGĀ KŌRERORERO | DISCUSSION**

Council's Treasury Management Policy is not just a legislative requirement but a core financial document of TDC which governs the parameters of Council's liability and investment management.

As per the Local Government Act 2002 (LGA), a local authority must, in order to provide predictability and certainty about sources and levels of funding, adopt a liability management policy and an investment policy, amongst other financial policies.

These policies have been incorporated within TDC's TMP and although this is only scheduled for a 6 yearly review (in alignment with the 2027-37 Long-term Plan), Council Officers are proposing to review this early during this LTP, due to significant changes in the current environment. It is important to note that these changes have been suggested in relation to TDC's current TMP, in favour of producing a completely new TMP which will still be completed in line with the next review (which will remain scheduled for 2027).

TDC's Treasury Advisor, Bancorp, has provided comment on suggested changes to the current TMP, and these are attached to this agenda as tracked changes to the current TMP. Miles O'Connor from Bancorp will be present at the meeting to discuss these suggested changes.

It is important to note that these suggested changes have been prepared by Bancorp at early stages of the LTP, with detailed information in relation to the Local Government reforms still missing, most notably in relation to the Affordable Waters Reform.

Council Officers will need to make additional amendments based on current Council roles and responsibilities and other minor changes.

**WHAKAKAPINGA | CONCLUSION**

TDC's TMP is being reviewed during Council's LTP process due to significant changes in the current environment. Initial recommended changes will be discussed at the meeting.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the report by Sarah Matthews, General Manager Organisation Performance, titled 'Treasury Management Policy Review'.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Treasury Policy Review - August 2023

**5.8 MONTHLY PERFORMANCE REPORT - JULY 2023**

**Author:** Julie Gardyne, Chief Executive Officer

**Authorised by:** Julie Gardyne, Chief Executive Officer

**TE PŪTAKE | PURPOSE**

This report provides the Risk and Assurance Committee with an overview of the performance of the organisation.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee notes the information contained in the Performance Report for the month of July 2023.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Taupō District Council Performance Report - July 2023

**5.9 CHIEF EXECUTIVE UPDATE TO RISK & ASSURANCE COMMITTEE - CURRENT RISKS**

**Author:** Julie Gardyne, Chief Executive Officer

**Authorised by:**

**TE PŪTAKE | PURPOSE**

To enable the Chief Executive to update members of Taupō District Council's Risk & Assurance Committee on any matters she considers appropriate to bring to members' attention.

**NGĀ KŌRERORERO | DISCUSSION**

This item provides an opportunity for the Chief Executive to brief Risk & Assurance Committee members on any matters posing risks to Taupō District Council as at the date of the meeting, and for members to ask any questions in relation to current risks.

If the Committee wishes to make resolutions beyond the resolution to receive the information, then it would need to follow the procedures set out in the Local Government Official Information and Meetings Act 1987 (LGOIMA) and Standing Orders, to add particular items to the agenda by resolution to be dealt with at the meeting, because they cannot be delayed to a subsequent meeting. The relevant extract from Standing Orders (clause 9.1) is **attached**.

If a matter raised as part of this agenda item is proposed to be discussed with the public excluded, then the requirements of s 48 of LGOIMA must be met. In particular, the Committee must, at a time when the meeting is open to the public, by resolution specify the general subject of each matter to be considered while the public is excluded; explain the reason for the passing of that resolution in relation to that matter (including the particular interest(s) protected by ss 6 and / or 7 of LGOIMA); and the grounds on which the resolution is based. The relevant extracts from Standing Orders (clauses 18.1 and 18.3) are **attached**.

**WHAKAKAPINGA | CONCLUSION**

It is recommended that the Committee receives the information presented by the Chief Executive.

**NGĀ TŪTOHUNGA | RECOMMENDATION(S)**

That the Risk & Assurance Committee receives the update provided by the Chief Executive in relation to current risks.

**NGĀ TĀPIRIHANGA | ATTACHMENTS**

1. Extract from Taupō District Council Standing Orders 2022-2025 - Clause 9.1 Items of business not on the agenda which cannot be delayed
2. Extracts from Taupō District Council Standing Orders 2022-2025 - Clause 18 Exclusion of public

## 6 CONFIDENTIAL BUSINESS

### RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under Section 48(1) for the passing of this resolution
<b>Agenda Item No: 6.1</b> Confirmation of Confidential Portion of Risk & Assurance Committee Minutes - 7 July 2023	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- 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 would exist under section 7
<b>Agenda Item No: 6.2</b> Review of the Council's Health and Safety System	Section 7(2)(d) - the withholding of the information is necessary to avoid prejudice to measures protecting the health or safety of members of the public	Section 48(1)(a)(i)- 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 would exist under section 7
<b>Agenda Item No: 6.3</b> Litigation Update	Section 7(2)(g) - the withholding of the information is necessary to maintain legal professional privilege	Section 48(1)(a)(i)- 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 would exist under section 7

I also move that *Jo Batt-Rawden and Souella Cumming, KPMG*, be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *agenda item 6.2 – Review of the Councils Health and Safety System*.