

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

Date:	Tuesday, 10 March 2026
Time:	10.30am
Location:	Council Chamber Level 1, 67 Horomātangi Street Taupō

AGENDA

MEMBERSHIP

Chairperson Mr Bruce Robertson

Deputy Chairperson To be elected

Members

- Cr Rachel Cameron
- Cr Nicola de Lautour
- Mayor John Funnell
- Cr Sandra Greenslade
- Cr Kylie Leonard
- Cr Wahine Murch
- Cr Kevin Taylor

Quorum 4

**Julie Gardyne
Chief Executive**

Order Of Business

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2	Whakapāha Apologies	
3	Ngā Whakapānga Tukituki Conflicts of Interest	
4	Whakamanatanga O Ngā Meneti Confirmation of Minutes	
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5.1 ELECTION OF DEPUTY CHAIRPERSON

Author: Shainey James, Governance Quality Manager

Authorised by: Nigel McAdie, Legal and Governance Manager

TE PŪTAKE | PURPOSE

To elect the deputy chairperson of the Risk and Assurance Committee for the 2025-28 Triennium.

NGĀ KŌRERORERO | DISCUSSION

Following the local elections held on 11 October 2025, His Worship the Mayor, John Funnell exercised Mayoral powers set out in s 41A(3) of the Local Government Act 2002, to establish committees and appoint chairpersons to those committees (refer Council meeting agenda 25 November 2025, item 5.2).

At the meeting held on 25 November, Council appointed councillors to committees and noted that the deputy chairperson of the Risk and Assurance Committee would be formally elected at the first Committee meeting. The deputy chairperson is proposed to be Cr Kylie Leonard.

Clause 25 of Schedule 7 to the Local Government Act 2002 sets out the process to be followed for appointment of a deputy chairperson to a committee and is **attached** for members' information.

WHAKAKAPINGA | CONCLUSION

It is recommended that the Committee elects Cr Kylie Leonard as the Deputy Chairperson for the 2025-28 Triennium.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee:

1. confirms that System ___ will be used to determine the election process for the Deputy Chairperson; and
2. elects Cr Kylie Leonard as the Deputy Chairperson of the Committee for the 2025-28 Triennium.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Clause 25 to Schedule 7 of the Local Government Act 2002

5.2 WELCOME TO TAUPŌ DISTRICT COUNCIL'S RISK AND ASSURANCE COMMITTEE 2025-28

Author: Bruce Robertson, Risk and Assurance Committee Chairperson

Authorised by: Bruce Robertson, Risk and Assurance Committee Chairperson

TE PŪTAKE | PURPOSE

To provide information to support members of Taupō District Council's Risk and Assurance Committee in their role.

NGĀ KŌRERORERO | DISCUSSION

As this is the inaugural meeting of the Risk and Assurance Committee for the 2025-28 Triennium, an induction PowerPoint deck is **attached** (Attachment 1) and some information about the Committee is set out below.

General

Most New Zealand councils have a Risk and Assurance Committee or equivalent. These committees provide elected members and their communities with confidence that their councils are managing risks well. The Office of the Auditor General's website contains some high-level information about these committees; the relevant page can be accessed [here](#).

Terms of Reference and Delegations

The terms of reference and delegations from Council to the Risk and Assurance Committee are **attached** (Attachment 2). There have been some additions this Triennium:

- (i) The new Water Services Strategy has been added in for Committee oversight alongside Long-term Plan documents (note that the Water Services Committee will oversee the development of the Strategy).
- (ii) Clause 10 has been added; the Committee will monitor Council's management of natural hazard risks and emergency management areas of activity across reduction, readiness, response and recovery. This delegation used to sit with the Emergency Management Committee, which has not been established this Triennium.

Meeting Dates 2026

The Risk and Assurance Committee meets quarterly. Meeting dates for 2026 have been set and are listed below. All meetings start at 10.30am and the venue is the Council Chamber, L1, 67 Horomātangi Street, Taupō. Meetings will be livestreamed and recordings uploaded to Council's YouTube channel.

- Tuesday 10 March
- Tuesday 2 June
- Tuesday 15 September
- Tuesday 17 November

Committee Workplan

A Committee workplan for the 2026 calendar year has been prepared. Please refer to agenda item 5.14 for the current version of the workplan.

WHAKAKAPINGA | CONCLUSION

It is recommended that the information is received.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the information provided to support members in their role for the 2025-28 Triennium.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Taupō District Council Risk and Assurance Committee PowerPoint Induction
2. Taupō District Council Risk and Assurance Committee - Terms of Reference and Delegations 2025-28

5.3 AUDIT MANAGEMENT REPORT FOR 2024-25 ANNUAL REPORT

Author: Jeanette Paenga, Finance Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

The purpose of this report is to present Audit New Zealand's final audit management report for the 2024/25 Annual Report, which details audit recommendations, and the priority of the recommendations (by Audit NZ).

NGĀ KŌRERORERO | DISCUSSION

At the completion of Council's interim and annual report audits, Audit New Zealand normally prepares an Audit Management Report which outlines any outstanding matters and any new recommendations for issues identified.

From 2024-25 Audit New Zealand has changed the way they report to Council on the audit of the Annual Report. We now receive two reports, a report to Council which was presented in December to Council when the Annual Report was adopted and the **attached** Report to Management. The Report to Management has also undergone a format change and only provides recommendations from the most recent audit.

At the commencement of the 2024-25 Final Audit there were 26 outstanding recommendations, these have reduced to 16 and there are 4 new recommendations giving a total of 20 recommendations. Note that although Audit NZ performed an interim audit, an interim report for 2024-25 was not prepared.

WHAKAKAPINGA | CONCLUSION

It is recommended that the Committee receives the report from Audit New Zealand.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Report to Management on the audit of Taupō District Council for the year ended 30 June 2025 (A3897632).

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Taupō DC Report to Management (DRAFT)

5.4 2025/26 ANNUAL REPORT AUDIT ENGAGEMENT

Author: Jeanette Paenga, Finance Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

The purpose of this agenda item is to present the Audit Engagement, Audit Proposal and Audit Plan documents from Audit New Zealand for approval.

NGĀ KŌRERORERO | DISCUSSION

We have received advice from the Office of the Auditor General (**attachment 1**) regarding the appointment of Liz Tombleson as our Audit Director, replacing Leon Pieterse. Ms Tombleson has been involved with Annual Report and Long-term Plan Audits at our Council in the past, in Audit Senior and Manager roles. Ms Tombleson has provided the Audit Engagement & Proposal letters and the Audit Plan for the Committee's review and approval.

Unfortunately, Ms Tombleson is unable to attend the Risk and Assurance Committee meeting, however she has provided a memo to the Chair of the Committee (**attachment 4**).

The Audit Engagement letter (**attachment 2**) covers the terms of the audit engagement and the nature, and limitations, of the annual audit; and the respective responsibilities of the governing body (the council) and the Appointed Auditor, for the financial statements and performance information.

The Audit Proposal letter (**attachment 3**) covers the mechanics of the audit including the estimated audit hours and the proposed audit fee. Note the attached proposal only covers the fee for the 2025/26 Audit due to the changes occurring in the sector.

The Audit Plan (**attachment 5**) identifies the key focus areas of audit risk, defines the audit approach and audit materiality levels. It also addresses the expectations on Council and the Audit Team, introduces the key members of the audit team and outlines the proposed audit timetable.

All these documents have been discussed with management and are currently in draft and audit welcomes any feedback the committee may have.

The budget for the Annual Report audit is covered in the 2025/26 Annual Plan.

The Committee's role is to approve the audit engagement, proposal and plan to enable His Worship the Mayor to sign the appropriate documentation for the audit engagement.

WHAKAKAPINGA | CONCLUSION

That the Committee approves the Audit Proposal, Audit Engagement and Audit Plan and recommends that His Worship the Mayor sign the appropriate documentation.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee:

1. Approves the Audit Engagement and Audit Proposal for the 2025/26, 2026/27 and 2027/28 Annual Reports; and
2. Delegates authority to His Worship the Mayor to sign the appropriate documentation; and
3. Approves the Audit Plan for 2025/26 Annual Report.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Audit Arrangements - Taupo District Council
2. Taupō DC 2026-28 Audit Engagement Letter
3. Taupō DC 2026-28 Audit Proposal Letter
4. Memo to Risk & Assurance Chair from appointed auditor
5. Taupō DC Audit Plan for the Year Ending 30 June 2026

5.5 FINANCIAL STRATEGY UPDATE

Author: Jeanette Paenga, Finance Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

The purpose of this report is to update the Committee on Council's performance against its Financial Strategy.

NGĀ KŌRERORERO | DISCUSSION

Attached is the Financial Strategy Performance extracted from the Council Monthly Performance Report for January 2026.

Any forecast changes and associated impacts will be reflected in these key metrics and discussed as part of this report which includes debt affordability, funds and investment breakdown, and outstanding rates receivables.

The attached report provides year-to-date numbers and commentary, as at 31 January 2026. There have been no variances to the 2025-26 Annual Plan and achievement of the financial strategy outcomes is on track.

WHAKAKAPINGA | CONCLUSION

It is recommended that the Committee receives the report.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Financial Strategy update (A3897385)

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Financial Strategy Update January 2026

5.6 TREASURY UPDATE DECEMBER 2025

Author: Jeanette Paenga, Finance Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

The purpose of this report is to update the Committee on Council's treasury activities, including debt, general funds, and the TEL Fund.

NGĀ KŌRERORERO | DISCUSSION

We have had economic and performance updates from Bancorp Treasury Services Limited, our Treasury Advisors and Forsyth Barr, our TEL investment fund managers. The full reports are attached for members' information.

Bancorp update summary*Global Update*

- Central banks around the world continued lowering interest rates to help support economies, as inflation was easing and job markets were cooling in some places.
- These rate cuts happened at different speeds in different countries, and by early 2026, approaches were starting to diverge.
- Prices were generally rising more slowly, but services (like hospitality, health, etc.) were still more expensive than central banks would prefer—especially in the US.

United States

- The US central bank made another small rate cut in December 2025, ending the year with rates between 3.50% and 3.75%.
- Altogether, rates were reduced by around 0.75% to 1% during 2025.
- The decision-making group wasn't fully aligned, showing uncertainty about the balance between inflation and job risks.
- Longer-term interest rates stayed relatively high, with the main 10-year rate finishing at 4.12%.

Overall

- Financial conditions became more supportive, helping investment and assets, but central banks were becoming more cautious.
- Global growth remained steady but modest.

New Zealand Update

- The Reserve Bank of New Zealand (RBNZ) finished its cycle of cutting interest rates that started in mid-2024.
- The last cut happened on 26 November 2025, bringing the Official Cash Rate (OCR) down to 2.25%, the lowest since mid-2022.
- Before that, a bigger-than-expected cut happened in October (down to 2.50%).
- In total, since the peak in August 2024, the OCR has dropped by 3.25%.

Market Reaction

- Financial markets initially overreacted to the November move, pushing medium-term interest rates sharply higher.
- The new Governor publicly commented that markets had gone too far, and rates then settled back down.
- The difference between short-term and medium-term rates increased significantly over the quarter.

Looking Ahead

- The general expectation is that the new Governor will be careful about inflation.
- No increases to the OCR are expected until 2027.

Forsyth Barr update summary

The Taupō District Council's investment portfolio increased from \$81.98 million to \$83.18 million during the December quarter.

The quarter return was positive relative to benchmark. In the one-year timeframe Property was an outperformer with Australian and International Equities being a drag on returns in their sectors. Notwithstanding this the portfolio still produced an 8.6%pa return for the year. The two-year period shows a return of 11.27%pa.

Overall, despite volatility due to trade tariffs, AI concerns and inflation issues equity markets remain supported by solid fundamentals. Interest rates expectations are influencing both equity and bond markets.

For the future, a measured, long-term strategy with diversification is key, given ongoing macro risks and concentrated market drivers.

WHAKAKAPINGA | CONCLUSION

It is recommended that the Committee receives the reports from Bancorp Treasury Services Limited and Forsyth Barr.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Taupō District Council Dashboard December 2025 (A3897551), the Taupō District Council – Asset Allocation & Performance Report December 2025 (A3897549) and the Taupō District Council - ESG Attestation - 31 December 2025 (A3897550)

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Taupo District Council Dashboard December 2025
2. Taupo District Council - Asset Allocation & Performance Report December 2025
3. Taupo District Council - ESG Attestation - 31 December 2025

5.7 SIGNIFICANT PROJECTS RISK REPORT

Author: Pernille Fletcher, Programme Management Office Manager

Authorised by: Tony Hale, General Manager Community Infrastructure and Services

TE PŪTAKE | PURPOSE

To update the Committee and communicate progress on managing key risks to Council's significant projects.

NGĀ KŌRERORERO | DISCUSSION

This Significant Projects Risk Report shows the top risks for Council's portfolio of significant projects. These are mapped against the organisational risk matrix. All Council projects have detailed project risk registers, however a comprehensive risk report is provided for significant projects through to this Risk and Assurance Committee.

WHAKAKAPINGA | CONCLUSION

It is recommended that the Committee receives the report.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Significant Projects Risk report (A3900843).

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Taupō District Council Significant Projects Risk Register, dated 23 February 2026

5.8 REFORM PROGRAMME AND LONG-TERM PLAN 2027

Author: Kendall Goode, Senior Policy Advisor

Authorised by: Nick Carroll, Policy Manager

TE PŪTAKE | PURPOSE

To update the Committee on the three waters reform programme, the development of the Long-term Plan 2027-37 and Water Services Strategy.

NGĀ KŌRERORERO | DISCUSSION

Reform Programme

Following Council's decision to retain water services in-house as part of the Local Waters Done Well reform, staff are underway implementing the Water Services Delivery plan and progressing with the financial separation of Council's waters activities.

An overarching work programme has been established given the scale and complexity of the changes, and the close dependencies with development of the Long-term Plan and newly required Water Services Strategy. The programme ensures appropriate organisational focus, given the high-level of dependencies with timelines and resources, possibly competing priorities, and to ensure no gaps or overlaps in delivery. Currently included in the work programme is:

- Water Services Delivery Plan implementation
- Financial Separation of waters and non-waters activities
- The Long-term Plan 2027-37
- The Water Services Strategy 2027-37 (includes implementing new Commerce Commission information disclosures)
- Local Government (Systems Improvement) Amendment Bill (rates-capping)
- Development Levies

A Programme Control Group meets fortnightly to understand how workstreams are progressing, and to action any risks raised. The table below provides a high-level overview of how workstreams are currently tracking.

	TIME	COST	SCOPE	RESOURCING
OVERALL PROGRAMME	●	●	●	↓
LTP / WSS	●	●	●	↓
FINANCIAL SEPARATION	↓	●	●	↓
WSDP IMPLEMENTATION	●	●	●	●

These workstreams, coupled with the delayed delivery of the Annual Report, development of the current Annual Plan 2026-27, financial forecasting and revaluation process has created a vortex of competing priorities, this has been particularly challenging for the finance team.

Finance availability is anticipated to increase over the next couple of months which should reduce the resourcing constraint in relation to this work programme. Time, cost and scope pressures illustrated are directly linked to resourcing and legislative reform changes which are evolving. In the meantime, management and project teams are working closely together to coordinate how to manage deliverables while there are resourcing issues and manage timing risks.

The Committee will also be aware there are several other pieces of reform underway that impact local government. These include the replacement of the Resource Management Act 1991 with the two new bills Planning Bill and Natural Environment Bill, changes to the building consent system, and replacement of the Civil Defence Emergency Management Act. Staff from departments impacted by these reforms are leading the initial response on behalf of the Taupō District Council, for example preparing submissions. As these reforms progress, and a better understanding of requirements and the risk profile emerges, a decision will be

made on whether to include them within this work programme and manage any transitional requirements for the organisation.

Long-term Plan and Water Services Strategy

The Long-term Plan 2027 (LTP) and Water Services Strategy (WSS) programme has been established and is progressing. The project team has been established, and as noted above a Programme Control Group will manage the many interrelated programmes of work. A Water Services Committee has also been established to manage the development of the Water Services Strategy and the new regulatory requirements such as those from the Commerce Commission.

An introduction to the LTP and WSS process with Elected Members was held on 10 February 2026. Workshops will continue through February and March, focusing on strategic priorities/direction, setting infrastructure objectives and working through the financial strategy. Levels of Service will also be worked through. These workshops will provide the necessary direction for the organisation to consider as work programmes and budgets are developed and a platform for early engagement with our communities, iwi and hapū.

Asset Management Plans (AMPs) are being developed, these are being structured to meet the new regulatory requirements. Growth assumptions are due to be finalised by the end of February, allowing AMPs and Activity Area Plans to progress.

A high-level timeline is shown below, and Attachment 1 provides further detail of how the organisation will be navigating the development of the LTP and WSS. This plan on a page was presented to Elected Members on 10 February to illustrate both the process and anticipated timing.

Time	Actions
Q1 2026	Elected Member induction to the LTP and WSS Scope and direction workshops (Infrastructure / financial / level of service) Prepare engagement plans
Q2 2026	Rating policy / fees and charges review Continuation of workshops Commence preparation of work programmes and budgets Early engagement
Q3 2026	Completion of Asset Management Plans and Activity Area Plans Develop whole of council investment programme Council decisions on work programmes and budgets Council decision on policies and plans for public consultation
Q4 2026	Draft consultation document Supporting documentation drafted
Q1 2027	Consultation Document/supporting documents adopted for Audit Audit of Consultation Document/supporting documents (February / March) Public Consultation (March /April)
Q2 2027	Hearings and deliberations (April/May) Changes included, final adjustments and editing undertaken Audit of the LTP and WSS Final adoption by 30 June 2027

WHAKAKAPINGA | CONCLUSION

To manage the various and complex waters workstreams and the development of the Long-term Plan 2027-37 and Water Services Strategy 2027-37, an overarching work programme has been established. While conflicting organisational priorities are creating initial resourcing risks, we expect this to ease in the next couple of months, enabling the finance team to refocus on the required tasks. The establishment of the Programme Control Group supports the delivery of the work programme, providing a clear forum to monitor progress, ensure milestones are achieved, address risks, set priorities, and make key decisions.

The Long-term Plan and Water Services Strategy 2027-37 are underway, with initial workshops with Elected Members completed. The current central government reform programme is a significant risk to the timing and delivery of the LTP and WSS. As noted above, these risks are being managed closely and appreciate steps will be taken to set delivery up for success.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Reform Programme and Long-term Plan 2027-37 report.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. LTP - Plan on a Page

5.9 TAUPŌ DISTRICT EMERGENCY MANAGEMENT UPDATE

Author: Emily Harrington, Senior Emergency Management Advisor

Authorised by: Tania Russell, Community Engagement and Development Manager

TE PŪTAKE | PURPOSE

To provide the Risk and Assurance Committee with an update on the Civil Defence Emergency Management Team and objectives.

NGĀ KŌRERORERO | DISCUSSION

An overview will be provided at the meeting on the key priorities as listed below:

- Resourcing key positions, identifying response staff and training and development
- Response systems and processes including hazard response/operational plans
- Community capability development
- Marae preparedness and involvement in response

Workplan

The Civil Defence Emergency Management 18-month work plan has been formulated from the 2025–2030 Group plan and is currently in draft. It is to be presented to Coordinating Executive Group (CEG) on 13 March 2026 for approval. It outlines the key actions required across the Waikato Civil Defence Emergency Management Group and by Taupō District Council to strengthen emergency management capability, consistency, and resilience.

WHAKAKAPINGA | CONCLUSION

The key priorities inform the priority and sequence of delivery of the Taupō District Emergency Management work plan. Priority tasks being progressed by the officers are Operational Readiness, Response Capability, Community Resilience and Planning for Recovery.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Taupō District Emergency Management update.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Civil Defence Emergency Management 18-month Work Plan - Draft

5.10 HEALTH, SAFETY AND WELLBEING UPDATE

Author: Louise Chick, Business Excellence Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

This report provides the Risk and Assurance Committee with an overview of Taupō District Council's current health, safety and wellbeing risk profile, progress against the Health and Safety Improvement Plan, and key areas of focus, including critical risk management, contractor oversight, and significant events during the reporting period.

NGĀ KŌRERORERO | DISCUSSION

Taupō District Council (TDC) employs more than 400 staff¹ and, each year, engages thousands of contractors and welcomes many visitors to its venues, events and facilities. Council has a responsibility to ensure that all of these people are kept safe and well.

TDC undertakes a wide and diverse range of mahi. This includes building new playgrounds, providing and maintaining roads and underground services to support growth, operating public swimming pools, and hosting major national and international sporting events. Each of these activities brings inherent health, safety and wellbeing risks that must be clearly understood and effectively managed.

Council's Health, Safety and Wellbeing Strategy sets out the overarching approach for how this is achieved. It recognises that a strong and effective health and safety system is built on four key pillars:

- **Leadership** – committed leaders who actively support and model good health, safety and wellbeing practices.
- **Engagement** – staff who understand the importance of health and safety and are actively involved in managing it.
- **Safe Systems** – a clear understanding of critical risks and the controls required to manage them.
- **Continuous Improvement** – learning from incidents and near misses to drive ongoing improvement.

Council's current operational priorities are set out in the Health and Safety Improvement Plan, which was previously presented to the Risk and Assurance Committee in September 2025. The Improvement Plan focuses on addressing specific opportunities for improvement identified through a detailed independent audit undertaken by KPMG in 2023. To date, approximately half of the recommendations from that review have been completed and formally closed.

Given the time that has passed since the 2023 audit, and Council's ongoing commitment to health and safety and independent assurance, KPMG was re-engaged in December 2025 to undertake a targeted desktop review. The purpose of this review was to:

- assess whether Council has appropriately prioritised the most critical recommendations from the 2023 audit; and
- evaluate the pace of implementation, including whether additional resourcing may be required to progress high-risk or high-impact actions.

KPMG concluded that Council has made generally positive progress. In particular, they noted that health and safety improvements have been embedded into core governance, planning and operational frameworks, rather than being treated as short-term or stand-alone actions. This was seen as evidence of a sustained organisational commitment, despite the wider resourcing and priority pressures currently facing the local government sector.

The review also found that Council's overall prioritisation of actions is appropriate and aligned with good practice, with critical risks clearly identified and governance accountabilities well defined. However, KPMG noted that further work is required to strengthen detailed resource planning, to ensure that organisational capacity is aligned with the intended pace of the improvement programme, particularly in the context of ongoing sector-wide reform activity. The H&S Team are currently working through this recommendation and intend to present an updated H&S Improvement Plan at the June Risk and Assurance Committee meeting.

¹ Council has approximately 430 people it employs, equating to around 380 full time equivalent staff.

The findings of this review are discussed in more detail in the accompanying Assurance Report, and KPMG representatives will attend the Committee meeting to speak to their findings and respond to questions.

Critical Health and Safety Risk Priorities

Council's **critical health, safety and wellbeing risks are those that arise from activities we regularly undertake as a Person Conducting a Business or Undertaking (PCBU) that if not adequately controlled could result in loss of life, life-altering injury/illness of significant impact on mental wellness.**

Council manages these types of risk through application of its Critical Health, Safety and Wellbeing Risk Management Framework, within which 11 critical risks have been identified, each with an Executive Sponsor (Table 1).

Table 1: Currently identified critical Health, Safety and Wellbeing risks

	Critical HSW Risk	Associated Risks	Executive Sponsor
1	Aggressive & Threatening Behaviour:	Physical assault or injury from aggressive individuals; Verbal abuse leading to psychological stress; Property damage or vandalism escalation into violent incidents; Emotional trauma or post-incident anxiety.	General Manager, People & Community Partnerships
2	Asbestos:	Inhalation of asbestos fibres causing long-term respiratory diseases (e.g., asbestosis, mesothelioma); Contamination of clothing or equipment; Improper handling or disposal leading to environmental exposure; Exposure during demolition or renovation of old buildings.	General Manager Organisation Performance
3	Driving:	Vehicle collisions resulting in fatalities or serious injuries & significant property damage; Exposure to aggressive drivers or road rage; Mechanical failure; Weather-related hazards (e.g. fog, ice, heavy rain).	General Manager Organisation Performance
4	Hazardous Substances:	Inhalation or contact with harmful chemicals, including silica dust or solvents.	General Manager Community Infrastructure & Services
5	Working with animals:	Bites, kicks, or scratches from animals; Zoonotic disease transmission (e.g., leptospirosis); Allergic reactions to animal dander or waste; Stress or anxiety from unpredictable animal behaviour; Injuries during handling, feeding, or restraining animals.	General Manager Strategy & Environment
6	Psychosocial:	Stress from workload, deadlines, or interpersonal conflict; Burnout due to prolonged exposure to high-pressure environments; Anxiety or depression from lack of support or recognition; Bullying or harassment in the workplace; Isolation or lack of team cohesion.	General Manager, People & Community Partnerships
7	Underground Buried Services:	Risk of trench collapse or contact with underground services.	General Manager Community Infrastructure & Services
8	Mobile Plant & Equipment:	Collision, crushing or rollover incidents involving mobile plant, e.g. trucks, diggers, mowers and forklifts.	General Manager Strategy & Environment
9	Working on or near Roadways:	Struck-by incidents from passing vehicles; Reduced driver visibility due to weather or lighting conditions; Slips, trips, & falls on uneven or unstable surfaces; Distraction or lack of awareness from drivers or workers.	General Manager Strategy & Environment
10	Working at Heights:	Falls from scaffolds, roofs, ladders, unprotected edges e.g. roofs, ladders, climbing walls, working on the edges of deep chambers or	General Manager Community

		tanks (WWTP).	Infrastructure & Services
11	Confined Spaces:	Oxygen deficiency or toxic atmosphere causing asphyxiation or poisoning; Exposure to sewage gases, chemical residues, or biological contaminants; Engulfment by liquids or free-flowing solids; Restricted access complicating rescue or emergency response; Physical injury from slips, trips, or falls in cramped or poorly lit areas; Equipment failure or entrapment due to space constraints.	General Manager Community Infrastructure & Services

The Committee should note:

1. Council continues to make steady progress in strengthening the management of its critical health and safety risks, in line with the Health and Safety Improvement Plan.
2. For several priority risks, including Aggressive and Threatening Behaviour, Asbestos, and Working with Animals, core risk assessments are complete and controls or management plans are either under review or progressing through executive endorsement.
3. The Executive Team has responded to emerging risk trends by reprioritising driving as the next critical risk for full procedure development.
4. Overall, this work demonstrates an active focus on understanding, prioritising and strengthening controls for Council's most significant health and safety risks.

Contractor Compliance and Oversight

Council has advanced implementation of its Contractor H&S Management Framework, which formalises how Council meets its overlapping duties under the Health and Safety at Work Act 2015. The Framework outlines how Council and suppliers work together to ensure clarity of health and safety expectations across the entire contracting lifecycle. It is supported by two key documents: **Working Alongside Taupō District Council**, which sets out Council's expectations for external suppliers, and the **Supplier H&S Management Guide**, which provides a practical checklist for contract managers. Together, these resources define the risk-based actions required across scoping and procurement, pre-start, induction, delivery, and close-out.

The Framework emphasises that Council's role is not to direct how suppliers manage their risks, but to seek assurance—particularly where high-risk work is undertaken—that suppliers have appropriate arrangements aligned with regulations, codes of practice, and recognised good practice. Training and operational rollout across business units is underway to embed these expectations and support consistent contract oversight.

Additional Key Focus Areas

The following workstreams are in the early stages of implementation and targeted for completion by year end:

- **H&S Training:** Development of a centralised H&S training needs matrix and training programme, addressing job-specific requirements identified through the KPMG audit and assessing risk-based training gaps.
- **Assurance Programme:** Establishment of minimum expectations for assurance activity, strengthening accountability and consistency across business units.
- **Reporting and Accountability:** Engagement with the developers of the Council's H&S Incident Management System (Damstra) to assess enhanced reporting functionality and opportunities for improved visibility of trends and insights.

Summary of Significant Events

During the reporting period, Council continued to experience a number of high-risk operational events, primarily relating to aggressive and threatening behaviour, vehicle-related incidents, and matters involving WorkSafe engagement or high-potential risk exposure. While no events resulted in serious physical harm, several carried the potential for significant consequences and reinforce the importance of sustained focus on critical risk management.

Incident reporting volumes remain consistently high, which provides assurance that hazards and events are being identified and reported. Trends continue to reflect recurring exposure to aggression towards frontline staff, vehicle-related high potential events.

Between 21 August 2025 and 16 February 2026, a total of **245 incidents** were reported. The extended reporting period reflects the timing of the local government elections and the fact that the Risk and Assurance Committee has not met since September 2025. Of the reported incidents:

- **26** related to aggressive and threatening behaviour,
- **3** were vehicle-related high-potential incidents, and
- **1** involved direct engagement with WorkSafe.

Aggressive and Threatening Behaviour

Aggressive and threatening behaviour remains the most persistent high-risk exposure for Council, particularly for staff working in customer-facing and regulatory roles. These events continue to reinforce the need for strengthened system controls, which are being progressed through the Aggressive and Threatening Behaviour Critical Risk programme.

WorkSafe Engagement and Public Safety Events

A member of the public was injured by the sliding doors at the museum, and they referred this to WorkSafe. WorkSafe reviewed the matter and confirmed it did not meet notifiable thresholds, closing the case with no further action. Internal corrective actions and maintenance reviews are underway.

Asbestos Liaison Protocol

WorkSafe recently issued the **Asbestos Liaison Protocol** to signatory agencies, requesting feedback. This is an update to a previous version that Council has committed to, along with a number of other agencies.

The purpose of the Asbestos Liaison Protocol (Combined Draft, effective 1 April 2026) is to reduce occupational and public health risks from asbestos exposure and maintain public confidence by providing a clear, coordinated, and consistent framework for how councils, WorkSafe, Fire and Emergency New Zealand, and Health New Zealand | Te Whatu Ora work together to manage asbestos-related enquiries and incidents. It does this by clarifying agency roles, applying a Lead Agency model, and supporting timely, consistent communication with the public and media across a wider, regionally aligned footprint.

At the time of writing this report, TDC was coordinating input from its affected teams (Environmental Health, Building, Waste, CDEM, and afterhours support) to ensure that operational commitments embedded in the protocol can be met, and anticipates becoming a signatory in March, prior to its 1 April effective date.

WHAKAKAPINGA | CONCLUSION

Council continues to strengthen its health, safety and wellbeing system through a structured, risk-based approach aligned to its strategic framework and improvement programme. Independent assurance confirms that progress is being made and that improvements are increasingly embedded within core governance and operational practices. While exposure to high-risk activities remains inherent in Council's operations, particularly in customer-facing and operational environments, continued emphasis is being placed on improving how critical risks are identified and prioritised.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Health, Safety and Wellbeing report.

NGĀ TĀPIRIHANGA | ATTACHMENTS

Nil

5.11 INSURANCE UPDATE

Author: Mark Hill, Risk Advisor

Authorised by: Louise Chick, Business Excellence Manager

TE PŪTAKE | PURPOSE

The purpose of this report is to provide the Risk and Assurance Committee with an overview of Council's current insurance arrangements, the external insurance market context, and key considerations influencing Council's approach to risk transfer and risk retention. The report also outlines the findings of recent probabilistic loss modelling.

NGĀ KŌRERORERO | DISCUSSION

Insurance is a risk management tool to mitigate financial loss associated with unforeseen and significant adverse events. Council has fourteen different insurance policies to insure us against losses incurred from:

- physical damage (damage to infrastructure assets, investments e.g. forestry, vehicles, fine arts),
- liabilities (professional indemnity, public liability, employers' liability and statutory liability), and
- potential sources of loss (Crime, Cyber etc).

A high level explanation of each of these policies and what they cover is provided in Appendix A, and the details of their premium costs in Appendix B. Council spends over \$2M on insurance every year, and 81% of Council's insurance premiums arise from three policies: Material Damage and Business Interruption (\$982k, 47%), Professional Indemnity (\$411k, 20%), Infrastructure Insurance (\$290k, 14%). It will therefore be these policies that officers will focus on the most when optimising future renewals. Council owns \$2.8 billion of assets (Appendix C) and Council must decide what level of insurance to carry to protect against financial loss of these assets.

Council's insurance policies are procured through the Bay of Plenty Local Authority Shared Services (BOPLASS) group alongside eight other councils. The economies of scale achieved through this joint purchasing arrangement allows BOPLASS' insurance broker, Aon New Zealand Limited, to obtain insurance through international markets, delivering additional value, including savings in fees and premiums.

The insurance policies have a common annual renewal date of 1 November, however preparation for renewal begins early with Aon requiring councils to provide lists of assets to be insured (asset schedules) for our key property policies to be submitted by 30 June.

New Zealand InsuranceContext

Over the past decade, New Zealand's insurance environment has become more volatile, more regulated, and more climate-exposed.

Natural hazards and climate change have increasingly driven insured losses, culminating in the 2023 Auckland floods and Cyclone Gabrielle, which materially reset risk appetite, pricing and underwriting approaches.

Premiums rose sharply from 2019–2024, reflecting higher reinsurance costs, inflation and catastrophe losses. Conditions have stabilised somewhat since late 2024, and even improved in some areas², but nevertheless remain highly sensitive to future events.

The New Zealand insurance market is heavily reliant on global reinsurance, exposing New Zealand to offshore capital cycles despite strong international support for its risk frameworks.

Regulatory expectations have increased, with strengthened prudential oversight, tougher conduct requirements³, and reform of the natural hazards insurance scheme (formerly EQC).

² Softening in property insurance market enabled Council to realise a 18% (\$260,000) decrease in Council's Material Damage and Business Interruption premiums year-on-year.

³ **Prudential oversight** means watch dogs such as the Reserve Bank of NZ make sure insurers are financially strong enough to pay claims, even after very large disasters. Tougher **conduct requirements**

Insurers are increasingly risk-selective, with affordability, coverage limits and long-term insurability emerging as strategic issues for high-risk assets and locations.

Overall, insurance has shifted from a largely transactional purchase to a strategic risk and resilience consideration requiring active management.

Council, with the support of its broker, must keep abreast of this changing insurance environment.

Aon Insurance Market Insights Report

Aon's most recent [Insurance Market Insights Report \(Q4, 2025\)](#) reiterates that the insurance market in late 2025 was generally more favourable for buyers than in recent years, with increased competition among insurers and more capacity available across most types of insurance. This has resulted in greater choice, more stable pricing, and improved policy terms, particularly for well-managed organisations with good risk information and claims history. Property insurance, in particular, has benefited from fewer large losses globally and strong insurer investment returns, leading to softer pricing conditions compared with the sharp increases seen in earlier years.

However, Aon emphasises that insurance conditions are no longer uniform and vary significantly depending on the type of cover, location and risk profile. Some areas that had previously become cheaper—such as cyber insurance—are now under closer scrutiny by insurers due to rising claims and increasing complexity of risk. Liability-related insurance remains challenging in some regions and sectors, with insurers becoming more selective and cautious, particularly where legal risk and litigation costs are increasing.

Aon also notes that insurers are now more focused on risk quality, using data and analysis to differentiate between organisations. Those that can clearly demonstrate good asset information, risk controls and resilience are more likely to achieve favourable outcomes. While the overall market is currently more competitive, Aon cautions that conditions can change quickly following major natural disasters or large loss events. As a result, organisations are encouraged to take advantage of available capacity while it exists and to view insurance as part of a long-term risk management strategy, rather than relying on short-term market conditions.

Infrastructure Insurance

As part of Council's active approach to insurance management, Council decided in December 2024 to take out Infrastructure Insurance for the first time. Infrastructure Insurance covers Council for damage to below ground infrastructure (e.g. pipes) arising from major natural events such as earthquakes or floods.

Infrastructure Insurance was procured because the level of financial risk we were carrying on our underground assets had grown significantly and was no longer well balanced. Over recent years, underground infrastructure values increased sharply due to rising construction and replacement costs, while the size of the TEL fund used for self-insurance had not kept pace. At the same time, changes in the insurance market—particularly new caps and exclusions on council liability insurance—increased Council's exposure to losses it cannot easily insure against.

By purchasing Infrastructure Insurance, Council reduced its exposure to large, sudden financial shocks, particularly from earthquakes and other natural hazard events that could cause widespread underground damage.

means insurers are more strictly required to treat customers fairly, clearly and honestly at every stage, from designing fair products that are clearly explained, to ensuring they take responsibility for third parties acting on their behalf, e.g. builders.

Balancing Insurance Cost against Risk Exposure

Prior to each renewal officers seek to optimise Council's insurance programme to ensure Council strikes the right balance between insurance cost and risk exposure (**Figure 1**). Over-insuring may become cost prohibitive, while under-insuring risks Council's ability to recover following a major catastrophe and may unreasonably place the financial burden of recovery onto future generations.

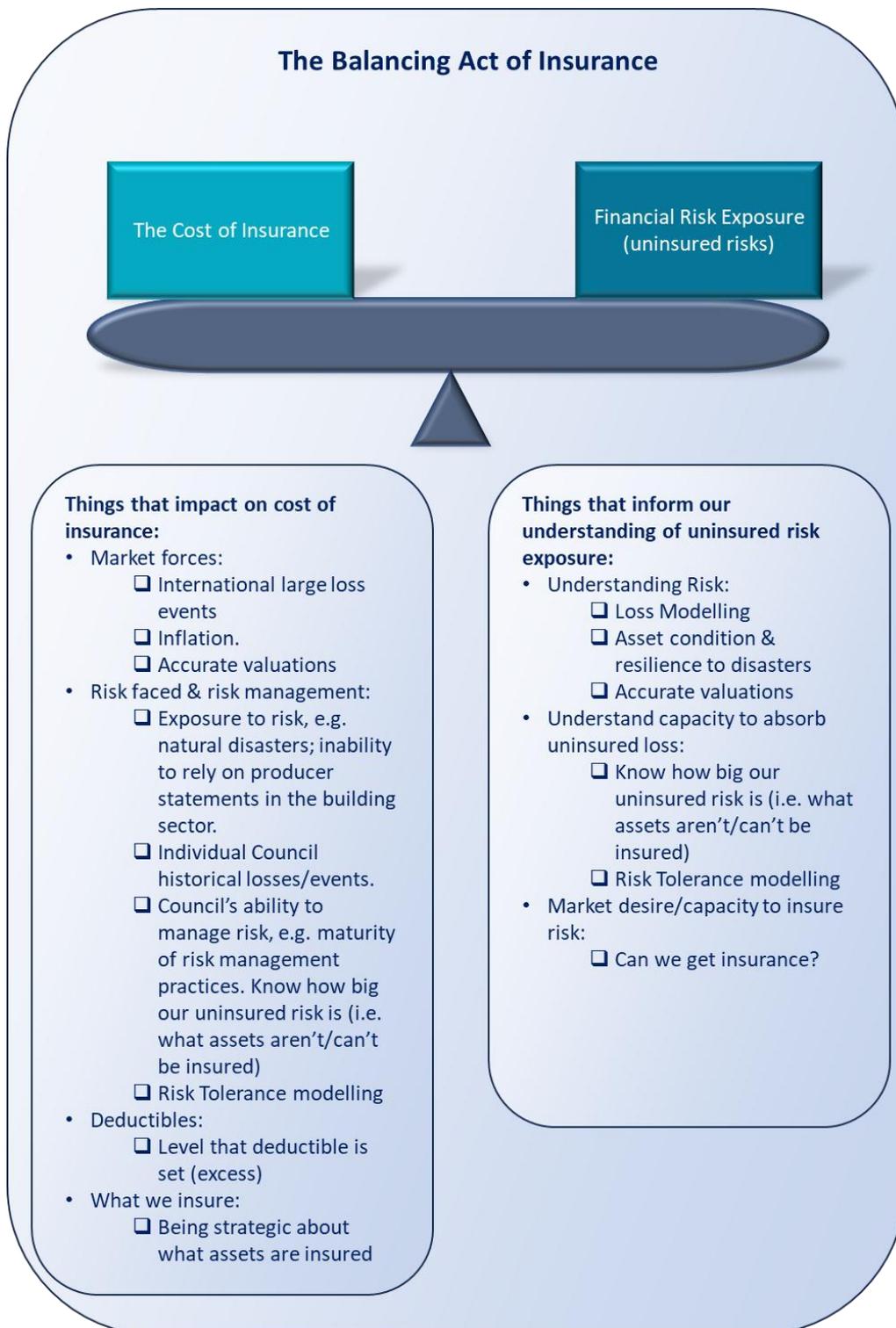


Figure 1 – Summary of factors that influence both the cost of insurance and our understanding of potential risk.

Aon Probabilistic Loss Modelling

In 2025 the Bay of Plenty Local Authority Shared Services (BOPLASS) member councils engaged Aon Global Risk Consulting to undertake a high-level estimate of losses to three-waters reticulation and flood protection assets as a consequence of an earthquake event. The analysis considered all assets insured on the group BOPLASS Underground Infrastructure policy alongside above ground three-waters facilities detailed on the BOPLASS Material Damage and Business Interruption policy (MD).

The aim of the modelling is to better inform BOPLASS to make prudent risk financing and insurance decisions in anticipation of the upcoming renewal. Loss estimates can inform decisions on how much risk to transfer through insurance, and how much to retain, as well as validate that a policy is sufficiently tailored to transfer risk where intended. The work provides an assessment of potential losses incurred by modelled assets due to an earthquake event, with consideration given to the additional damage associated with the secondary hazards of liquefaction and landslides. Aon utilised an Earth Sciences NZ (previously GNS) model which drew on one million years of earthquake data to inform likely peak ground acceleration at different return periods.

The model concludes that Council can be 99.9% confident that losses to three waters assets arising from peak ground acceleration won't exceed \$89.2M in any given year.

Table 1 – Summary of losses expected to TDC three waters assets as a result of earthquake at a 1:1000 year likelihood.

Asset Value Three Waters Assets Modelled	Estimated value of assets damaged @1:1000	% loss
\$825.0 M	\$89.2 M	10.8%

Model limitations

The effects of peak ground acceleration are well captured by the model, however lateral spreading risk was not explicitly modelled due to the lack of available hazard data at a suitable resolution. The report notes that the Council has around \$9.65M of below ground assets that may be exposed to lateral spreading damage, and that Council's Taupō wastewater treatment plant is also vulnerable due to its location. The three waters team is already aware of this risk and had commenced geotechnical investigations to further understand the specific vulnerabilities of this site.

Funding sources

Following a natural hazard event Council will likely be able to offset losses not only through insurance but through receipt of central government funding. Central government funding is currently available via its essential infrastructure recovery programme, where the government will fund up to 60% of the costs to reinstate essential infrastructure above a threshold⁴.

Next steps

Officers are currently working with Aon to approximately estimate the potential earthquake losses to other asset classes, e.g. roading, buildings etc, so that Council may form a view as to the adequacy of its insurance arrangements prior to its next insurance renewal.

WHAKAKAPINGA | CONCLUSION

Insurance remains a critical component of Council's overall risk management framework, providing financial protection against low-likelihood but high-impact events that could otherwise materially affect Council's ability to deliver essential services and meet its long-term obligations. With assets valued at approximately \$2.8 billion and annual insurance expenditure exceeding \$2 million, the scale and complexity of Council's insurance programme requires ongoing, informed and active management.

⁴ The Local Authority Threshold for reimbursement for a District Council is 0.0075% of the net capital value, where net capital value is equal to the capital value of all properties in the District at the time of the emergency (\$34,426,702,000 as at 30 June 2025). This means Council must fund the first \$2.6M prior to receiving any central government funding via its essential infrastructure recovery programme.

The New Zealand insurance environment continues to be shaped by climate-related losses, global reinsurance dynamics and increasing regulatory and underwriting scrutiny. While market conditions have stabilised and, in some areas, improved since late 2024, insurance affordability, coverage limits and long-term insurability remain strategic considerations, particularly for local government entities with exposure to natural hazards. Council's participation in the BOPLASS joint procurement arrangement continues to deliver value through access to broader markets, improved terms and economies of scale, supported by specialist broker advice.

Council's decision to introduce Infrastructure Insurance in December 2024 represents a deliberate and prudent shift in how risk is balanced between self-insurance and risk transfer. This decision reflects the rapid growth in underground infrastructure values, evolving insurance market constraints, and Council's intent to prepare for large, sudden financial shocks arising from major natural hazard events. The insurance programme now provides a more balanced and resilient risk financing position.

The probabilistic earthquake loss modelling undertaken by Aon provides improved insight into Council's exposure and indicates that Council can be 99.9% confident that losses to three waters assets arising from peak ground acceleration won't exceed \$89.2M in any given year. Limitations in the modelling have been identified—particularly in relation to lateral spreading risk—and further work is underway to better understand this risk at Council's Taupō wastewater treatment plant.

Overall, Council's insurance arrangements are increasingly being managed as a strategic tool rather than a purely transactional purchase. Officers will continue to refine Council's understanding of its risk exposure across asset classes, use loss modelling and market intelligence to inform renewal decisions, and actively balance insurance cost against acceptable risk retention. This approach will support Council's financial resilience, intergenerational equity, and ability to recover from major adverse events, while remaining responsive to a rapidly changing insurance and risk landscape.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Insurance Update report.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Aon Global Insurance Market Insights Report Q4 2025

APPENDIX A – SUMMARY OF TDC INSURANCE POLICIES**Physical Damage Policies*****Property***

Material Damage and Business Interruption cover is purchased for assets listed on Council's property schedule with cover extending beyond natural disasters to include other perils including but not limited to fire, theft, and vandalism. The property asset schedule is primarily comprised of buildings, pools, and above ground water assets. These are insured for their full replacement value.

Under its Material Damage and Business Interruption Policy, Council has an insured sum of \$589M up approximately 5% from \$560M for 2024/25's placement reflecting increases driven by both inflation which has impacted asset value and completed capital work.

Council's resulting premium has decreased 18% to \$0.981M, reflecting a softer international insurance market.

Commercial Motor Vehicle

Council has insured approximately \$7.2M of vehicles, (cars, trailers, mowers, tractors etc), up approximately 17% from the previous year, which has driven the majority of 25% premium increase. \$314,000 of this increase in insured sum reflects the decision to insure vehicle assets worth less than \$10,000, which had not been previously insured due to their comparatively low value.

Fine Arts Policy

Council holds a Fine Arts Policy which provides cover for Taupō Museum's collections, and fine art assets through various district buildings (e.g. libraries) and sculptures and street art throughout the district. The cost of Council's Fine Arts insurance policy has doubled reflecting an increase in total sum insured (32% increase) as a result of the addition of a number of new high value assets and also an underlying increase in the insurance rates.

Forestry/Standing Timber

Council's 1,004 hectares of standing timber investments has been insured for \$16,000 a 37% increase on the previous year's premium.

Infrastructure

Council's Infrastructure Insurance policy insures against loss to our underground three water assets arising from a natural catastrophe event. This policy is unique as the insurer will cover up to 40% of the cost of loss against assets listed. Only 40% coverage is required via insurance as central government will cover the remaining 60% through its essential infrastructure recovery fund.

The policy was procured part way through the insurance period, running for 6.3 months, the pro-rata premium costing \$142K (the full year premium would have cost ~\$275K). To prepare for the 2025/26 renewal Council officers extracted a fresh set of asset data to build the insurance asset schedule. The resulting \$11K increase in premium is driven partly by improvements in asset data integrity but also by inflation.

Liability Policies

Council's liability risks are offset by five liability policies: Professional Indemnity Primary Layer, Public Liability Primary Layer, Professional Indemnity and Public Liability Excess Layer, Statutory Liability and Employers Liability cover.

Professional Indemnity covers against claims for breach of professional duty or negligence in the performance of services.

Public Liability provides protection against third party property damage and personal injury.

The Excess layer provides a higher level of cover over and above the limit provided by the primary insurance policy. When a claim is made, the primary policy covers costs up to its limit. If the claim exceeds that limit, the excess layer insurance policy takes over and covers the remaining amount up to its limit.

Statutory liability covers Council for unintentional breaches of statutes which may result in prosecution.

Employers Liability Cover provides protection against settlements or damage, including defence costs resulting from an employee suffering bodily injury in the course of their employment not covered by ACC.

Professional Indemnity

Council's Professional Indemnity primary layer policy provides for up to \$15M of losses (for one claim or in the aggregate) and has had a 3.5% increase in premium costs.

Public Liability

Council's Public Liability primary layer policy provides for up to \$15M of losses and has had a 6.1% increase in premium costs.

Professional Indemnity and Public Liability Excess Layer

Council purchases an excess layer of \$125M to cover losses above \$15M. This is shared amongst 37 other NZ councils excluding Auckland City Council and Wellington City Council. Securing excess layer insurance has proven challenging with about 70% of the global insurance market walking away from NZ's local government sector. Through provision of 10 years of claim data, statistics about various types of building consents, and various other data Aon were able to secure a new London based insurer, with secondary support from the Australian and NZ insurance markets.

As a result of the loss of market support for NZ's local government sector, Excess Layer premiums have increased 12% for Taupō District Council, up to \$65,000 from \$58,000.

Staff expect that pressure on liability insurance will continue and as a result are proposing a broadening of insurance cover to help balance Council's overall risk profile. This is considered in more detail on separate paper elsewhere on this agenda.

Statutory Liability

Council has seen a 17.4% increase in premiums for its Statutory Liability cover.

Employers Liability

There has been no premium increase for this cover, with costs remaining at \$4,500.

Other Insurance

Airport Owners Liability Insurance

Airport Owners Liability Insurance covers Council in the event of damage arising from airport operations, and premiums have increased 6% to \$10,900 this year.

Crime

Premiums have remained largely flat at \$23,000.

Cyber

Cyber insurance protects Council from actual or suspected breach of computer systems, extortion threat, restricted access to network. There has been a significant increase in Cyber market capacity which has meant despite the increasing sophistication of cyber-attacks Council's premium essential remained flat at \$17,000.

APPENDIX B – SUMMARY OF TDC INSURANCE POLICY COST CHANGES**Table B.1** – Summary of Council insurance 2025/26 policies held and premium cost.

Policy Name	Purpose	Cost 2024/25	Cost 2025/26	% change	% of total cost
Airport Owners Liability	To pay third party in the event of damage arising from airport operations.	\$10.3K	\$10.9K	+6.00%	0.5%
Commercial Motor Vehicle	Damage to Council owned vehicles and specified equipment (e.g. plant eqpt, mowers, sprayers etc) Damage to third party property, including vehicles.	\$86K	\$108K	+25.44%	5.2%
Contract Works (Annual)	Cover for projects specified in the schedule during the construction stage.	\$37.7K	\$38.1K	+1.21%	1.8%
Crime	Loss caused by criminal, dishonest or fraudulent acts.	\$27K	\$27K	+0.02%	1.3%
Cyber	Actual or suspected breach of computer systems, extortion threat, restricted access to network.	\$16.7K	\$17.kK	+0.03%	0.8%
Employers Liability	Protects against settlements or damage, including defence costs resulting from an employee suffering bodily injury in the course of their employment not covered by ACC.	\$5.2K	\$5.2K	+0.77%	0.3%
Fine Art	Physical loss or damage to fine arts.	\$14K	\$14K	-3.99%	0.7%
Infrastructure	Damage to underground water, wastewater, and stormwater assets to damage caused by natural catastrophe events.	\$142K (part year full year premium would have cost ~\$275K))	\$290K	+4.3%	14.0%
Material Damage and Business Interruption	Damage to property/assets listed in Schedule. Loss from interruption as a consequence of damage to insured property/assets.	\$1.24M	\$981.5K	-18.38%	47.4%
Professional Indemnity	Covers against claims for breach of professional duty or negligence in the performance of services.	\$398K	\$411.2K	+3.51%	19.8%
Public Liability	Protection against third party property damage and personal injury.	\$60.8K	64.5K	+6.13%	3.1%
Professional Indemnity & Public Liability – Excess layer	Additional insurance policy that increases the total the insurer will pay out under these policies so that large claims can still be paid out	\$58K	\$65K	+11.81%	3.1%
Standing Timber / Forestry	Loss or damage to standing timber crops from defined events.	\$16K	\$22.1K	+36.77%	1.1%
Statutory Liability	Covers Council for unintentional breaches of statutes which may result in prosecution.	\$22K	\$18K	-17.43%	0.7%
Total	Including levies and GST	\$2.12M	\$2.07M	-2.36%	

APPENDIX C – HIGHLEVEL SUMMARY OF COUNCIL ASSETS AND VALUE**Table C.1** – Summary of the value of Council's assets.

Asset Class	Asset category	Asset value – inflated optimised replacement cost OR uninflated historic cost (\$M)
Infrastructure Assets	Water reticulation assets (includes pumpstations)	\$187.3
	Wastewater reticulation assets (includes pumpstations).	\$210.5
	Stormwater drainage	\$129.2
	Water treatment plants & facilities	\$71.6
	Wastewater treatment plants & facilities	\$161.6
	Roads & footpaths &	\$855.3
	Bridges	\$30.0
	Solid Waste	\$1.7
	Infrastructural buildings	\$27.4
	Operational Assets	Land
Buildings		\$200.7
Office furniture and fittings		\$38.3
Library books		\$4.4
Park furniture and structures		\$0.0
Heritage assets – included under fine art		\$15.0
Plant and Equipment		\$4.6
Restricted Assets	Parks and reserves land	\$203.7
Airport Assets	Airport buildings	\$8.2
	Airport office furniture & fittings	\$0.8
	Airport roads	\$3.7
	Airport stormwater	\$0.8
	Airport runway	\$12.8
	Airport vehicles	\$0.0
	Airport land	\$5.1
Motor Vehicles		\$7.2
Forestry	Standing timber crop	\$8.8
Fine Arts	Including heritage assets	\$6.7
	Total Asset Value	\$2,785 M

5.12 RISK MANAGEMENT UPDATE

Author: Mark Hill, Risk Advisor

Authorised by: Louise Chick, Business Excellence Manager

TE PŪTAKE | PURPOSE

To update the Risk and Assurance Committee on the status of Council's Strategic Risks, Enterprise Risk Management (ERM) and emerging risks (horizon scanning).

NGĀ KŌRERORERO | DISCUSSION

Strategic Risks

In 2023 Council and the Executive Team identified ten strategic risks:

1. **Attracting and retaining a competent workforce**
2. **Ineffective Relationships**
3. **Financial Strategy**
4. **Critical infrastructure failure**
5. **Zero Harm**
6. **Non-delivery of projects**
7. **Compliance and Legal Liabilities**
8. **Maintaining ICT systems and secure records**
9. **Effects of Climate Change**
10. **Underperforming Council**

Workshops have been held for risks 1 – 9 and the outcome for each captured in a strategic risk profile, previously shared with this Committee in Attachments 2-10.

These risks have been assessed against the risk appetite and Risk Management Framework set by this Committee in September 2025. The tenth risk, *Underperforming Council*, will be workshopped with the newly formed Risk and Assurance Committee in 2026. Each profile continues to be reviewed by the Executive Sponsor every 3-months as part of business as usual (BAU) operations.



Figure 1 – Key elements of TDC's risk management system.

Table 1 summarises the status of each of Council's strategic risks that have been assessed.

Table 1: Summary of the risk rating of each of Council's strategic risks and an assessment as to whether these sit within Council's risk appetite.

Strategic Risk	Current Plausible Residual Risk Level	Within Risk Appetite
1. Attracting and retaining a competent workforce	Medium	Yes
2. Ineffective Relationships	Low	Yes
3. Financial Strategy	Medium	Yes
4. Critical infrastructure failure	Medium	Yes
5. Zero Harm	High	No
6. Non-delivery of projects	Low	Yes
7. Compliance and Legal Liabilities	Medium	Yes
8. Maintaining ICT systems and secure records	Medium	Yes
9. Effects of Climate Change	Low	Yes
10. Underperforming Council	Risk profile not yet developed	

Strategic Risks tracking above appetite

Zero Harm (Sponsor – General Manager Organisation Performance):

The High-risk rating for *Zero Harm* reflects a likely occurrence (i.e. within 12-18 months) of a high consequence health, safety or wellbeing impact which Council has defined as:

- **Safety** - Lost Time Injury (up to 7 days).
- **Wellbeing** - Requiring support from external services e.g. EAP, to manage mental health concerns and time off work is required (up to 7 days).
- **Occupational Health** - Reversible health effects with limited loss of time (up to 7 days).

This relatively conservative risk appetite reflects the importance Council places on health and safety and its continued efforts to prioritise reducing the risk of adverse impacts to its staff.

Whilst the risk currently sits outside of Council's risk appetite an independent review conducted by KPMG during December 2025 confirms Council has made solid progress in implementing improvements to its health and safety system. The report acknowledges further improvements are subject to the broader organisation's capacity to engage in risk management practices and recommends more detailed resource planning to verify that planned work can be achieved within programmed timelines.

The full H&S review conducted by KPMG will be presented by them as part of the Assurance Report, elsewhere on this agenda.

A table summarising the strategic risks is attached.

ENTERPRISE RISK MANAGEMENT (ERM)

Since this Committee endorsed the updated Risk Management System, officers have been working on a programme to operationalise Enterprise Risk Management (ERM) aligned with Council's updated Risk Management Framework. Feedback received on the initial roll out programme indicated that a simplified approach was required in order to maximise the support of time constrained stakeholders.

With support from a risk consultancy company, a revised roll out programme is being devised to promote ERM with Enterprise Leaders. The programme will commence with a workshop to 'pilot' the programme with one General Manager (GM) group in March 2026. Feedback from the pilot will be reviewed and our approach revised before running workshops with each of the other three GM groups.

EMERGING RISKS (HORIZON SCANNING)

New Zealand councils are facing a growing set of interconnected emerging risks driven by climate pressures, economic conditions, regulatory change, and technological disruption. Key themes include resilience, financial sustainability, capability, and trust. Through engagement with our Internal Audit partners, Insurance brokers, engagement with risk forums / networks, business subject matter experts within Council and analysis of other sources the following emerging risks have been identified.

Table 2 – Summary of emerging risks that Council may be exposed to.

Emerging Risk	What does this mean for Council?
<p>1) Procurement & delivery market conditions risk (Transport & Water) - Constrained supply chains, evolving water organisations combined with project complexity is driving cost and delivery risks; seasonal transport tender shortages and NZTA competition persist despite local capacity for 80% of programme, with moderate risk for specialist 20%. Supply chains are constrained due to the changing policy environment, labour shortages in key construction areas, seasonal demand peaks (natural disasters) and generally, material costs are still higher than expected.</p>	<p>Council may face increased costs to deliver projects in future, and in addition there is potential for project delays or an inability to deliver in the extreme.</p>
<p>2) New Zealand's Security Threat Environment: New Zealand Security Intelligence Service (NZSIS) have highlighted that a small number of foreign states conduct interference and espionage in and against New Zealand and New Zealanders. These activities include: promoting radicalised extremism in local communities; data harvesting (identification of asset locations, vulnerabilities etc), targeting local communities etc.</p>	<p>Local government is seen as a prime target for 'influence building' and is 'attractive' due to its authority over key assets, infrastructure, and public spaces. Vulnerabilities often exist as Security is not seen as a risk or priority, these include cyber security vulnerabilities.</p>

WHAKAKAPINGA | CONCLUSION

Strategic Risks: Council officers have now had the opportunity to analyse the risk profiles for strategic risks against the new risk appetite and risk consequence tables. However, despite the realignment of risk appetite two strategic risks are still tracking above Council's risk appetite and will require further work to reduce them further. All strategic risks are now reviewed by sponsors on a quarterly basis and trends / significant changes will be reported to this Committee.

Enterprise Risk Management (ERM): Once the ERM pilot workshop (scheduled for 9 March 2026) has been delivered it should enable Council officers to streamline our approach and run further workshops to operationalise ERM across the organisation.

Emerging Risks (horizon scanning): Local government organisations across New Zealand are facing a plethora of emerging risks, which, if left unchecked and they materialise, will have a significant effect on the delivery of Council services. Many of these risks have already been captured in Council's strategic risk profiles and are therefore monitored and regularly reviewed by the Executive sponsors. Whilst some of the emerging risks may diminish or disappear naturally over time, others should be monitored and, where necessary, form part of existing strategic risks or potentially form the basis of new / future strategic risks.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee receives the Risk Management report.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Strategic Risk Summary Table - February 26
2. Strategic Risk Profile_01.Attract and retain a competent workforce_Feb 26
3. Strategic Risk Profile_02.Ineffective Relationships_Jan 26
4. Strategic Risk Profile_03.Finance Strategy_Feb 26
5. Strategic Risk Profile_04.Critical Infrastructure Failure_Dec 25
6. Strategic Risk Profile_05.Zero Harm_Feb 26
7. Strategic Risk Profile_06.Non-Delivery of Projects_Feb 26
8. Strategic Risk Profile_07.Compliance & Legal_Jan 26
9. Strategic Risk Profile_08.ICT Systems and Secure Records_Jan 26

- 10. Strategic Risk Profile_09.Climate Change_Jan 26

5.13 ASSURANCE REPORT

Author: Mark Hill, Risk Advisor
Authorised by: Louise Chick, Business Excellence Manager

TE PŪTAKE | PURPOSE

To introduce the industry standard approach to attaining assurance over Council’s operations and to update the Risk and Assurance Committee on recent assurance activities, including the preparation of a 3-year audit assurance programme.

TE WHAKAMAHUKI | BACKGROUND

Assurance provides Elected Members with confidence that systems and controls are functioning as intended, Council is operating effectively, managing risks appropriately, and meeting its statutory and service delivery obligations. The industry standard Lines of Defence framework (**Figure 1**) shows how this confidence is built.

Within an organisation there are considered to be three lines of defence. In some instances, for example local government, there is also a 4th line where external bodies are involved (**Figure 1**).

The first and second lines come from management and internal controls; the third line provides independent internal audit oversight; and the fourth line delivers external scrutiny from regulators and appointed auditors.

In simple terms, the third line of defence is the organisation “**checking itself independently**” to confirm that what should be happening is happening. In larger organisations these checks may be undertaken by a dedicated Internal Audit function, however in smaller organisations such as Taupō District Council the third line of defence checks are conducted by independent third parties, e.g. KPMG, at the organisation’s request. These parties report objectively to senior leadership and the Risk and Assurance Committee.

The fourth line of defence is provided by external bodies that sit completely outside the organisation, such as the Office of the Auditor-General or independent regulators. These entities look at whether the Council is doing the right things, spending public money properly, and meeting its legal obligations. In plain terms, this is the organisation being “**checked from the outside**” to ensure accountability to the public and compliance with national standards and legislation.

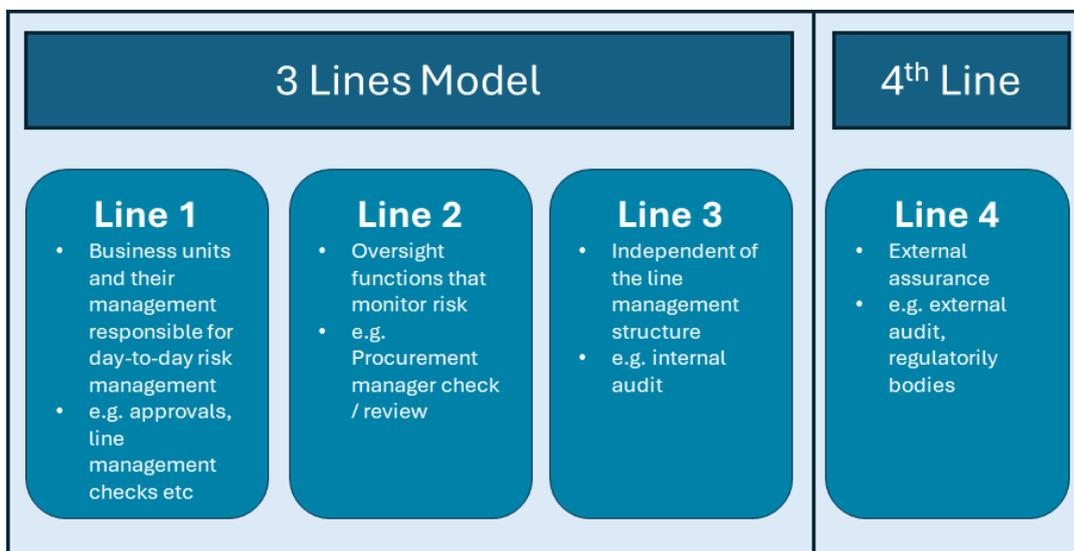


Figure 1 – Summary of the ‘four lines of defence’ assurance model.

Council already has many established internal controls. However, to support Council in taking a structured, strategic approach to its assurance it has engaged KPMG to map Council’s current controls, categorised by line of defence, against its key risks. This ‘assurance map’ has been used to develop a 3-year internal audit programme.

NGĀ KŌRERORERO | DISCUSSION

Assurance Mapping and Internal Audit Programme

In September 2025 Council engaged professional services company KPMG to assist us with our internal assurance work. KPMG were tasked with:

1. Mapping the assurance activities we currently have in place across each of the 4 lines, including:
 - Validating and rating the effectiveness of assurance activities operating within each business unit.
 - Identifying gaps in the coverage of those assurance activities.
 - Identifying opportunities for improvement and making recommendations which Council could implement to address any identified gaps.
2. Developing a draft 3-year internal audit programme to provide comfort over areas where significant risks have been identified.

Summary of findings:

- The assurance mapping work identified that overall, Executives and the ELT have a high level of confidence in the Line 1 key controls and management practices in place across Council's strategic risk areas. However, the mapping indicates that *independent assurance* coverage is uneven, with the most notable gaps in Lines 2 and 3.
- In particular, Line 2 oversight and independent testing activity is limited. This reduces the organisation's ability to provide objective assurance that key controls are operating effectively on an ongoing basis.
- Line 3 coverage is also variable across strategic risks, which limits the breadth of independent assurance available to the Risk and Assurance Committee and increases reliance on management self-assessment in some areas. This is being addressed through the appointment of KPMG as Council's internal auditors.

KPMG has proposed an internal audit plan (Attachment 1) and this has been endorsed by Council's Executive officers and is submitted for this Committee's approval. KPMG will attend the meeting to present the report and respond to questions.

The internal audit plan contains a summary of the assurance mapping work completed by KPMG and explains how the mapping exercise has been used to inform the development of the 3-year audit plan. The 3-year audit plan has been designed to work with the operational tempo and current work programme / pinch points in the organisation. The approval of the internal audit plan by this Committee will start to address Line 3 areas of improvement identified in the assurance mapping discussed above.

Internal Audit Projects

In the interim, Council tasked KPMG with conducting two internal audit reviews:

1. **Health and Safety follow up review.**

The intent of the review was to:

- Assess whether Council has appropriately prioritised the most critical recommendations from the 2023 KPMG review.
- Evaluate the pace of implementation and consider whether additional resourcing may be needed to accelerate progress on high-risk or high-impact actions.

Summary of findings:

- KPMG concluded that Council has made generally positive progress since its full review of H&S systems conducted in 2023. Health and safety improvements have been embedded into core governance, planning, and operational frameworks rather than treated as short-term actions. They noted this demonstrates a sustained organisational commitment despite sector-wide resourcing and priority pressures.

- The review found that the overall prioritisation of actions is appropriate and aligned with good practice, with critical risks identified and governance responsibilities clearly established.
- The review also identified three key areas to support continued improvement:
 - i. completing and embedding critical and business unit risk assessments
 - ii. strengthening governance through more consistent and consolidated reporting, and
 - iii. ensuring alignment between organisation-wide resourcing and the pace of the improvement programme.

The report from the Health and Safety review (Attachment 2) will be presented by KPMG.

2. Cyber Security Review

KPMG conducted a review into Council's cyber security practices and controls. Given the sensitive nature of this review its findings are presented under the confidential section of this agenda.

WHAKAKAPINGA | CONCLUSION

Assurance Mapping and Internal Audit Plan

KPMG have completed the assurance mapping work and have used the outputs to develop the draft 3-year internal audit plan. Once approved by this Committee work will commence on providing comfort that systems and controls are functioning as expected. Council officers have reviewed and commented on the plan and are supportive of the findings and recommendations.

There will also be an opportunity for Council to implement recommendations to improve existing line 1 and 2 activities to address identified gaps.

Health and Safety follow up review

Council officers are supportive of the findings and recommendations and have agreed actions to address them through an integrated Health and Safety and Risk Management Improvement Plan. This provides assurance that Council is taking a structured, risk-based and pragmatic approach to strengthening its health and safety maturity over time.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee:

1. Receives the Assurance report;
2. Approves the attached Taupō District Council FY2026-2028 Draft Internal Audit Plan; and
3. Receives the report from the 2025 KPMG Health and Safety review.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. TDC FY2026-2028 Draft Internal Audit Plan
2. TDC Health and Safety - Follow Up Review (Final Report)

5.14 RISK AND ASSURANCE COMMITTEE WORKPLAN UPDATE

Author: Louise Chick, Business Excellence Manager

Authorised by: Sarah Matthews, General Manager Organisation Performance

TE PŪTAKE | PURPOSE

To present the Risk and Assurance Committee with a proposed workplan for the 2026 calendar year.

NGĀ KŌRERORERO | DISCUSSION

The attached workplan provides an outline of the papers that the Risk and Assurance Committee may expect to receive throughout the 2026 calendar year. Other papers may be included from time to time in response to arising risk or assurance matters.

The proposed workplan accounts for the updated terms of reference for the Risk and Assurance Committee where this Committee now also “Monitor(s) Council’s management of natural hazard risks and emergency management areas of activity across reduction, readiness, response and recovery”.

WHAKAKAPINGA | CONCLUSION

The Risk and Assurance Committee Workplan for 2026 is presented for the Committee’s consideration and adoption.

NGĀ TŪTOHUNGA | RECOMMENDATION(S)

That the Risk and Assurance Committee approves the updated Workplan for 2026.

NGĀ TĀPIRIHANGA | ATTACHMENTS

1. Risk and Assurance Committee Workplan - 2026

6 NGĀ KŌRERO TŪMATAITI | 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	Plain English reason for passing this resolution in relation to each matter
Agenda Item No: 6.1 Cybersecurity Update and Incident Review	Section 7(2)(j) - the withholding of the information is necessary to prevent the disclosure or use of official information for improper gain or improper advantage	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	It is necessary to exclude the public to avoid any sensitive security vulnerabilities being exploited by cybercriminals
Agenda Item No: 6.2 Legal and 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	For Council to receive legal advice in relation to legal and litigation matters, and to maintain legal professional privilege in relation to that advice/matters.

I also move that *[name of person or persons]* be permitted to remain at this meeting, after the public has been excluded, because of their knowledge of *[specify]*. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because *[specify]*.