



KAWERAU DISTRICT COUNCIL

Te Kaunihera ā rohe o Kawerau

TAONGA O TE WHENUA - TREASURE OF THE LAND

**The Meeting of the
Audit and Risk Committee will be
held on Wednesday 10 February 2025
commencing at 1.00pm**

A G E N D A

AUDIT AND RISK COMMITTEE

Her Worship the Mayor – F K N Tunui

Councillor C J Ion

Councillor A Rangihika

Councillor B J Julian

Philip Jones – Consultant - P J Associates (Chair)

KAWERAU DISTRICT COUNCIL

**The Meeting of the Audit and Risk Committee
will be held on Monday 10 February 2025
commencing at 1.00pm**

AGENDA

Karakia Timatanga | Opening Prayer

Apologies

Declarations of Conflict of Interest

Any member having a “conflict of interest” with an item on the Agenda should declare it, and when that item is being considered, abstain from any discussion or voting. The member may wish to remove themselves from the meeting while the item is being considered.

1 CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES

1.1 Audit and Risk Committee – 9 December 2024

Pgs. 1 - 4

Recommendation

That the minutes of the Audit and Risk Committee Meeting held on 9 December 2024 be confirmed as a true and accurate record.

2 Kawerau District Council Risk Profile 2025 (Chief Executive Officer) (105000)

Pgs. 5 - 8

Attached is the report from the Chief Executive Officer covering Kawerau District Council Risk Profile 2025.

Recommendation

That the report “Kawerau District Council Risk Profile 2025” be received.

3 Health, Safety and Wellbeing Report for period – 1 November 2024 to 31 January 2025 (Group Manager Regulatory and Planning) (509500)

Pgs. 9 - 21

Attached is the report from the Group Manager, Regulatory and Planning covering Health, Safety and Wellbeing Report for period – 1 November 2024 to 31 January 2025.

Recommendation

That the report “Health, Safety and Wellbeing Report for period – 1 November 2024 to 31 January 2025” be received.

4 Treasury Report to 30 November 2024 and 31 December 2024 (Group Manager Finance and Corporate Services) (110551)

Pgs. 22 - 27

Attached is the report from the Group Manager, Finance and Corporate Services covering Treasury Report to 30 November 2024 and 31 December 2024.

Recommendation

That the report "Treasury Report to 30 November 2024 and 31 December 2024" be received.

5 Long Term Plan 2025 – 2034 Update (Group Manager, Finance and Corporate Services) (110555)

Pgs. 28 - 41

Attached is the report from the Group Manager, Finance and Corporate Services covering Long Term Plan 2025 – 2034 Update.

Recommendation

That the report "Long Term Plan 2025 – 2034 Update" be received.

6 Audit and Risk Review Timetable from February 2025 to December 2025 (Group Manager, Finance and Corporate Services) (101300)

Pgs. 42 - 44

Attached is the report from the Group Manager, Finance and Corporate Services covering Audit and Risk Review Timetable from February 2025 to December 2025.

Recommendation

That the report "Audit and Risk Review Timetable from February 2025 to December 2025" be received.

7 Review of Council's Fraud and Corruption Risk Assessment (Group Manager, Finance and Corporate Services) (201300)

Pgs. 45 - 53

Attached is the report from the Group Manager, Finance and Corporate Services covering Review of Council's Fraud and Corruption Risk Assessment.

Recommendation

- 1. That the report "Review of Council's Fraud and Corruption Risk Assessment" be received.*
- 2. That the Audit and Risk Committee review and recommend any amendments to the Fraud and Corruption Risk Assessment, as proposed.*

8 Council Bylaw and Policy Review Update (Group Manager, Regulatory and Planning) (320000 & 110800)

Pgs. 54 - 62

Attached is the report from the Group Manager, Regulatory and Planning covering Council Bylaw and Policy Review Update.

Recommendation

That the report “Council Bylaw and Policy Review Update” be received.

9 Insurance Policies Update (Group Manager, Finance and Corporate Services) (201000)

Pgs. 63 - 68

Attached is the report from the Group Manager, Finance and Corporate Service covering Insurance Policies Update.

Recommendation

That the report “Insurance Policies Update” be received.

Karakia Whakamutunga | Closing Prayer

M Godfery

Chief Executive Officer

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**Kawerau District Council Minutes of an
Audit and Risk Committee held on 9 December 2024
commencing at 1.00pm**

Present: Philip Jones – P J Associates (Chair)
Her Worship the Mayor – F K N Tunui
Deputy Mayor – A Rangihika - via Zoom
Councillor C Ion
Councillor B J Julian

In Attendance: Chief Executive Officer (M Godfery)
Group Manager, Finance and Corporate Services (L Butler)
Group Manager, Regulatory and Planning (M Glaspey)
Group Manager, Operations and Services (R Nel)
Administration Officer (L Kerei)
René van Zyl (Audit Director of Audit New Zealand)

Karakia Timatanga | Opening Prayer

Chief Executive Officer Godfery opened the meeting with a prayer.

Apologies

No Apologies were received.

Declarations of Conflict of Interest

No Conflicts of Interest were received.

1 CONFIRMATION OF AUDIT AND RISK COMMITTEE MINUTES

1.1 Audit and Risk Committee – 7 October 2024

Resolved

That the minutes of the Audit and Risk Committee Meeting held on 7 October 2024 be confirmed as a true and accurate record.

**Councillor Julian / Her Worship the Mayor
CARRIED**

**2 Health, Safety and Wellbeing Report for period – 1 September 2024 to 31 October 2024
(Group Manager, Regulatory and Planning) (509500)**

Committee discussed the report from the Group Manager, Regulatory and Planning covering Health, Safety and Wellbeing Report for period – 1 September 2024 to 31 October 2024.

Resolved

That the report “Health, Safety and Wellbeing Report for period – 1 September 2024 to 31 October 2024” be received.

**Councillor Ion / Chair Jones
CARRIED**

3 Audit New Zealand – Audit Engagement Letter Long Term Plan commencing 1 July 2025 (Group Manager, Finance and Corporate Services) (201300)

René van Zyl Audit Director spoke to the Engagement Letter and the Long Term Plan Audit process.

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Audit New Zealand – Audit Engagement Letter Long Term Plan commencing 1 July 2025.

Page 21 – 3.5 Self-assessment – The date 10 December 2024 to be 13 December 2024 to reflect the timetable on page 26.

Resolved

That the report “Audit New Zealand – Audit Engagement Letter Long Term Plan commencing 1 July 2025” be received.

**Chair Jones / Her Worship the Mayor
CARRIED**

****Item 8 moved to item 4****

4 Long Term Plan 2025 – 2034 Update (Group Manager, Finance and Corporate Services) (110555)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Long Term Plan 2025 – 2034 Update.

Resolved

That the report “Long Term Plan 2025 – 2034 Update” be received.

**Her Worship the Mayor / Councillor Ion
CARRIED**

5 Report to the Council on the Audit for year ended 30 June 2024 (Group Manager, Finance and Corporate Services) (201000)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Report to the Council on the Audit for year ended 30 June 2024.

René van Zyl Audit Director provided additional information regarding queries on the Audit Report.

Resolved

That the report “Report to the Council on the Audit for year ended 30 June 2024” be received.

**Her Worship the Mayor / Councillor Julian
CARRIED**

6 Treasury Report to 30 September 2024 and 31 October 2024 (Group Manager, Finance and Corporate Services) (110551)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Treasury Report to 30 September 2024 and 31 October 2024.

Resolved

That the report “Treasury Report to 30 September 2024 and 31 October 2024” be received.

**Councillor Ion / Her Worship the Mayor
CARRIED**

7 Annual Plan Performance for the three months ended 30 September 2024 (Group Manager, Finance and Corporate Services) (110400)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Annual Plan Performance for the three months ended 30 September 2024.

Action item:

Page 62 – Item 2.1 – Statement of Comprehensive Revenue and Expense – In the table add a column for “Year to Date (YTD)”.

Resolved

That the report “Annual Plan Performance for the three months ended 30 September 2024” be received.

**Councillor Julian / Her Worship the Mayor
CARRIED**

8 Audit and Risk Review Timetable from December 2024 to October 2025 (Group Manager, Finance and Corporate Services) (101300)

Committee discussed the report from the Group Manager, Finance and Corporate Services covering Audit and Risk Review Timetable from December 2024 to October 2025.

Resolved

That the report “Audit and Risk Review Timetable from December 2024 to October 2025” be received.

**Chair Jones / Councillor Ion
CARRIED**

Karakia Whakamutunga | Closing Prayer

Chief Executive Officer Godfery closed the meeting with a karakia | prayer at 2:05pm.

P Jones

Chairperson

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Meeting: Audit and Risk Committee

Meeting Date: 10 February 2025

Subject: Kawerau District Council Risk Profile 2025

File No.: 105000

1 **Background**

At the Committee's request Council is adopting a public sector risk reporting framework which tracks the top risks to Kawerau District Council. This risk reporting framework, with rankings and commentary attached in the table below, is a shorthand guide to the emerging risks to Council in 2025. Aon, the insurance company, and the Office of the Auditor-General (OAG) adopt a similar framework.

The framework before the Committee differs slightly from the last framework presented to the Committee. At the meeting of 10 June 2024 and 12 August 2024, the Committee discussed the "top 8" and the top "emerging risks" respectively. The report at this meeting discusses the emerging risk profile for 2025. The table below identifies the risk, the likelihood of escalation or de-escalation of that risk, and the appropriate mitigations.

2 **Top emerging risks**

RISK	RANKING	MITIGATION
Local Water Done Well	HIGH	In December 2024 the Government released the third and final Bill in its Local Water Done Well reforms. The Bill outlines the structural arrangements for water services delivery, new economic regulation and consumer protections, and changes to water quality regulation. Council is well briefed on the structural options available for water reforms, and Officers are confident of meeting new water quality standards, yet some uncertainty still exists surrounding economic regulation and consumer protection. For example, the Commerce Commission's regulatory

		<p>jurisdiction is clearly defined within the Bill, but uncertainty remains as to the intensity with which the Commission may apply its jurisdiction. The mitigation Council is adopting is to remain in regular contact with the Department of Internal Affairs (DIA) as Officers develop a Water Services Delivery Plan. In December 2024 Council invited its DIA partnership director and the Department's Local Water Done Well team to discuss Council's Water Services Delivery Plan, its financial sustainability, and the new economic regulation and consumer protections. DIA provided valuable assurances and feedback which Officers will incorporate into Council's Water Services Delivery Plan. The next meeting with DIA is tentatively scheduled for March 2025.</p>
Business interruption	MODERATE	<p>In December 2024 a power outage across parts of the Kawerau District meant Council's services went offline. Within the first 30 minutes of the outage, Council's business continuity plan was activated, and most services resumed while technicians worked to restore power. The outage acted as a stress test for Council's business continuity plan, and most services were able to resume even without power. However, the outage did demonstrate the need for clear lines of</p>

		<p>communication to Horizon Networks, the company responsible for the local network's maintenance and operation. For most of the outage, Council was unclear on the cause and the estimated time to restoration. As a risk mitigation, Council's CEO has contacted Horizon Network to establish a formal line of communication in emergencies.</p>
Other Government reforms	MODERATE	<p>Government is also indicating that Resource Management Act and Building Act reforms are upcoming. The pace of change does stretch staff resources. Although Government reforms are outside of Council's control, one mitigation Council is increasingly adopting is to submit on proposed reforms impacting Council operations or governance. For example, Council did submit on the proposed changes to the Building Act. Although this does not guarantee any advantageous changes to the proposed Bills, it does allow Council to, first, internally assess impact on the organisation and, second, externally communicate this impact and any unique circumstances for the Kawerau District.</p>
Slower than expected economic recovery and rates affordability	MODERATE	<p>The inflation rate (as measured by the Consumer Price Index) fell to 2.2% in the fourth quarter of 2024. However, economic</p>

		<p>growth remains slow with New Zealand entering a technical recession in the September quarter of 2024. This means households are under increased pressure with unemployment forecast to peak in 2025 and wage growth forecast to fall. This may impact the affordability of rates. Although economic conditions and fiscal policy are outside of Council's control, the slow economy can form part of affordability considerations.</p>
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3 Strategic context

Strategic risks are external risks that threaten planned or desired outcomes. This differs from operational risks which are internal risks threatening planned or desired outcomes. For illustrative purposes, a strategic risk is central government reform while an operational risk is human error. A strategic risk is inflation (external) while an operational risk is incorrect creditor systems (internal).

The risks identified in the risk profile for 2025 are strategic, falling outside of Council's direct control. However, Council can make operational adjustments to help manage or minimise these strategic risks. One of the operational adjustments to minimise risk in the preparation and submission of Council's Water Service Delivery Plan is to ensure DIA is involved in the preparation stage to ensure risk is managed or minimised as and when it occurs (as opposed to after the fact). This is an attempt to take a proactive approach.

4 RECOMMENDATION

That the report "Kawerau District Council Risk Profile 2025" be received.



Morgan Godfery
Chief Executive Officer

Meeting: Audit and Risk Committee

Meeting Date: 10 February 2025

Subject: **Health, Safety and Wellbeing Report for period – 1 November 2024 to 31 January 2025**

File No: 509500

1 Purpose

This report provides a summary of the activities Kawerau District Council undertakes to meet the requirements of the Health and Safety at Work Act 2015 and its efforts to ensure everyone goes home healthy and safe.

2 Executive Summary

The core systems and controls in place to manage Council's health, safety and wellbeing risks include:

- Ensuring Elected Members and all Council Staff are aware of their specific and general duties under current Health and Safety legislation, through inductions and training.
- Development of a health and safety culture that encourages the identification, reporting and mitigation of new and existing health, safety and wellbeing risks, with ongoing risk monitoring and reviews.
- Dedicated Health and Safety Officer engaged to monitor compliance with health and safety legislation, driving continuous improvement and continual learning.
- Maintaining an effective Health and Safety Committee by engaging with staff, which enables participation and provides leadership, guidance and support across the organisation to better inform health and safety decisions and policies for Council staff, contractors and visitors.
- Implementation of health, safety, and wellbeing software (BWARE) to enable reporting, investigation and ongoing monitoring of identified risks.
- Provision of an employee assistance programme, a wellbeing service, policies and training for staff.
- Health and safety monitoring of contractors engaged by Council, through random site audits.

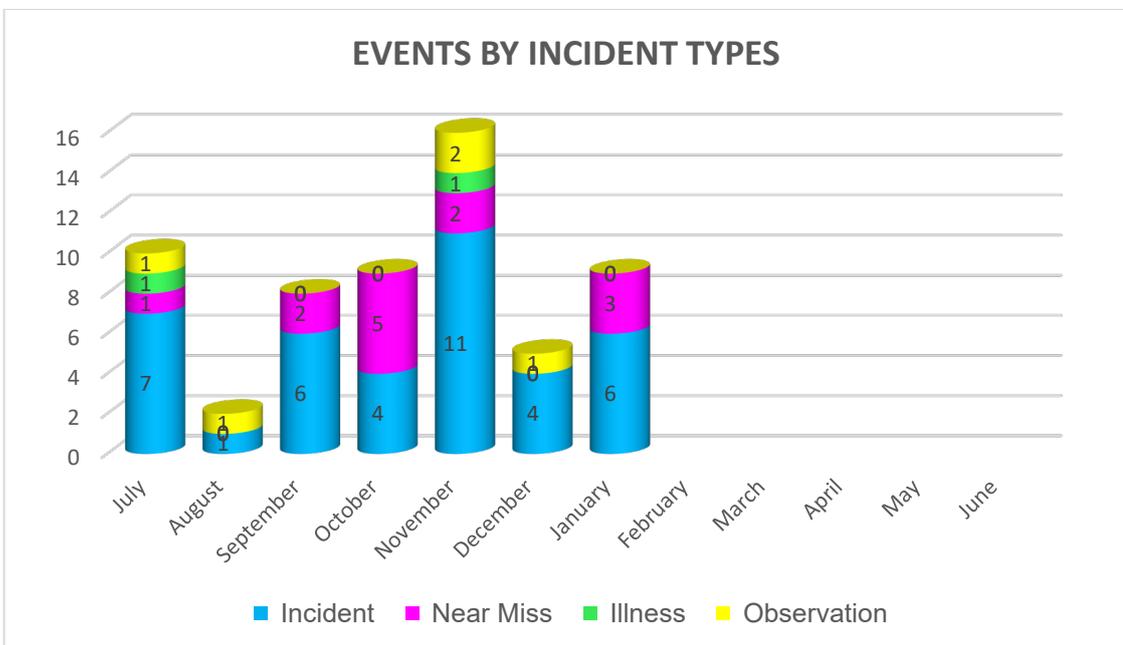
The key items which elected members should note from this report are:

- One notifiable event occurred during this period. This related to the unlawful dumping of asbestos at the Council transfer station. WorkSafe investigated, Council had not completed training of new staff, this was initiated right away. WorkSafe issued a sustained compliance letter – meaning Council must ensure it maintains compliance with health and safety requirements.
- A total of 30 health and safety reports were received for the period 1 November 2024 to 31 January 2025.
- One contractor audit was completed for the period of 1 November 2024 to 31 January 2025. Electrical Contractor audited - Contractor operated a safe site, with electrical isolations in place using lock out/tag out preventing operation/activation. Site Specific Safety Induction had not been recorded for Contractor – Site Team Leader notified to ensure this is done.

3 Incident and Injury Reporting

**Incidents for period – 1 November 2024 to 31 January 2025
(Brackets – Year to Date)**

Incidents 21 (39)	Near Miss 5 (13)	Illness 1 (2)	Observations 3 (5)
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Note: Illness is defined as a health condition or disease directly caused or significantly aggravated by factors in the workplace. These include breathing issues, heat exhaustion, dehydration, but do not include covid-19 cases.

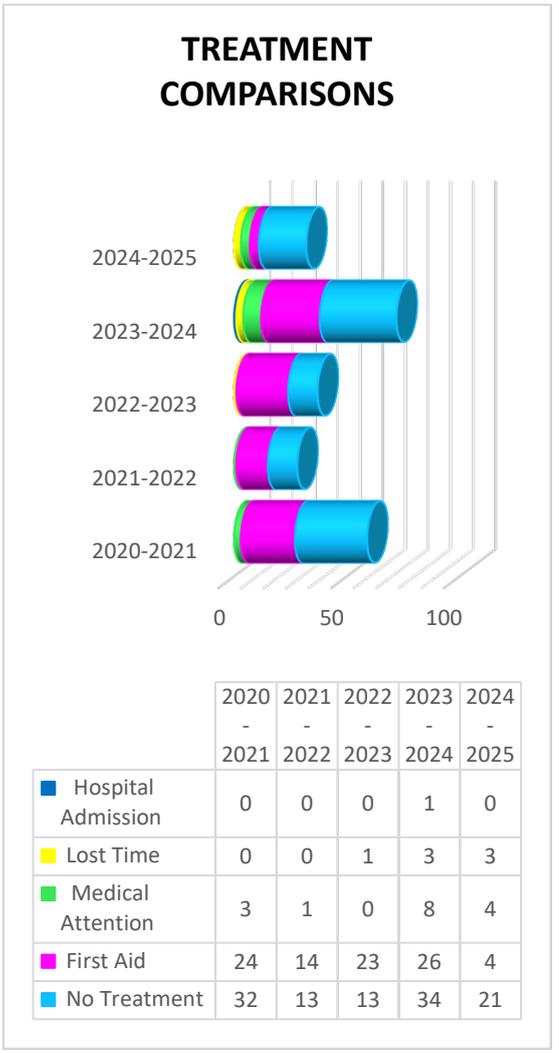
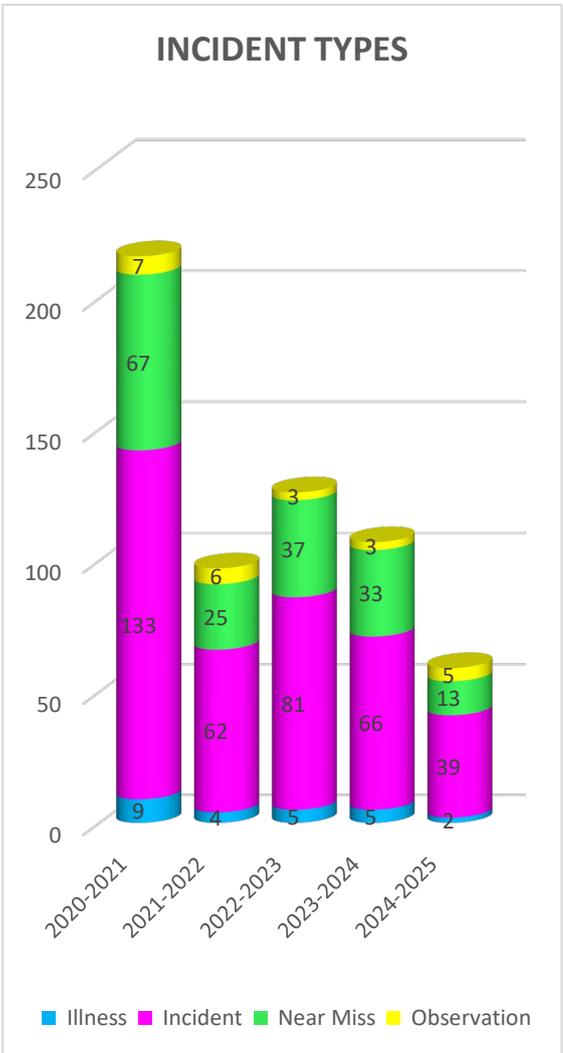
**Incidents Risk Type and Treatment for Period
1 November 2024 to 31 January 2025**

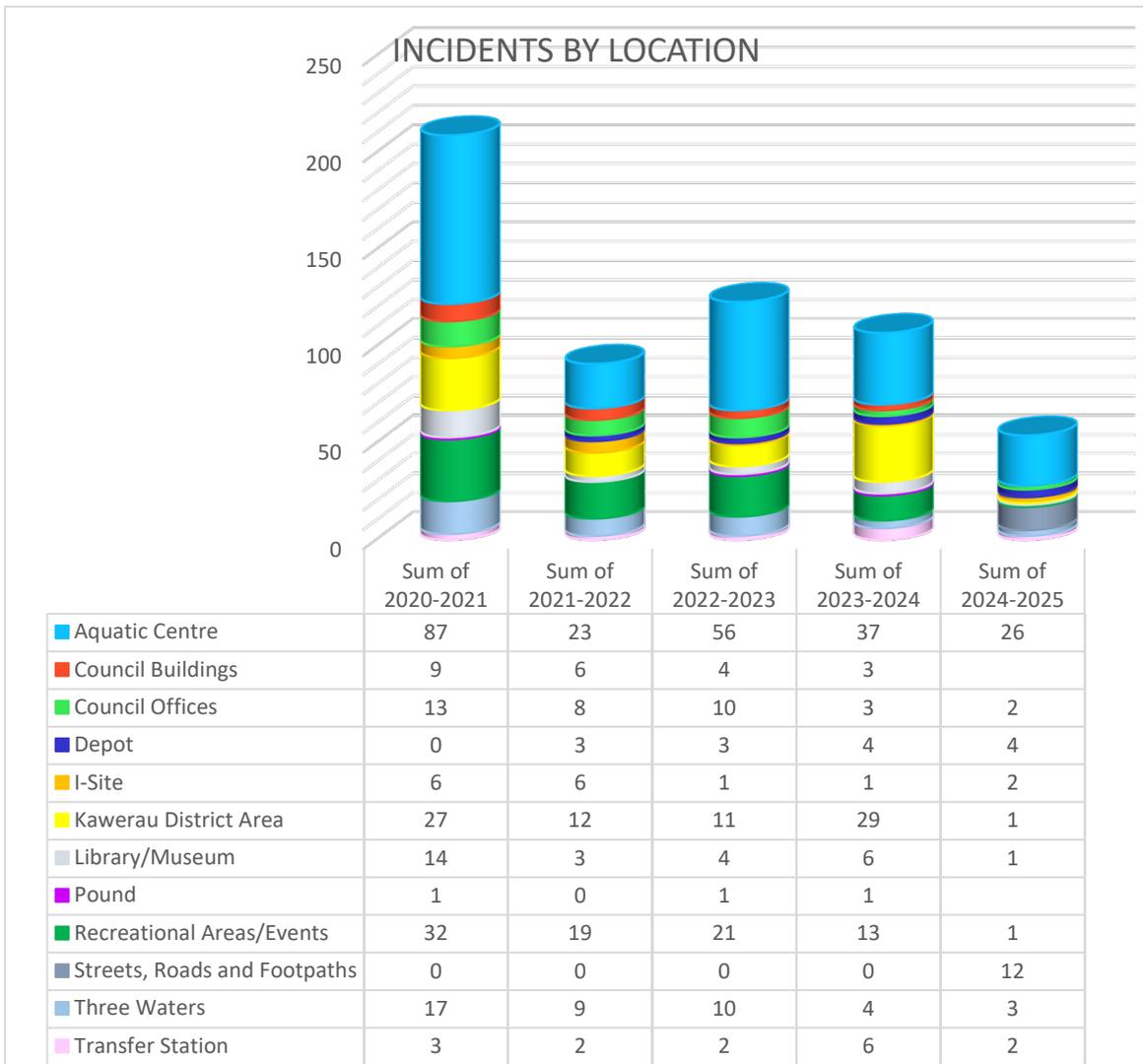
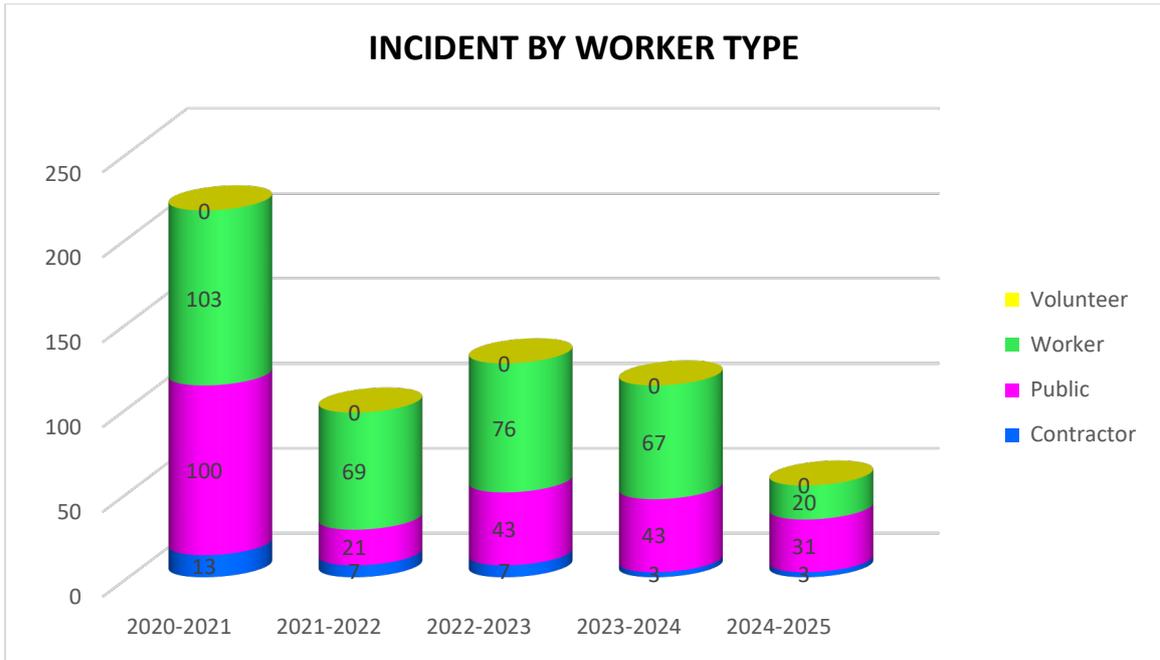
Events by Critical Risk	
Public/People/ Customers	5
Stress	0
Slips, Trips and Falls	6
Lone Working	1
Manual Handling	4
Other *	11

Outcome of Incidents	
No Treatment	8
First Aid	3
Medical Treatment	2
Lost Time	0
Hospital	0
Does not include Near Misses or Observations	
Investigations Required	
Formal Investigation	2
WorkSafe Investigation	1

* Other – Driver failed to stop for traffic management site, Child hit mouth on side of pool, Recycle truck hit tree branch, Tree fell over in storm, Child caught hand in between window and sliding door, 2x Young (4) children jumping into pool, Asbestos dumped at Transfer Station, Cramps, Broken baby change table, Unaccompanied child.

Incidents and Treatment Comparisons





Note: Prior to 2024-2025, Street, Roads and Footpaths were reported under Kawerau District Area.

Potentially Critical Events/Critical Events
1 November 2024 to 31 January 2025

Event	Critical Risk	Potential Consequence	Actual Consequence	Controls and Status
Asbestos containing Material (Decramastic Roofing Tiles) dumped at Transfer Station	Manual Handling	High	High	<ul style="list-style-type: none"> • Manual Handling Policy • Asbestos Training/Process (no full trained at the time of the incident) • Operator training/care <p>KDC raised concerns regarding matter with customer who advised it did not contain Asbestos but paperwork was not on him at the time. KDC operator gave him the benefit of the doubt and allowed him to offload into Metal Bin.</p> <p>When Metal Bin was uplifted the contractor tested material confirming the material contained asbestos. Load isolated and licensed asbestos removers were called.</p> <p>KDC staff and customer were very unlikely to be exposed to asbestos as no manual handling took place aside from the customer dumping the material.</p> <p>KDC investigated, training had been missed with new staff and refreshers could have been done. Booked Asbestos training and reviewed Asbestos process.</p> <p><u>Notifiable incident</u></p> <p>WorkSafe investigated finding KDC did not have staff fully trained but acknowledged this had been identified and rectified – WorkSafe happy with process undertaken and found no need for an improvement notice. Sustained compliance notice issued, meaning we need to ensure we can sustain our compliance with health and safety requirements.</p>

Recycle Truck hit branch while completing recycling run – Damage to vehicle	Vehicles Customers /Visitors	High	Low	<ul style="list-style-type: none"> • Operator training/care • Standard Operating Procedures <p>Worker failed to avoid branch overhanging road due to focusing on the recycle runners.</p> <p>Overhanging branch had been previously hit but never reported – this would have prevented this incident.</p> <p>Minor damage to vehicle (\$2000)</p> <p>Branch removed so no longer a hazard.</p>
Customer holding baby slipped on stairs of spa pool and fell over – no injury	Slips, Trips and Falls on the same level	High	Low	<p>Customers need to take care on wet surfaces and hold the hand rail where provided.</p> <p>Signage to be aware of slippery surfaces in place</p> <p>No injury</p>
Member of the Public hit by falling Tree	Weather Event	High	Low	<ul style="list-style-type: none"> • Management of Street Tree Policy • Tree Maintenance Plans <p>Heavy winds resulted in tree falling over, member of the public travelling on her mobile scooter was hit by the smaller branches of the tree. Medical treatment sought, minor injuries – scratches and bruising.</p> <p>Tree removed</p>
Child's hand got caught between window and sliding door in main office. No – injury	Weather Event	Medium	Low	<p>Children to be supervised by parents/family during visits to Council facilities.</p>
Young boy left at pools with no supervision – no Injury	Unaccompanied minor	Medium	Low	<p>Children to be supervised by parents/family during visits to Council facilities.</p> <p>Signage is in place at the Aquatic Centre.</p> <p>Family contacted and grandmother came to pick up.</p>
Young Girl (4) ran into pool while parents not watching, parent noticed life guard running and jumped into pool to get daughter – no injury		High	Low	<p>Children to be supervised by parents/family during visits to Council facilities.</p> <p>Signage is in place at the Aquatic Centre to supervise children at all times.</p> <p>Lifeguard watching and acted as soon as they saw child running. Quick actions resulted in no injury.</p>

KEY:	
High	Potential or actual consequence which is serious in nature and could cause medium to long term loss of time (over a week), hospitalisation or significant damage to property
Medium	Potential or actual consequence which is moderate in nature and could cause short-term loss of time (under a week), medical treatment, or damage to property.
Low	Potential or actual consequence which is minor in nature resulting in no loss of time, no medical treatment (first aid only) and minimal damage to property.

4 Health, Safety and Wellbeing Risk Related Activities

Health, Safety and Wellbeing Related Activities		
Risk	Key Activity	Planned Activity
General Health and Safety Risk Management Programme	<ul style="list-style-type: none"> • BWARE forms now available via APP <ul style="list-style-type: none"> - Spray Diary now added - Contractor Site Monitoring - Checklists (accessible in the field) - Health and Safety Staff Inductions - Risk Assessments - Vehicle Inspections • General Health and Safety Induction for staff (5) • Water Treatment Plant Site Safety Induction (2) • Mauri Kjar Aquatic Centre Site Safety Induction (3) • District Office Site Safety Induction (6) • Depot Site Safety Induction (1) • Workstation Assessment (2) • Transfer Station Site Safety Induction (1) • BWARE APP & Antenna APP Induction (2) • Monthly meeting ongoing – fully represented by all work groups. 	<ul style="list-style-type: none"> • Finalise internal audit based on the SafePlus audit (a performance improvement initiative) to be completed in the first quarter of 2025. This audit will help identify areas of weakness and provide ideas for ongoing improvement. • Finalise the top critical risks. Critical risks identified and grouped. Health and Safety committee have been unable to reduce the top 13 to 10 critical risks. Leadership provided with report and final considerations are being undertaken.
Contractor Management	<ul style="list-style-type: none"> • Draft Contractor Induction Booklet completed – now with the Health and Safety Committee for review and is now being used. • One contractor audit completed in November <u>Electrical Contractor</u>– Electrical Isolations completed prior to works commencing. Switches locked out and tagged out preventing operation. Nothing else identified in regards to Contractor. KDC Team Leader had not recorded site specific safety induction. Reminder of process to ensure we are meeting our requirements. 	<ul style="list-style-type: none"> • Contractor audits to be completed monthly (except December and January). • Contractor audits are being arranged for February.

Training	<ul style="list-style-type: none"> • Drug and Alcohol Training – Managers/Supervisors & Health and safety Representative (10) • Fire & Emergency Warden Training (5) • First Aid Training (6) • New Zealand Register of Recreational Professionals - Pool Lifeguard Practicing Certificate (PLPC) (2) • STMS (A) A Cat Roads Only Practicing Warrant (1) • ATV Induction/Familiarisation training (12) • Asbestos Awareness Training (12) 	<ul style="list-style-type: none"> • Organise Dangerous Dog Training for Outdoor Staff. • Training programme being reviewed for this year.
Policy Reviews	<ul style="list-style-type: none"> • Policies signed off by the Senior Leadership Team • Health and Safety Policy • Emergency Response Team Guidelines 	<ul style="list-style-type: none"> • Review KDC Property Spray Plan • Review Safe Driving Policy • Review Visual Display Unit (VDU) Policy • Sun Protection Policy – Draft has been developed, for consideration of the Leadership Team before consultation with staff. • Introduction of wearing helmets on the ATVs
Risk Reviews	Asbestos Risk Review	

5 Health and Wellbeing

Health and Wellbeing

Emergency Readiness

Automatic External Defibrillators (AED's) available at Aquatic Centre and District Office – New Battery Installed as part of maintenance checks –

General Health

Skin Checks have finished for the year. Pre-employment medicals continue to be done

Wellbeing initiatives

Employment assistance programme provided by Vitae.
My Everyday Wellbeing web platform available to staff and their families.

Health Monitoring

Ongoing random drug testing and pre-employment drug testing
Fluoride health monitoring is underway

6 RECOMMENDATION

That the report "Health, Safety and Wellbeing Report for period - 1 November 2024 – 31 January 2025" be received.

Michaela Glaspey

Group Manager Regulatory and Planning

Z:\KDC Taxonomy\Governance\Democratic Services\Meetings\Audit and Risk\Reports\IR-ARC - Health Safety Report February 2025-02-10 Final.docx

File Number: SL-24-16264

12 December 2024

Kawerau District Council
294 River Road, Kawerau.

Dear Paul Snook

Compliance with the Health and Safety at Work Act 2015

I visited your workplace located at 294 River Road, Kawerau. on 04 December 2024, and discussed health and safety issues with Paul Snook and Jonathon Hannon.

I concluded that Kawerau District Council was/is likely to be contravening the following provision of the Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 - Regulation 9(1)(b). An inspector is able to issue an improvement notice in these circumstances.

Nature of issue: Duty to provide information, supervision, training, and instruction (1)
A PCBU must ensure, so far as is reasonably practicable, that every worker who carries out work of any kind, uses plant of any kind, or deals with a substance of any kind that is capable of causing a risk in a workplace— (a) either— (i) has adequate knowledge and experience of similar places, and work, plant, or substances of that kind, to ensure that the worker carrying out the work, using the plant, or dealing with the substance is not likely to adversely affect the health and safety or cause harm to the worker or any other person; or (ii) is adequately supervised by a person who has that knowledge and experience; and (b) is adequately trained in the safe use of— (i) all plant, objects, substances, or equipment that the worker is or may be required to use or handle; and (ii) all personal protective equipment that the worker is or may be required to wear or use. (2) In complying with subclause (1), the PCBU must ensure that the supervision and training provided to a worker are suitable and adequate, having regard to— (a) the nature of the work carried out by the worker; and (b) the nature of the risks associated with the work at the time the supervision or training is provided; and (c) the control measures implemented in relation to the work that the worker is undertaking.

<https://www.legislation.govt.nz/regulation/public/2016/0013/latest/DLM6727386.html>

Legal provision: Health and Safety at Work (General Risk and Workplace Management) Regulations 2016 - Regulation 9(1)(b)

Reason for belief: Conclusion after enquiries that the training provided to worker's was not suitable and adequate for identifying Asbestos Containing Materials and what steps to take in the event of discovery of Asbestos Containing Materials.

Actions that were taken to remedy non-compliance: Asbestos Awareness Training has been arranged for workers and is to be provided by Zero Fibres on Monday 16 December.

Duty Holder response: Duty – holder accepts they were non-compliant.

However, I have been provided evidence that the issue has now been remedied. Therefore, I do not have to issue an improvement notice in this instance.

Nonetheless, this matter appeared to be non-compliant with the Health and Safety at Work Act 2015 ('the Act') or its regulations. You must continue to comply with the Act and I recommend you review your health and safety management systems to ensure that you are in a position to sustain compliance. Please note that repeated non-compliance may be subject to formal enforcement under the Act.

A copy of this Sustained Compliance Letter will be kept by WorkSafe and may be used in any future sentencing or released to a third party following an Official Information Act request, or as part of information sharing with other Regulators.

If you have any questions, or wish to discuss this letter, please get in touch with me.

Yours sincerely,



Darren Gary Vedder
Health and Safety Inspector
WorkSafe New Zealand

PO Box 2128, Rotorua

P 0800 030 040

Darren.Vedder@worksafe.govt.nz

Meeting: Audit and Risk Committee

Meeting Date: 10 February 2025

Subject: **Treasury Report to 30 November 2024 and 31 December 2024**

File No: 110551

1 **Purpose**

The purpose of this report is to inform members of the funds held by Council as at 30 November 2024 and 31 December 2024 and provide explanations for any significant variances from the previous year.

2 **Background**

The Treasury report to 30 November 2024 was presented to the Regulatory and Services Committee on 11 December 2024. The Treasury Report to 31 December 2024 will be reported to the Regulatory and Services Committee on 12 February 2025. The report shows the funds held and the banks where those funds are invested. All investments were made in accordance with Council's Investment Policy.

Council's investment policy allows up to 50% of total funds to be invested with any one bank but up to a limit of \$1.5 million. The exception is Council's principal bank where funds can exceed 50% and/or \$1.5 million.

Council has now raised three loans to fund the water reticulation renewals project, the first loan of \$2.0 million was raised in December 2022, and the second in October 2023, with both loans having the maturity date of April 2025. During October 2024, the third \$2.0 million loan was uplifted, which has a fixed interest rate of 4.91% with the maturity date of April 2029.

3 **Funds Held**

The following table shows Council's reserves and general funds balances as at 30 November 2024:

	Nov 2024	Nov 2023
Reserve Funds		
Depreciation Funds*	\$5,728,975	\$4,690,916
Total Special Funds	\$5,728,975	\$4,690,916
General Funds	\$310,366	\$1,035,496
Total – comprising cash & internal loans	\$6,039,341	\$5,726,412

* This includes loan funds uplifted.

The following funds were held at 30 November 2024:

Invested in	\$	Interest Rate	% External
ANZ – on call	751	2.60%	0.02%
BNZ – current & on-call	4,516,445	3.50%	99.48%
Rabobank (on-call)	22,739	3.50%	0.50%
Total Funds (Cash)	4,539,935		100.0%
Internal Loans	1,499,406		
Total Investments	6,039,341		

The following table shows Council's reserve and general funds balances as at 31 December 2024:

	December 2024	December 2023
Reserve Balances		
Depreciation Reserve Funds*	\$5,136,874	\$4,479,327
Total Reserve Balances	\$5,136,874	\$4,479,327
General Funds	\$175,714	(\$261,769)
Total (comprising funds & internal loans)	\$5,312,588	\$4,217,558

* This includes loan funds uplifted.

The following funds were held at 31 December 2024:

Invested in	\$	Interest Rate	% External
ANZ – on call	751	2.40%	0.02%
BNZ – current & on-call	3,797,227	3.50%	99.38%
Rabobank (on-call)	22,797	3.00%	0.60%
Total Funds (Cash)	3,820,775		100.0%
Internal Loans	1,491,813		
Total Investments	5,312,588		

At the end of December 2024, overall Council has increased funds of \$1,095,030 when compared to December 2023, which are funds from occupation lease agreements completed since last year. During October 2024 Council uplifted the third \$2m loan to fund the water reticulation renewals, which has increased Council's total debt to \$6m.

4 **RECOMMENDATION**

That the report "Treasury Report to 30 November 2024 and 31 December 2024" be received.



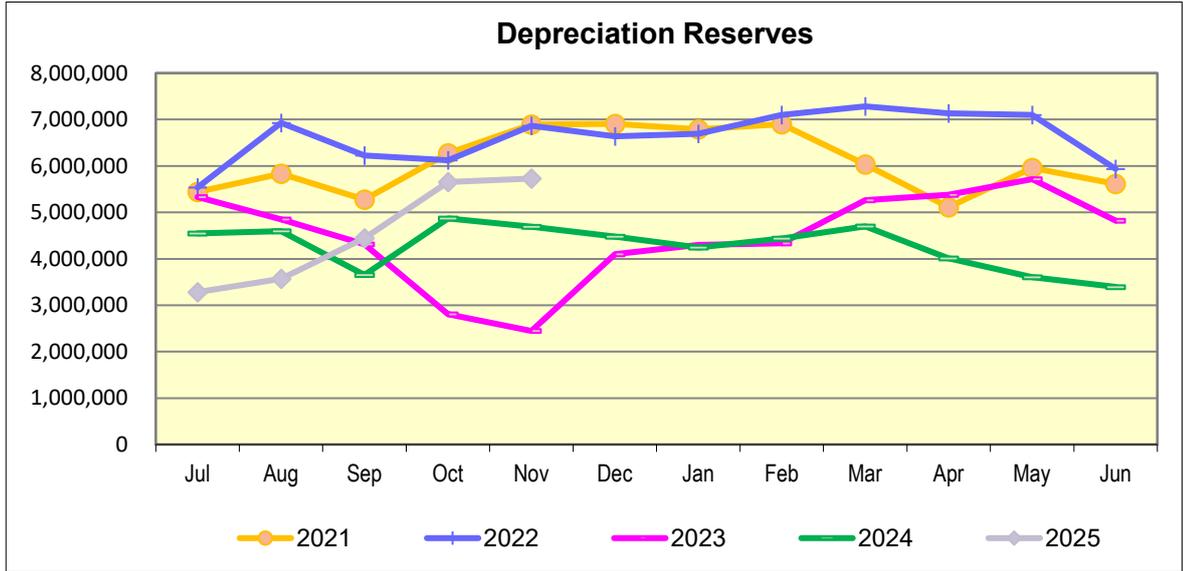
Lee-Anne Butler, CA, BMS

Group Manager, Finance & Corporate Services

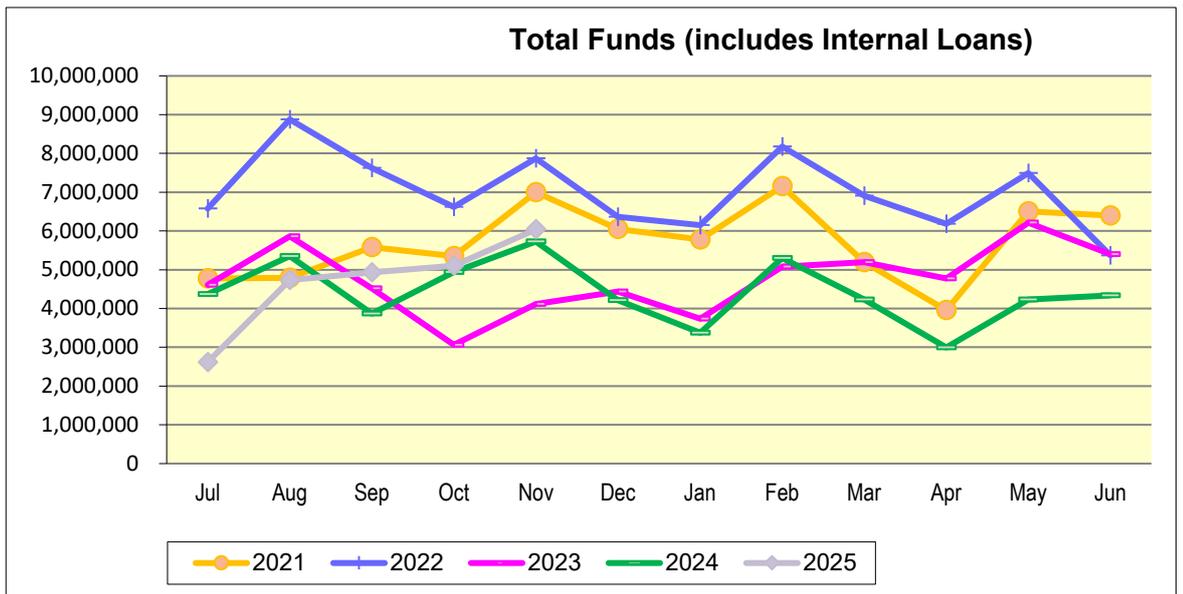
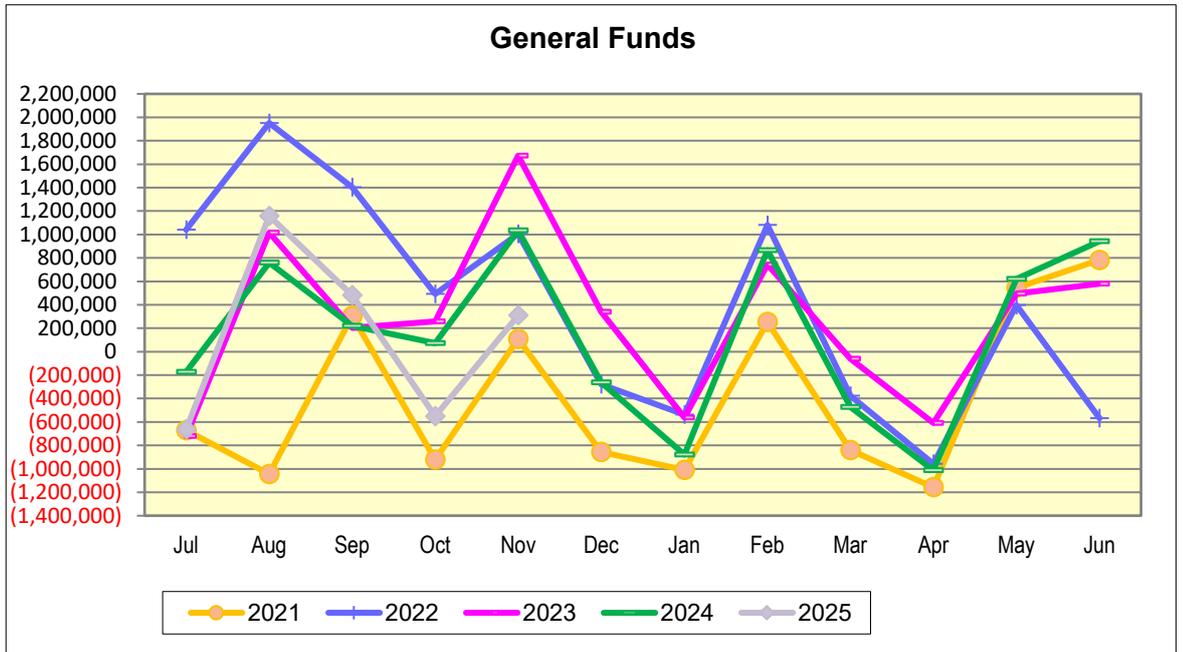
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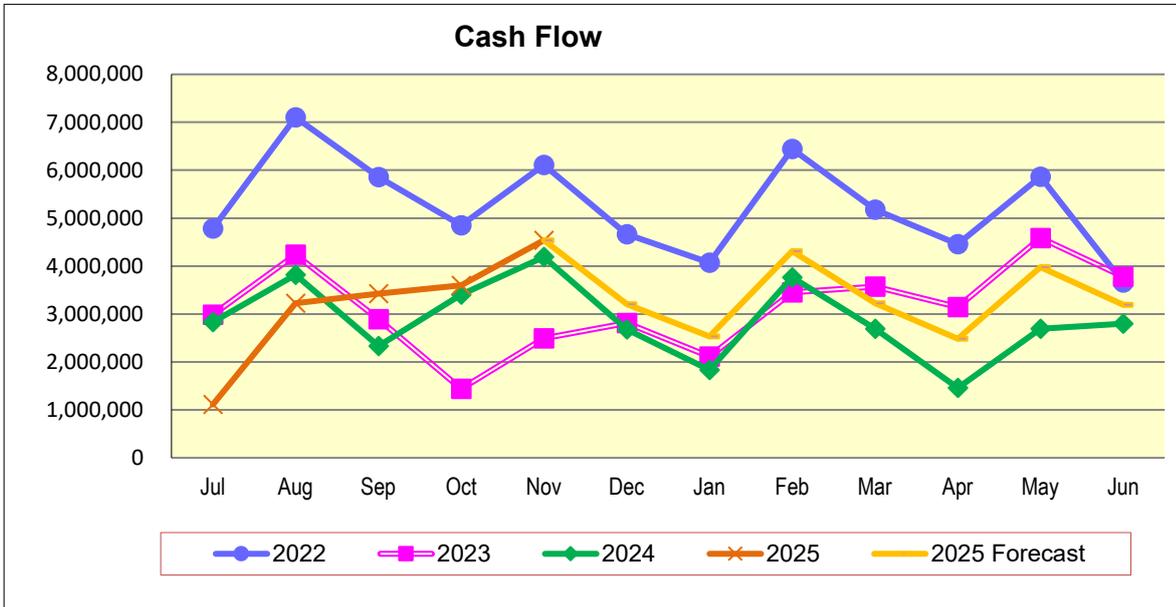
Appendix

November 2024 – Financial Data



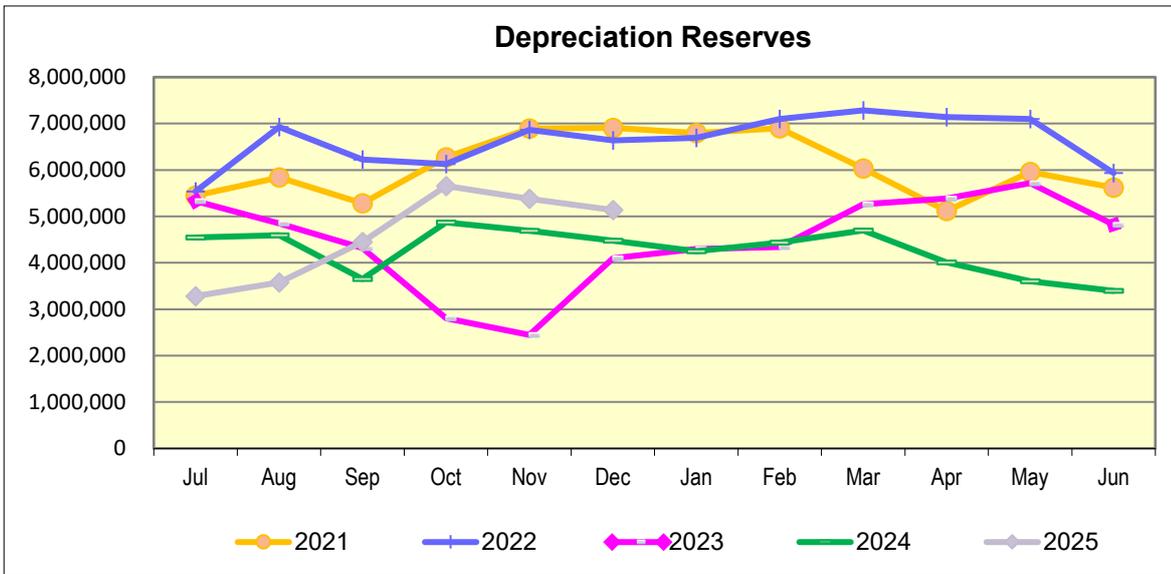
The depreciation reserves funds above includes the loan funding Council has uplifted.



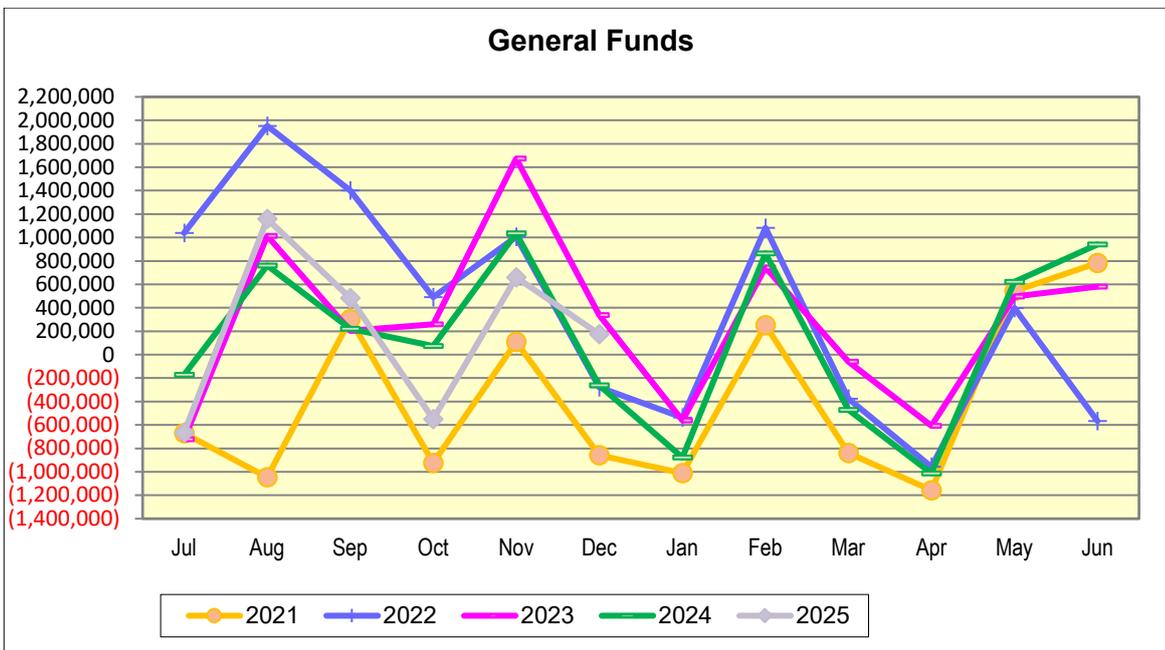


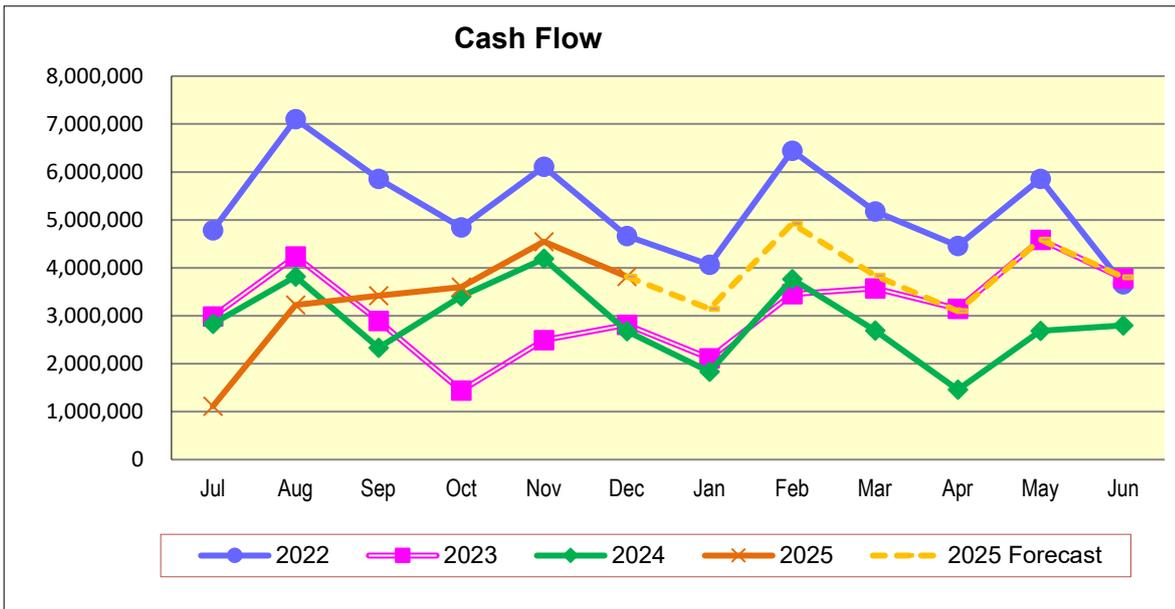
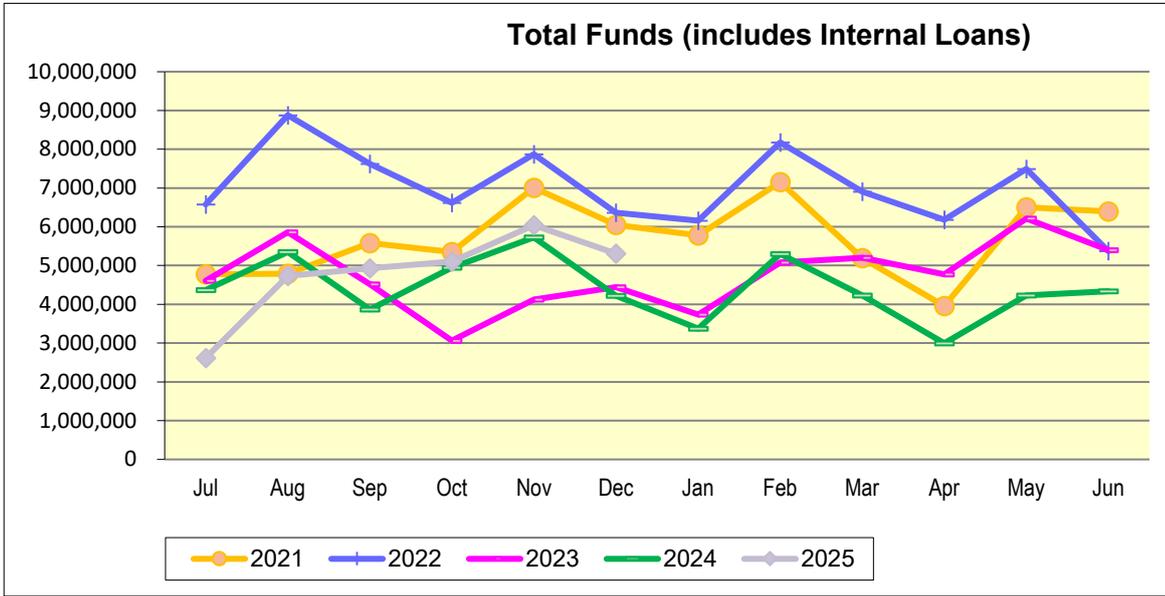
Please note that the 2024/25 actual cashflow is the same as the forecast cashflow for months year to date.

December 2024 – Financial Data



The depreciation reserves funds above includes the loan funding Council has uplifted.





Please note that the 2024/25 actual cashflow is the same as the forecast cashflow for months year to date.

Meeting: Audit and Risk Committee
Meeting Date: 10 February 2025
Subject: Long Term Plan 2025 – 2034 Update
File No: 110555

1 **Purpose**

The purpose of this report is to provide the committee with an update on the Long Term Plan 2025-2034 (LTP) and timetable.

2 **Background**

The Local Government Act 2002 requires Council to prepare a Long Term Plan at least every three years and an annual plan in the years in between. Council must also consult on its Long Term Plan using the special consultative process, which includes preparing a consultation document and engaging with the community. There is also a requirement that the Long Term Plan and the consultation document must be audited.

The 2024/25 financial year would have been year one of the new 2024 - 2034 Long Term Plan. However, due to the Government reforms on the Three Waters Legislation, on 10 April 2024, Council resolved that *“under clauses 48 and 49 of Schedule 1AA of the Local Government Act 2002 (inserted by the Water Services Acts Repeal Act 2024), to prepare an enhanced Annual Plan for 2024/25 and a nine year Long Term Plan 2025 - 2034.*

The nine year Long Term Plan 2025-2034 must be adopted by 30 June 2025.

3 **Long Term 2025 – 2034**

For staff the focus and priority is working on the Long Term Plan 2025 – 2034 and the timetable is attached in appendix A. The following is further information regarding key Long Term Plan work:

3.1 **Local Water Done Well**

The legislative changes to Local Water Done Well has a significant impact on Council’s water services delivery moving forward and there are still areas of uncertainty regarding requirements.

Council staff are progressing well with preparing the water services delivery plan (WSDP), which is required to be completed by 3 September 2025. Council must also determine the preferred service delivery options for water services as part of the WSDP, which must be consulted on with the community. Council is in process of

determining the best water services delivery model and once this is finalised, consultation with the community will take place.

While the WSDP consultation must be separate to the Long Term Plan, as water services are a significant activity for Council, the Long Term Plan needs to account for the impacts of the Local Water Done Well legislation. In particular ensuring that both the LTP and water service delivery plans are consistent and include details on the proposed model is required.

Council staff are working with the Auditors to ensure that the Long Term Plan meets their requirements with regards to Local Water Done Well changes. At this stage the Auditors are awaiting further information themselves on the impact of the legislative changes on the Long Term Plan.

3.2 Asset Management Plans and Infrastructure Strategy

The requirements of the WSDP, have impacted the finalisation of the Asset Management Plans and Infrastructure Strategy. A key consideration with the three waters asset management plans, is the link with the requirements of the Water Service Delivery Plans. The majority of the work on Roding, Stormwater, Water and Wastewater Asset Management Plans is complete, the financial figures are being agreed with the Long Term Plan figures. The Park and facilities asset management plan is the final plan to be completed.

As the asset management plans are being completed the corresponding data is being captured in the Infrastructure Strategy.

3.3 Prospective Accounting Assumptions

The Prospective Accounting Assumptions have been reviewed and updated. The assumptions are consistent with the previous Long Term Plan, with the updates being new accounting assumptions for the treatment of Amenity Fees and Occupation Right Agreement Leases for Porritt Glade Lifestyle Village. These assumptions are attached in appendix B.

3.4 Significant Forecasting Assumptions

The Long Term Plan must disclose the significant forecasting assumptions that are the bases of the preparation of the Long Term Plan. The majority of the draft "Significant Forecasting Assumptions" have been reviewed, however finalising all the assumptions links in with other strategies is to be completed.

The key assumptions include:

- Council has capacity for a population of 10,000 with Council's current infrastructure, which is within the forecasted population growth projections. There are no significant growth impacts or factors.
- There are still uncertainties with regards to the requirements for disclosures with regards to Local Water Done well and the link with the Water Services

Delivery Plan. This assumption will be updated once there is confirmation from the Auditors on the required assumption information.

- There are no material forecast changes in the life of Council's assets and depreciation rates. The triennial revaluation of Council's property and infrastructure assets is due as at 30 June 2025. The uncertainty of the results of this revaluation will be disclosed in the significant forecasting assumptions.
- Council has forecast inflation based on data projections from Business and Economic Research Limited (BERL). The inflation factors are:

Table: Inflation adjusters: Percent change per annum

Year ending	Roading	Property	Water	Energy	Staff	Other
June 2025	3.1%	3.0%	4.7%	4.7%	3.0%	3.1%
June 2026	2.0%	1.9%	2.3%	2.3%	2.0%	1.7%
June 2027	1.9%	1.7%	2.3%	2.3%	1.7%	1.7%
June 2028	1.9%	1.9%	2.2%	2.2%	1.7%	1.7%
June 2029	1.9%	1.8%	2.2%	2.2%	1.6%	1.7%
June 2030	1.8%	1.8%	2.0%	2.0%	1.7%	1.7%
June 2031	1.9%	1.8%	2.1%	2.1%	1.5%	1.7%
June 2032	1.8%	1.7%	2.0%	2.0%	1.6%	1.6%
June 2033	1.7%	1.7%	2.0%	2.0%	1.5%	1.7%
June 2034	1.8%	1.7%	1.9%	1.9%	1.6%	1.6%

Source: BERL 2024

- With Waka Kotahi/NZTA subsidies confirmed for the three years from 1 July 2024 to 30 June 2027, this provides certainty for roading subsidies until the next Long Term Plan due in 2027. The financial assistance rate is 75%.
- Other than Waka Kotahi/NZTA subsidies and the confirmed better off funding, there is no significant material reliance on external funding. The assumption is that the current level of grants funding for activities such as Christmas in Park will continue. Council's assumptions state that should external funding not be received (partially or in full) Council would reduce the corresponding expenditure accordingly or consider funding the shortfall from other sources.
- The possible Local Government Reforms and future legislative reforms are areas of uncertainty that are out of Council's control. The significant forecasting assumptions will detail the risks and possible impacts of these uncertainties.

3.5 Financial Strategy

The Long Term Plan must include Council's Financial Strategy, which outlines how Council proposes to manage its finances over the next nine years. Council's review and consideration of the budget is underway, which once finalised will be incorporated into the Financial Strategy.

Key Financial Strategy information at this stage:

- There are no new loans planned, other than the loan funding for the Water Reticulation Programme that is underway.
- Council is considering the level of depreciation funding over the next nine years, which impacts the Balanced Budget requirements and the rates requirement during this period.
- The initial asset renewals show renewals ranging from \$2m to \$6m over the next nine years. The capital projects at the high of \$6m is well within the range of practical do-ability and are consistent with Council's previous completion levels within one year.

The requirements of the Local Water Done Well legislation has a significant impact on the overall budget and financial strategy, particularly for years two and three of the Long Term Plan. With so much interlinking between all the strategies and plans, the financial strategy cannot be completed in isolation, without ensuring all relevant data is correct and consistent.

3.6 Summary

The appendix to this report contains the timetable for the preparation and adoption of the Long Term Plan 2025-2034, to ensure that all necessary tasks are completed prior to adoption. With competing priorities for staff resources the Long Term Plan timetable is a living document, adapting to changing timeframes and resource availability.

During February and early March the significant policies will be reviewed by Council, for inclusion in the Long Term Plan. Also, the financial budgets, particularly for 2025/26 will be reviewed and the final consultation options confirmed. The requirements of the Local Water Done Well to the extent possible based on the latest information will be included in the Long Term Plan. There is a considerable amount of work to be completed, however at this stage staff are confident that all requirements for the Long Term Plan will be met.

4 RECOMMENDATION

That the report "Long Term Plan 2025 – 2034 Update" be received.



Lee-Anne Butler, CA, BMS

Group Manager Finance and Corporate Services

Appendix A - Project Plan for 2025 – 2034 Long-Term Plan

Tasks	Responsible	Completion
Policy & Strategy Reviews		
Investment Policy	GMFCS	Completed
Liability Management Policy	GMFCS	Completed
Significant Forecasting Assumptions	GMFCS	21/02/2025
Revenue and Financing Policy	GMFCS	28/02/2025
Rates Remission & Postponement Policies	GMFCS	28/02/2025
Infrastructure Strategy (30 years)	GMOS/GMFCS	28/02/2025
Financial Strategy	GMFCS	28/02/2025
Financial Contributions Policy	GMRP	10/03/2025
Significance and Engagement Policy	CEM/GMFCS	10/03/2025
Rates Review	GMFCS	10/03/2025
Asset Management Plans		
Roading	GMOS/FA	21/02/2025
Water Supply	GMOS/FA	21/02/2025
Wastewater	GMOS/FA	21/02/2025
Stormwater	GMOS/FA	21/02/2025
Community Facilities & Property	GMOS/FA	28/02/2025
Parks & Reserves	GMOS/FA	28/02/2025
Financials		
Prepare initial Budgets for 2025-2034 LTP	SLT	Completed
Budget Collation and Managers Review	GMFCS/SLT	Completed
Budget Overview	GMFCS	Completed
Rates Impact	GMFCS	28/02/2025
Agree Budget and Rates impact for Community Consultation	GMFCS	28/02/2025
Long Term Plan Preparation & Consultation		
Prepare Performance targets (non-financial)	All Managers	Completed
Draft LTP Consultation Document – LTP Statement of Proposal prepared and presented to Council for consideration and changes	CEM/GMFCS	12/03/2025
Audit of LTP Statement of Proposal	GMFCS	6/03/2025 to 26/03/2025
Adoption of LTP Statement of Proposal/Draft LTP Document for Consultation	Council	2/04/2025

Tasks	Responsible	Completion
Special Consultative Consultation Period: Public Meetings/Newsletter/Website/Media	CEM/GMFCS	04/04/2025
Submissions Close		05/05/2025
Advise Submitters wanting to speak	CEM/Admin	12/05/2025
Hear, consider and deliberate submissions	Council	21/05/2025
Implement any changes – amend LTP & prepare rates		22/05/2025
Audit of LTP 2025-2034 (to be confirmed by Audit)	Auditors	26/05/2025 to 6/06/2025
Obtain Legal opinion concerning FIS & rates resolution		13/06/2025
Implement any changes – amend LTP & prepare rates	Any audit adjustments	9/06/2025 to 16/06/2025
Adopt Long Term Plan 2025-2034 & rates resolution	Council	25/06/2025
Long Term Plan on website	CEM/GMFCS	30/06/2025

GMFCS = Group Manager Finance and Corporate Services

CM = Communications & Engagement Manager

GMRP = Group Manager Regulatory and Planning

FA = Financial Accountant

SLT = Senior Leadership Team

Appendix B

Prospective Statement of Accounting Policies

Reporting Entity

Kawerau District Council is a local authority under the Local Government Act 2002. It designates itself as a Public Benefit Entity with the primary objective of providing goods and services for the benefit of the Kawerau Community rather than for financial return. The purpose of prospective financial statements in this Plan is to provide readers with information about:

- The core services Council intends to provide
- The expected cost of those services, and
- How much Council requires by way of rates to fund the intended levels of service.

The prospective financial statement of Kawerau District Council are for the years 1 July 2025 to 30 June 2034.

Statement of Compliance and Basis of Preparation

The prospective financial statements included in this Plan have been prepared in accordance with the requirements of the Local Government Act. This includes the requirement to comply with Generally Accepted Accounting Practice (NZ GAAP).

The financial statements comply with applicable reporting standards as appropriate for public benefit entities. The prospective financial statements have been prepared in accordance with the reduced disclosure regime of tier 2 public benefit entities, as Council:

- Has total expenses of less than \$33 million and
- Has neither debt or equity instruments nor holds assets in a fiduciary duty for a broad group of outsiders.

Measurement Basis

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and

building, certain infrastructural assets, and financial instruments.

The prospective financial statements are presented in New Zealand dollars, which is the functional currency of Council.

The preparation of financial statements that conform to NZ GAAP requires judgements, estimates and assumptions which affect the application of policies and reported amounts of assets, liabilities, income and expenditure. The estimates and associated assumptions are based on past experience and other factors believed to be reasonable under the circumstances. The results of these form the basis of judgements about the carrying value of assets which may not be readily apparent from other sources.

Estimates and assumptions are subject to ongoing review and any revisions to the accounting estimates reflected in the period of the revision and any future period(s) that are affected. Actual results may vary from the estimates.

The accounting policies set out below have been applied consistently to all periods presented in the prospective financial statements.

Revenue

Rates revenue

Rates are set annually by Council resolution and rates revenue recognised at the start of the financial year to which the resolution applies. Rates are recognised at amounts due. Council does not treat any interest revenue generated from payment by instalments as sufficient to discount the amount of rates receivable.

Water meters are read, and the usage billed, on the last day of each quarter. Unbilled usage at year end is accrued based on the actual reading at 30 June.

Rates arising from late payment penalties are recognised as revenue when rates become

overdue. Rate remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rate remission policy.

Government grants and subsidies

Grants received from the Waka Kotahi (New Zealand Transport Agency) partly subsidise the cost of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other grants revenue

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if the conditions of the grant are not met. If there is an obligation, the grants are initially recorded as received in advance and recognised as revenue when conditions of the grant are satisfied.

Interest revenue

Interest is recognised as revenue using the effective interest method.

Other revenue

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer.

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is also obtained.

Dividends are recognised when the right to receive payment has been established.

Amenity fees –

The Occupation Right Agreement (ORA) conferring the right to occupancy are considered leases under PBE IPSAS 13 – Leases. The amenities fee is calculated as a percentage of the ORA amount and accrues monthly, for a set period, based on the terms of the individual contracts and treated as lease income over the period. The current Disclosure Statement and ORA accrues amenity fees at

the rate of 3% per annum for a maximum of 10 years.

The amenities fee is recognised on a straight-line basis in the Statement of Comprehensive Revenue and Expense over the average expected length of stay of residents.

The amenities fee is payable by the resident at the time of repayment (to the resident) of the refundable ORA amount due. At year end, the amenities fee receivable that has yet to be recognised in the Statement of Comprehensive Revenue and Expense as amenities fee revenue is recognised as deferred amenities fee on the Statement of Financial Position.

The timing of the recognition of amenities fee is a critical accounting estimate and judgement. The management fee is recognised on a straight-line bases in the Statement of Comprehensive Revenue and Expenditure over the average expected length of stay of residents is 10 years.

There is uncertainty regarding how long resident stays, as they have complete autonomy to terminate their ORA when and for such reasons as they see fit.

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets specified criteria. These are recognised as expenditure when an application meeting the grant criteria is received.

Discretionary grants are those which Council has no obligation to award. Successful grants are recognised as expenditure in the financial year in which they are awarded.

Support Activity Costs

Support activity costs are allocated to significant activities on the basis of relative total direct costs.

Leases

Finance leases

A finance lease is a lease which substantially transfers to the lessee all risks and rewards incidental to ownership of an asset, regardless

of whether title is eventually transferred. On entering a lease, Council recognises finance leases in the Statement of Financial Position as assets and liabilities. Lease value is put at the lower of either the fair value of the asset or the current minimum lease payments.

The value of a leased asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term or its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Cash and Cash Equivalents

Cash and cash equivalents include cash in hand, on call deposits held with banks, bank overdrafts and other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

Receivables

Short-term receivables are recorded at the amount due, less an allowance for Expected Credit Losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been assessed on a collective basis as they possess shared credit risk characteristics. A provision matrix is used to establish the expected credit losses, which is based on the days past due date and those debts that have been referred to a Debt Collection Agency.

Council has various powers under the Local Government (Rating) Act 2002 to recover any outstanding rates debts, which assist in the high likelihood of recovering rates.

Inventories

Council currently holds two categories of inventory. These are:

- Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis, are measured at the lower of cost and current replacement cost.
- Residential sections which are available for sale. Council has developed residential sections which are currently held for sale and are measured at the lower of cost or net realisable value in accordance with PBE IPSAS 12

The cost of purchased inventory is determined using the FIFO method.

When land is held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost. Costs directly attributable to the developed land are capitalised to inventory with the exception of infrastructural asset costs, which are capitalised to property, plant and equipment.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

The write down from cost to current replacement cost is recognised in the surplus or deficit in the period of the write-down.

Financial Assets

Investments represent Council's shareholdings in New Zealand Local Government Insurance Corporation Limited and BOP LASS Limited and are held at cost. Council classifies its financial assets into the following categories: loans and receivables, and financial assets at fair value through other comprehensive revenue and expense.

The classifications depends on the purpose for which the investment is acquired and then re-evaluated at each reporting date.

Impairment of Financial Assets

At each balance date, KDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables and held-to-maturity investments

Impairment is established when there is evidence that KDC will not be able to collect amounts according to the original terms of the receivable. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cashflows discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible it is written off against the allowance amount. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

Impairment in term deposits, local authority stock, government bonds and community loans are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measures as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Equity instrument impairment losses recognised in the surplus or deficit, are not reversed through the surplus or deficit.

Non-current Assets for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, and not continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs or non-current assets held for sale are recognised in the Statement of Comprehensive Income.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Impairment of Non-financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Property, Plant and Equipment

Operational assets

These include land, buildings, library books, plant and equipment and motor vehicles.

Infrastructure assets

These are the fixed utility systems (roads, water, wastewater and stormwater) owned by Council. Each asset class includes all items required for the network to function. For example wastewater reticulation includes pipes and sewer pump stations.

Restricted assets

These include parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant or equipment is recognised as an asset only if its cost can be reliably measured and it is probable that the item will have future economic benefit or service potential for Council.

Work in progress is recognised at cost, less impairment and is not depreciated. Property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost (non-exchange transaction), it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in surplus or deficit.

Depreciation of Property, Plant and Equipment

Depreciation is charged on all property, plant and equipment other than land and pavement formation. It is calculated using either the straight-line or diminishing value method and set at rate which will write off the cost (or valuation) of the asset to its estimated residual value over its useful life.

The estimated useful lives, depreciation rates and basis of depreciation for all major asset classes are shown below:

Table: Depreciation of property, plant and equipment

Asset	Estimated useful life (years)	Depreciation rate	Method
Operational:		%	
Buildings	5 - 50	2.0 - 20.0	SL
Computers/electronic office equipment	3 - 15	6.7 - 33.3	SL
Fixtures, fittings and equipment	5 - 50	2.0 - 20.0	DV
Plant (vehicles)	5	20.0	DV
Library collections (excluding special collections)	7	15.0	DV
Special collections	Not depreciated		
Infrastructural:			
Transport Management:-			
Street lighting	5 - 47	2.13 - 20.0	SL
Kerb, channel and footpath	5 - 100	1.0 - 20.0	SL
Bridges and culverts	18 - 80	1.25 - 5.3	SL
Pavement surface	3 - 19	5.26 - 33.3	SL
Pavement structure	5 - 80	1.25 - 20.0	SL
Stormwater	5 - 100	1.0 - 20.0	SL
Water Systems:-			
Collection and storage	2 - 80	1.25 - 50.0	SL
Local distribution	5 - 80	1.25 - 20.0	SL
Wastewater System:-			
Reticulation system	5 - 80	1.25 - 20.0	SL
Pumping and treatment	5 - 80	1.25 - 20.0	SL
Restricted:			
Buildings and Other	6 - 25	4.0 - 16.7	SL

Notes: SL = straight-line method of depreciation. DV = diminishing value method of depreciation. Pavement formation is not depreciated.

Revaluation

Land, buildings and infrastructure assets are revalued every three years. The next revaluation is due on 30 June 2025. The asset classes that are revalued are valued on the

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when the cost of the item can be measured reliably, and it is probable that Council will receive economic benefits or service potential from the item in the future.

bases described below. All other asset classes are carried at depreciated historical cost.

Operational land and buildings

Operational land and buildings are reported at fair value as determined from market-based

evidence from an independent valuer. These are due to be revalued at 30 June 2025.

Infrastructural assets

Infrastructural assets are reported at fair value, based on market-based evidence from an independent valuer. The next valuation is 30 June 2025.

Infrastructural asset classes: are Roads, water reticulation, wastewater reticulation and stormwater systems.

Restricted land and buildings

Restricted land and buildings are recorded at fair value based on a depreciated replacement cost basis from an independent valuer. The next valuation will be as at 30 June 2025.

Land under roads

The valuation of land under roads is based on fair value of adjacent land, effective 1 July 2004. Under NZ IFRS, Council has elected to use the fair value as at 30 June 2005 as deemed cost. Land under roads is no longer revalued.

Library collections

Library books were valued at deemed cost as at 1 July 1991. Library additions are recorded at cost less accumulated depreciation on a diminishing value basis.

Accounting for revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Revenue and Expense. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first up to the amount previously expensed, then credited to the revaluation reserve for that class of asset.

Intangible Assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The useful lives and associated amortisation rates of major classes

of intangible assets have been estimated as follows:

Asset	Estimated Useful Life (years)	Amortisation Rate %	Method
Computer Software	3-8	12.25 - 33.3	SL

Employee Benefits

Short-term benefits

Employee benefits that Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date; annual leave earned but not yet taken at balance date; retiring and long service leave entitlements expected to be settled within 12 months; and sick leave.

Long-term benefits

Entitlements that are payable beyond 12 months, such as long service leave, retirement leave and superannuation schemes, have been calculated on an actuarial basis.

Superannuation Schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense the statement of comprehensive revenue and expense as incurred.

Retirement Village – Residents Liability

Refundable Occupation Right Agreements

Occupation right agreements (ORA) conferring the right to occupancy are considered leases under PBE IPSAS 13 – Leases. A new resident is charged a refundable security deposit on being issued the right to occupy which is refunded to the resident on termination, after the subtraction of the capital deduction. The Operator (Council) has a legal right to set off any amounts owing to the Operator by a resident against that resident's deposit, including amenities fee, loans receivable, service fees and village fees. As the agreement can be cancelled by the resident with one month's notice, the liability is considered to have a demand feature and is

therefore shown at face value and classified in full as a current liability.

The right of residents to occupy the properties of the Operator (Council) are protected by the Statutory Supervisor restricting the ability of the Operator to fully control these assets without undergoing a consultation process with all affected parties. Residents do not have a right to participate in capital gains.

Provisions

Council recognises a provision for future expenditure of an uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that expenditure will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are estimated at the present value of the expenditures expected to be required to settle the obligation, using a pre-tax discount rate which reflects current market assessments of the time value of money and the risks specific to the obligation. Any increase in the value of the provision over time is recognised as an interest expense and is included in finance costs.

Landfill

Council has a resource consent responsibility to provide ongoing maintenance and monitoring of the closed Kawerau landfill. This is estimated to last until 30 June 2025. While Council recognises a liability for costs, the longevity of the responsibility makes it difficult to accurately estimate the level of cost that will be incurred. Estimates are based on existing technology and discounted at the rate of Council's weighted average interest rate.

Financial guarantee

A financial guarantee requires Council to make specified reimbursing payments to the holder for losses incurred when a specified debtor fails to make payment when due. Council currently does not have any financial guarantees.

Borrowings

Borrowings are initially recognised at fair value and then measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless Council has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Ratepayer Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. The components of equity are:

- Accumulated funds
- Restricted and Council created reserves
- Asset revaluation reserves

Restricted and Council created reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council. Restricted reserves are those subject to specific conditions accepted as binding by Council and which may not be revised by Council without reference to the Courts or a third party.

Council created reserves are established by Council resolution. Council may alter these without reference to the Courts or any third party. Transfers to and from Council-created reserves are at Council's discretion.

Goods and Services Tax (GST)

All items in the financial statements except receivables and payables are stated exclusive of GST. Receivables and payables are GST-inclusive. Where GST is no recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from or payable to the IRD is included in receivables or payables in the Statement of Financial Position.

The net amount of GST paid to or received from the IRD, including that which relates to investment and financing activities, is classified as operating cash flow in the Statement of Cash Flows.

Estimates and Assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities in the Long Term Plan are discussed in the Significant Forecasting Assumptions.

DRAFT

Meeting: Audit and Risk Committee

Meeting Date: 10 February 2025

Subject: **Audit and Risk Review Timetable from February 2025 to December 2025**

File No: 101300

1 Purpose

The purpose of this report is to inform the committee of the proposed timetable for the review of key risks and financial policies and performance for the Audit and Risk Committee for the next 12 months.

2 Background

Council has appointed an Audit and Risk Committee to overview Council's finances and risks, to ensure that adequate controls are in place to safeguard the community's assets. Most Councils have an Audit and Risk committee to undertake these functions. This Council first established its Audit and Risk Committee on 8 April 2015.

The initial Proposed Audit and Risk Review Timetable for 2024 was presented to the committee at the 8 April 2024 meeting. A request was made for this report to be to be presented at each meeting as a rolling timetable of work to be completed.

3 Proposed Audit and Risk Review Timetable

The appendix to this report contains the proposed timetable for the review of risk management, financial policies, as well as financial reporting and planning, for the next 12 months of scheduled meetings.

There may be other policies or reviews that the committee would like to be reviewed that can be added to the schedule at any stage.

With the Council Election in October 2025, no Audit and Risk meeting has been scheduled. The December 2025 meeting date will be confirmed following the election.

4 RECOMMENDATION

That the report "Audit and Risk Review Timetable from February 2025 to December 2025" be received.



Lee-Anne Butler, CA, BMS

Group Manager, Finance & Corporate Services

Appendix

Audit & Risk Committee Meetings and Review Schedule

Topic	Tasks	10 February 2025	7 April 2025	9 June 2025	11 August 2025	October 2025 (Election)	December 2025
Risk management	Insurance renewal plan	Report on current Council insurance policies			Insurance Update Report		
	Health and safety policy and reporting requirements	Reports (monthly) monitoring Council's Health and Safety systems throughout the year					
	Review/update Risk Policy, Risk Register and Risk Framework		Review/update risk framework, register and policy		Undertake further reviews as required in line with best practice		Undertake further reviews as required in line with best practice
Policy Review	Identification of risks and mitigations for significant projects		Local Water Done Well update, risks and implementation	Residential Developments – Risks identified and mitigations & controls	Undertake further reviews as required in line with best practice		
	Sensitive Expenditure Policy			Review/update policy for committee consideration			
	Financial policies (Code of Conduct, Gifts Policy, Fraud Policy)	Fraud Risk Assessment			Review/update Council's gift policy.		
	Bylaws and Policies	Update on Council Policies and By-Laws		Update on Council Policies and By-Laws			

Topic	Tasks	10 February 2025	7 April 2025	9 June 2025	11 August 2025	October 2025 (Election)	December 2025
Financial reporting and Annual Report	Treasury Reports	Reports (monthly) monitoring Council's Cash position throughout the year					
	Quarterly financial and non-financial performance		Performance report to 31 December 2025	Performance report to 31 March 2025			Performance report to 30 September 2025
	Audit Management Report				Report on Interim Audit Management Report - 2025		Final Audit Management Report 2024/25
	Prepare 2024/25 Annual Report			Timetable for Annual Report			
Annual Plan/LTP amendments	Timetable for the preparation and adoption of AP/LTP amendments	Update on LTP Risks & issues	Update on LTP Risks & issues				
Internal Audit	Review and consider provision of internal audit functions				Proposed internal audit programme for Council		
Asset Management Plans	On-going programme to improve the AMPs	Included in LTP update report on progress of AMP's and Infrastructure Strategy for 2025-34 Long Term Plan	Report on AMP's and Infrastructure Strategy for 2025-34 Long Term Plan				

<u>Meeting:</u>	Audit and Risk Committee
<u>Meeting Date:</u>	10 February 2025
<u>Subject:</u>	Review of Council's Fraud and Corruption Risk Assessment
<u>File No.:</u>	201300

1 Introduction

The purpose of this report is to review Council's fraud risk assessment. Following the Committee's review with any amendments, the assessment will be recommended for adoption by Council.

2 Background

Council is required to manage its risks which also includes the risk of fraud, corruption and bribery occurring.

The Office of the Auditor-General requires every public entity to formally address the matter of fraud and formulate an appropriate policy on how to minimise it and if it occurs, how to deal with it. As part of the fraud management process, Council needs to assess what its major fraud risks are and what controls are in place to reduce those risks.

Council has a Fraud and Corruption Policy, which was last reviewed by this committee in August 2023, following the requirement by Audit to add in Corruption and Bribery to the policy. Therefore, it is prudent that given this update and expansion of the policy that the committee reviews the fraud risk assessment to see if other potential fraud, corruption or bribery risks need to be added.

Kawerau District Council needs to protect its revenue, property and information. The Fraud and Corruption Policy has been established to facilitate the development of controls that will aid in the detection and prevention of fraud against the Council.

A comprehensive fraud policy should contain the following key elements:

- An explicit definition of actions that are considered to be fraudulent.
- The allocation of responsibility for the overall management of fraud.
- A statement that all appropriate measures will be taken to deter fraud.
- A formal procedure to be followed if fraud is suspected.
- A statement saying that all instances of suspected fraud will be investigated and reported to the appropriate authorities (if fraud has occurred).
- A statement that all fraud offenders will be prosecuted and Police will be notified to assist with any investigation required.
- A statement that all efforts will be made to recover Council assets.
- Encouraging staff to report any suspected fraud.

- The steps to be taken when fraud is suspected and who is responsible for the investigation.
- Responsibility for reporting fraud to elected members and Council's auditors.

Initial amendments were made to the Fraud Policy in April 2023 to ensure that it followed best practice. With further recommendations from Council's Auditors, the Fraud Policy was adopted in August 2023, which now also includes corruption and bribery.

3 Fraud Risk Assessment

A review and update of the Fraud Risk Assessment has been undertaken, and the updated assessment is attached in Appendix A. The updated assessment is essentially the same as the previous assessment, however corruption and bribery has been added, as well as additional controls to manage fraud, corruption and bribery risks. For ease of comparison, Appendix B contains the previous risk assessment.

There are three categories of likely fraud identified, which include:

- Financial statement manipulation
- Misappropriation of assets
- Employee corruption and bribery

The assessment identifies the likelihood, significance, controls and residual risks for each of these categories.

It is important to note that the following Council policies support the prevention of fraud and corruption:

- Code of Conduct
- Sensitive Expenditure Policy
- Procurement Policy.

Also, Council utilises pre-employment screening assessments, as a pre-cautionary control process.

4 RECOMMENDATIONS

1. That the report "Review of Council's Fraud and Corruption Risk Assessment" be received.
2. That the Audit and Risk Committee review and recommend any amendments to the Fraud and Corruption Risk Assessment, as proposed.



Lee-Anne Butler, CA, BMS

Group Manager Finance and Corporate Services

APPENDIX A:

Fraud and Corruption Risk Assessment:

Fraud is defined as the use of deception with the intention of obtaining personal gain, an unlawful advantage, avoiding an obligation, or causing loss to another party.

Corruption is defined as the lack of integrity or honesty or the abuse of a position of trust for dishonest personal gain.

Three categories of fraud and corruption are identified:

- Financial Statement manipulation
- Misappropriation of Council assets
- Employee corruption and bribery

Identified fraud & corruption risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud & Corruption Risk Response
Financial Reporting: 1) Expenditure recognition - Holding invoices - Incorrect coding 2) Revenue recognition -Timing of income -Incorrect coding 3) Public Debt -Incorrectly reported or kept off books	Low. Council is not profit driven nor is pay dependent on financial performance. However, there is some pressure to ensure expenditure/ revenue is within budget.	Not significant	Accounting staff and managers	Management report reviewed by managers each month as well as overview by CEO.	Controls are appropriate for Council	Risk that management will override existing controls	Minimal risk. Risk Acceptable.

Identified fraud & corruption risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud & Corruption Risk Response
Misappropriation of Assets: 1) Cash	Possible	Material	Cashiers (at KDC, library, swimming pool, i-site and transfer station)	<ul style="list-style-type: none"> ➤ Separation of duties and independent reconciliation of cash (daily) ➤ Cash kept as secure as possible. ➤ Invoices are raised in most cases. ➤ Reconciliation and analytical reviews completed with revenue from previous years. 	Tested/approved by management. Compared to best practice	Controls are bypassed. Eg receipts not to be given (Where no invoice) and money misappropriated .	Customers are encouraged to make automatic payments where possible. Also accept EFTPOS and credit cards. Risk Acceptable.
2) Accounts payable - Fictitious vendors - Inflated invoices - Private Purchases (charged to Council)	Possible	Material	Managers and officers who authorise expenditure. Also, Creditors/Payroll Officer.	<ul style="list-style-type: none"> ➤ Separation of duties. ➤ Delegations for set limits. Most suppliers are known. Use BOPLASS preferred suppliers in some cases. ➤ Checks are undertaken to compare bank accounts with those in payroll system. ➤ Sensitive expenditure is approved by respective managers and reviewed by Accounting Team Lead. 	Controls are appropriate for Council and follow recommendations by Audit.	Controls are bypassed.	Monthly costs and revenue reviewed by management for reasonableness Risk Acceptable.

<p>3) Payroll - Fictitious Employees - Unauthorised payments</p>	Possible	Material	Creditors/Payroll Officer.	<ul style="list-style-type: none"> ➤ Review by management of department personnel and costs. ➤ Controls within payroll system. ➤ Reviewed/authorised by the Accounting Team Lead for new personnel and any changes to rates. 	Controls are appropriate for Council and consistent with what other organisations have.	Established controls are bypassed.	Review by management of monthly costs. Risk Acceptable.
<p>4) Assets/Inventory - Theft by employee - Theft by others</p>	Possible	Material	All staff	<ul style="list-style-type: none"> ➤ Inventory/asset registers. ➤ Assets at risk are locked away when not in use. ➤ Alarms in Council buildings. ➤ Policy around private use of council assets. ➤ Review by Managers/Supervisors. ➤ Fraud and Corruption Policy in place to assist with identification and managements of any fraud. 	Controls are tested by management and considered appropriate for the risk level	Assets (especially portable items such as laptops) are taken by either employees or others.	Insurance for loss of assets. Allocation and management of digital devices managed by IT team. Risk Acceptable.
Identified fraud & corruption risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud & Corruption Risk Response
<p>Corruption & Bribery: 1) Conflict of interest - Kickbacks/gifts - Engaging or contracting relatives</p>	Possible	Material	Supervisors/Managers	<ul style="list-style-type: none"> ➤ Fraud and Corruption Policy in place to assist with identification and management of any fraud or corruption or bribery. 	Controls considered effective for level of risk.	Policies are ignored.	Review by management. Risk Acceptable.

- Profiteering from insider knowledge
- Disclosure of confidential information to external parties for private gain.

- Established policy whereby staff unable to accept gifts exceeding specified value.
- Procurement Policy to ensure procedures in place for engagement for the supply of goods and Services.
- Delegation procedures are in place to limit the number of people who can engage contractors and suppliers for services.
- Senior leadership team and Councillors are required to declare any "interest" or possible conflict.
- Pre-employment checking process.

APPENDIX B - Fraud Risk Assessment 2021

Fraud refers to an intentional act by an individual to deceive for the purposes of obtaining an unjust or illegal advantage.

3 categories of fraud are identified:

- Financial Statement manipulation
- Misappropriation of Council assets
- Employee corruption

Identified fraud risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud Risk Response
Financial Reporting: 1) Expenditure recognition -Holding invoices - Incorrect coding 2) Revenue recognition -Timing of income -Incorrect coding 3) Public Debt -Incorrectly reported or kept off books	Low. Council is not profit driven nor is pay dependent on financial performance. However, there is some pressure to ensure expenditure/revenue is within budget.	Not significant	Accounting staff and managers	Management report reviewed by managers each month as well as overview by CEO.	Controls are appropriate for Council	Risk that management will override existing controls	Minimal risk. Risk Acceptable.
Identified fraud risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud Risk Response
Misappropriation of Assets: 1)Cash	Possible	Material	Cashiers (at KDC, library, swimming pool, i-site and transfer station)	Separation of duties and independent reconciliation of cash (daily) Cash kept as secure as possible. Invoices are raised in most cases. Also comparison with revenue from previous years.	Tested/approved by management. Compared to best practice	Controls are bypassed. Eg receipts not to be given (Where no invoice) and money misappropriated.	Customers are encouraged to make automatic payments where possible. Also accept EFTPOS and credit cards. Risk Acceptable.

<p>2)Accounts payable -Fictitious vendors -Inflated invoices -Private Purchases (charged to Council)</p>	Possible	Material	Managers and officers who authorise expenditure. Also Creditors/Payroll Officer .	<p>Separation of duties. Delegations for set limits. Most suppliers known. Use BOPLASS preferred suppliers in some cases. Checks to be undertaken to compare bank accounts with those in payroll system. Sensitive expenditure is approved by respective managers and reviewed by accountant.</p>	Controls are appropriate for council and follow recommendations by Audit	Controls are bypassed.	Monthly costs and revenue reviewed by management for reasonableness
<p>3) Payroll -Fictitious Employees -Unauthorised payments</p>	Possible	Material	Creditors/Payroll Officer.	<p>Review by management of department personnel and costs. Controls within payroll system. Reviewed/authorised by the accountant for new personnel and any changes to rates.</p>	Controls are appropriate for Council and consistent with what other organisations have.	Established controls are bypassed.	Review by management of monthly costs. Risk Acceptable.
<p>4) Assets/Inventory -Theft by employee -Theft by others</p>	Possible	Material	All staff	<p>Inventory/asset registers. Assets at risk are locked away when not in use. Alarms in Council buildings. Policy around private use of council assets. Review by Managers/Supervisors.</p>	Controls are tested by management and considered appropriate for the risk level	Assets (especially portable items such as laptops) are taken by either employees or others.	Insurance for loss of assets. Risk Acceptable.

Identified fraud risks	Likelihood	Significance	People / Department	Existing controls	Assessment of existing controls	Residual Risks	Fraud Risk Response
Corruption: 1) Conflict of interest - Kickbacks/gifts - Engaging/contracting relatives	Possible	Material	Supervisors/Managers	Established policy whereby staff unable to accept gift exceeding specified value. Also staff and councilors are required to declare any "interest" or possible conflict.	Control considered effective for level of risk.	Policies are ignored	Review by management. Risk Acceptable.

Meeting: Audit & Risk Committee

Meeting Date: 10 February 2025

Subject: **Council Bylaw and Policy Review Update**

File No: 320000 & 110800

1 Purpose

The purpose of this report is to provide the Audit and Risk Committee with an update on the review programme for Council Bylaws and Policies.

2 Background

2.1 Bylaw Review

Council has bylaws to help manage public nuisances, promote public health and safety, minimise the potential for offensive behaviour, protect public infrastructure and regulating activities in public places.

Bylaws that are made under the Local Government Act 2002 are required to be reviewed five years after they are first created (section 158), and 10 years after every review date (section 159). As such, all of Council's existing bylaws are required to be reviewed every 10 years.

Kawerau District Council has a total of seventeen bylaws. These are split between a consolidated bylaw and individual bylaws.

On 8 April 2024, upon request a report was prepared for Council providing an overview of the Council Bylaws and the required review timeframes.

At the time of the review, twelve bylaws had passed their review dates and were either revoked already, all will become revoked. The Freedom Camping Bylaw had been commenced in the background.

2.2 Policy Reviews

The overall purpose of policies is to aid with decision-making. A list of Council Policies (as available on the Council Website) are attached in Appendix B. There are currently a total of 30 policies. This list does not include internal operational policies or health and safety policies.

On 10 June 2024, upon request of Council a report was prepared providing an overview of the Council Bylaws and the required review timeframes.

At the time the overview was provided to Council, nine policies were overdue for review. A further three required review prior to December 2024.

3 **Situation**

3.1 Bylaw Review

The initial proposed review targets outlined below have not been achieved. While the timeline was ambitious, competing work priorities has meant we have not progressed as quickly as hoped.

Review Programme	
Phase 1: Completed by August	Phase 2: Completed by December
<ul style="list-style-type: none"> • Traffic and Parking Bylaw 2011 • Speed Limits Bylaw 2011 • Water Supply Bylaw 2009 • General Bylaw – Part 8 Wastewater Drainage 2010 • General Bylaw Part 9 On-site Wastewater Disposal 2010 • General Bylaw Part 10 Trade Waste 2010 • General Bylaw Part 11 Solid Waste 2010 	<ul style="list-style-type: none"> • General Bylaw Part 1 – Introductory 2009 • General Bylaw Part 2 – Public Places 2013 • General Bylaw Part 3 – Trading in Public Places 2009 • General Bylaw Part 5 – Advertising Signs 2013 • General Bylaw Part 13 – Leisure and Recreation Facilities 2010 • General Bylaw Part 12 – Cemetery 2012 • General Bylaw – Control of Stock, Poultry and Bees 2019

Initial focus was on reviewing the Freedom Camping Bylaw. This was key to ensure we complied with new legislation and made use of the approved funding. This review took significantly more time than expected due to the requirement for site assessments to be undertaken. It was further delayed, after the initial consultation had been undertaken and legal errors were identified as a result of the Court findings in *New Zealand Motor Caravan Association Incorporated v Queenstown Lakes District Council* [2024] NZHC 2729.

The second round of consultation was completed on 20 December 2024 and the submissions are set to be heard on 26 February 2025. The current bylaw will remain in force until the new bylaw is adopted.

On consultation with the Chief Executive, the decision was made to prepare all Bylaws for public consultation at the same time. This is largely to address the significant amount of public consultation due this year.

Work has commenced in the background to gather information to help support the other bylaw reviews, and drafting of bylaws has started. The new proposed timeline is outlined below.

Bylaw	Comments	Status	Draft to Council
Cemetery	Brought forward to align with policy review which is largely completed	Review Commenced	March to July 2025
Traffic and Parking	Urgent	Review Commenced	March to July 2025
Water Supply	Reviewing with the intention to combine into one bylaw	Review Commenced	March to July 2025
Wastewater Drainage			
Wastewater Disposal			
Trade Waste	May be able to incorporate into Water Bylaw – yet to be confirmed	Review Commenced	March to July 2025
Solid Waste	Should include Waste Minimisation	Review Commenced	March to July 2025
Trading in Public Places		Not started	March to July 2025
Advertising Signs	Bylaw overdue but not yet revoked	Review Commenced	March to July 2025
Leisure and Recreation Facilities	Yet to determine whether it is still required	Not started	March to July 2025
Control of Stock, Poultry and Bees	Bylaw is valid and can be done later	Not started	March to July 2025
Public Places	Bylaw is valid and can be done later	Not started	March to July 2025
Introductory	Will be incorporated into other bylaws and not replaced	Not started	March to July 2025
Speed Limits	Delayed as may not be required depending on Government Reform	Staff provided some guidance on process -	To be determined if required

This is still an ambitious target, to get all the work completed and will be impacted by other work programmes which are also in progress (District Plan Review/Spatial Plan/ Local Water Done Well and the Long Term Plan).

The timeframes do not allow early engagement with the community, however consultation will be undertaken upon approval of the draft bylaws.

While it is foreseeable that some changes will be required to bring the bylaws up to date, large changes to existing requirements will be limited.

3.1 Policy Review

This section contains a table outlining the work to date on the policies required to be reviewed. In addition to the policies outlined, there are a number of policies that are out of cycle due to opting for the transitional LTP. These policies have not been included, as they will be completed in line with the LTP this financial year.

Unlike the bylaws, policies are not automatically revoked after a set timeframe if a review is not undertaken.

The Managers responsible for the policies have been advised of the requirement to review and align them with current practices and requirements.

Since the review of the policies was undertaken, a few policies have been reviewed or implemented as follows:

- Dangerous, Insanitary and Affected Buildings Policy
- Naming Policy

The below table sets out the remaining policies to be reviewed and any updates in the process.

Policy	Responsibility	Completed
Management of Street Trees 2016	GMO&S	Review Commenced
Library Membership Policy 2010	GMF&CS	Reviewed - No Longer Required Paper to be Prepared
Board Venues 2017	GMR&P	Social Impact Assessment Draft Completed - Prepared for Council 26 February 2025
Class 4 Gambling Venue Policy 2017	GMR&P	
Graffiti Vandalism 2016	GMO&S	Review Commenced
Methamphetamine Building Contaminations Policy 2016	GMR&P	Yet to be started – may not be required
Easter Trading Policy 2017	GMR&P	Proposed Legislation to revoke the need for bylaws failed first reading. Prepared for Council 12 February 2025
Election Signs Policy 2019	MC&E	Reviewed – No Longer Required, Paper to be Prepared
Cemetery Memorials, Ornamentation and Multiple Interments 2019	GMO&S	Staff review completed and looking at combining with Bylaw due to overlaps.
Backflow Prevention 2019	GMO&S	Review commenced - Review required in line with the Water Supply Bylaw
Community Awards 2020	ME&CD	Review Started

Work is continuing to review the policies as required.

4 Risks

Council can no longer enforce the Bylaws that are now revoked. In saying this, the most commonly enforced bylaws are the Traffic and Parking, Freedom Camping, Public Places, Control of Stock, Poultry and Bees, Dog Control Bylaw, only one of which is revoked. While all other bylaws are used to guide behaviours, enforcement action has not been taken under these bylaws in the last few years.

The main risk is that the Community will not follow accepted practises and we will not be able to take compliance action. For this reason, it is important that we have new bylaws adopted as soon as possible.

Policies, on the other hand, are not automatically revoked where a review has not been undertaken. Review timeframes, in many cases are not legislated.

The purpose of policies is generally to aid with decision-making. Where a policy is in place, even if it has passed its review date, for fairness to the community, decisions should be made based on the existing policy, until this can be reviewed and public consultation undertaken. This may be a risk where circumstances have significantly changed since the introduction of the policy.

5 Significance and Engagement

Given many bylaws are revoked, Council is essentially making a new bylaw, based on the previous revoked bylaw. Based on this, even if implementing the bylaw currently written, with no amendments, engagement must still be undertaken.

The special consultative process will be used for all bylaws as required by s82, or s86 of the Local Government Act 2002.

In most cases, consultation is also required in regards to Council policies under s82 of the Local Government Act 2002. Some policies, such as the Board Venues and Class 4 Gambling Venues Polices will need to follow the special consultative process under s 83 of the Local Government Act 2002.

The majority of the policies passed their review dates are optional policies, so not legislatively required. However where any of these policies are no longer deemed necessary, they must be reviewed and recommendations made to revoke the policy.

6 **Financial Considerations**

While there are no budget considerations associated with the recommendation of this report, where the implementation of the bylaws and/or policies is required sooner than indicated, funding for this work is not budgeted.

7 **RECOMMENDATION**

That the report "Council Bylaw and Policy Review Update" be received.



Michaela Glaspey

Group Manager, Regulatory and Planning

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Appendix 1 - Bylaw Review Dates

Bylaw Name	Last Enacted	Last Reviewed	Next Review Date	Reason
Water Supply Bylaw 2009	1/06/2009	Apr-09	Jun-19 – Now Revoked	10 Year Review
Speed Limits Bylaw 2011	1/07/2011	Jun-11	Jul-21 – Now Revoked	10 Year Review
Traffic and Parking Bylaw 2011	1/11/2011	Oct-11	Nov-21- Now Revoked	10 Year Review
General Bylaw Part 1 - Introductory 2009 (2012 Amendment)	24/11/2009	Apr-12	Apr-22 –Revoked in April	10 Year Review
General Bylaw Part 3 - Trading in Public Places 2009	1/12/2009	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 8 - Wastewater Drainage 2010	29/06/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 9 - On-site Wastewater Disposal 2010	29/06/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 10 - Trade Waste 2010	1/09/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 11 - Solid Waste 2010	29/06/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 12 - Cemetery 2010	1/09/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 13 - Leisure and Recreation Facilities 2010	1/09/2010	Apr-12	Apr-22 – Revoked in April	10 Year Review
General Bylaw Part 5 - Advertising Signs 2013	1/06/2013	May-13	Jun-23 – Revoked in 2025	10 Year Review
Freedom Camping Bylaw 2019	1/10/2019	Oct-24	Currently Under Review	5 Year Review
General Bylaw: Control of Stock, Poultry and Bees 2019	1/01/2019	Dec-18	Jan-29	10 Year Review
Dog Control Bylaw 2019	1/03/2019	Feb-19	Feb-29	10 Year Review
General Bylaw Part 2 - Public Places 2013 (2019 Amendment)	1/06/2013	Sep-19	Sep-29	10 Year Review
Alcohol Control Bylaw 2022	22/09/2022	Sept -22	Sept - 27	5 Year Review

Appendix 2 - Policy Review Dates

Policy Name	Last Reviewed	Next Review Date	Process
Management of Street Trees 2016	Jun-16	Jun-19	Review Commenced
Library Membership Policy 2010	Sep-10	Sep-20	Reviewed – To be Removed
Board Venues 2017	Dec-17	Dec-20	Prepared for Council 26 Feb
Class 4 Gambling Venue Policy 2017	Dec-17	Dec-20	Prepared for Council 26 Feb
Graffiti Vandalism 2016	Sep-16	Aug-21	Review Commenced
Methamphetamine Building Contaminations Policy 2016	Dec-16	Nov-21	
Easter Trading Policy 2017	Apr-17	Feb-22	Prepared for Council 12 Feb
Cemetery Memorials, Ornamentation and Multiple Interments 2019	Sep-16	Jul-22	Review Commenced
Procurement Policy 2020	May-20	Jun-23	To be Adopted 26 Feb
Backflow Prevention 2019	Jun-19	Jun-24	Review Commenced
Community Awards 2020	Jan-21	Nov-24	Review Commenced
Smoke-Free Public Places Policies 2020	Jun-20	Apr-25	
Significance and Engagement Policy 2021	Apr-21	LTP	
Revenue and Finance Policy	Feb-21	LTP	
Rates Remissions and Postponement for Maori Freehold Land Policy	Apr-21	LTP	
Rates Penalty Remission Policy	Apr-21	LTP	
Rates Relief for Developments Policy	Apr-21	LTP	
Rates Relief for Farm Properties Policy	Apr-21	LTP	
Rates Relief for High Valued Properties Policy	Jun-23	LTP	

Election Signs Policy 2019	Jun-22	Mar-25	Reviewed – To be Removed
Public Communications by Elected Members in a Pre-Election Period Policy 2019	Jun-22	Mar-25	
Sensitive Expenditure Policy	Aug-22	Jun-25	
Fraud, Bribery and Corruption Policy 2023	Aug-23	Aug-26	
Investment Policy 2024	Feb-24	Jan-27	
Financial Contributions Policy 2021	Feb-24	Feb-27	To Be Adopted 26 Feb
Liability Management Policies 2024	Feb-24	Feb-27	
Dog Control Policy 2019	Mar-19	Dec-28	
Eastern Bay Local Alcohol Policy 2016	Mar-21	Reviewed - with ARLA	
Rates Remission Sporting and Cultural Organisations Leasing Council Land Policy 2024	June 24	Jun 2027	
Dangerous, Insanitary and Affected Buildings Policy 2019	Aug-24	Aug-29	
Naming Policy	Oct-24	Oct-29	

Meeting: Audit and Risk Committee

Meeting Date: 10 February 2025

Subject: Insurance Policies Update

File No: 201000

1 **Purpose**

The purpose of this report is to update the committee on Council's current insurance policies, including the costs of each policy.

2 **Background**

Council insures its assets in order to mitigate the risk associated with the loss or destruction of those assets, and also insures for possible liabilities arising from staff undertaking their duties, which could result in significant costs for the community.

Council uses Aon as its insurance broker in conjunction with other Bay of Plenty Councils as part of the BOPLASS initiative. Council's broker sources the insurance cover that provides the best value for Council.

The period for insurance is from 1 November to 31 October and Aon obtained the 2024/25 reinsurance for the BOPLASS councils and from May onwards will start working on the renewals for 2025/26.

Staff have reported to the Audit and Risk committee previously on the insurance policies held by Council and the cost. There have been significant increases in the cost of insurance in recent years

In setting the insurance cover values for 2024/25, staff used the latest replacement valuations at 30 June 2022 (including additions since this date) as well as an inflationary factor for insuring Council's assets (for Infrastructure and Material Damage policies). With the next revaluation of Council's assets due as at 30 June 2025, these new values will be used for the 2025/26 insurance cover values.

3 **Insurance Policies**

The appendix to this report lists all the insurances that Council has in place for 2024/25, which are the same as the previous year and includes:

- Material Damage
- Business Interruption
- Motor Vehicles
- Public Liability
- Professional Indemnity
- Statutory Liability

- Employers Liability
- Crime Policy
- Cyber Crime Policy
- Infrastructure Insurance
- Minor Material Damage and Loss of Revenue – Porritt Glade

Insurance Costs

For 2024/25 insurance costs increased \$39,956 (9.62%) on the prior years cost. The highest monetary increase was for material damage with an increase of \$18,366 (11%). The highest percentage increase was for Porritt Glade Lifestyle Village, an increase of 33.8% (\$11,484) which was due to the Villages replacement values being revised.

The cost of insurance is continuing to increase, which is reflective of the risks that are involved, especially the impacts of significant weather events and the corresponding repair costs. To not insure is a significant risk to take onboard, as the likelihood of no potential losses cannot be guaranteed.

Council currently sources insurance through Aon as part of the BOPLASS group. An advantage for Council is the economies of scale by combining with a larger group, who have higher values to be insured. Council has its assets insured for replacement value to ensure the assets can be replaced, without any additional burden on the community to fund any shortfalls should there be a significant loss. Council does currently carry the potential costs of the current excess values.

For Council to take on the additional risk of reducing insurance cover, there would still be additional resource costs and funding required to manage this risk and to pay for any uninsured incidents. Currently, Council's size and limited resources to closely monitor all the risks individually, suggest it would not be prudent to take on the significant additional risks associated with not having a comprehensive and effective insurance programme in place. Also, the cost to the community could potentially be greater.

When the renewals data is required by Aon in July, it is intended that Council will use the new values from the revaluation of Council's assets as at 30 June 2025. Depending on the outcome of the revaluation, this could affect the level and cost of cover for the 2025/26 year. Aon utilises the values data to work with providers for the insurance renewal process, to obtain the best pricing and terms and conditions for Council's insurance, which should be determined by late October 2025.

4 RECOMMENDATION

That the report "Insurance Policies Update" be received.



Lee-Anne Butler, CA, BMS

Group Manager, Finance & Corporate Services

APPENDIX

INSURANCE POLICIES 2024/25 (1/11/2024 to 31/10/2025)

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2023/24	Premium 2024/25	% Increase
Brokerage	Professional fee for sourcing and arranging insurance as well as claims/advice.			Aon Group Ltd	\$9,615	\$11,011	14.5%
Infrastructure	Above and below ground infrastructure assets (40% Placement)	\$30,000,000 (40% of Policy extensions and cover sub-limits apply)	\$100,000	Various Insurers & Lloyds of London Underwriters	\$79,654	\$80,323	0.8%
		Business Interruption	Up to 15% of the Council loss limit				
Public Liability	Liability to Third Parties for property damage and/or personal injury arising from or in connection with the Insured's operations	Public Liability	\$10,000 (Each claim)	Berkshire Hathaway 57% QBE Insurance (AUS) 38% Chubb Insurance NZ 5%	\$16,120	\$17,168	6.5%
		Product Liability					
		Employees Property					
Professional Indemnity	Claims first made against the insured alleging civil liability, by an act, error, omission or conduct that occurred in connection with the Insureds Professional Business Practice	Indemnity to Ratepayers	\$25,000 (Each claim)	Berkshire Hathaway 57% QBE Insurance (AUS) 38% Chubb Insurance NZ 5%	\$58,298	\$62,194	6.7%
		Hall Hirers Liability					
		\$1,000,000					

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2023/24	Premium 2024/25	% Increase
Excess Layer Liability	Excess Public/General Liability Excess Professional Indemnity (part of Professional Indemnity above)	Between \$15,000,000 and \$145,000,000 shared	\$15,000 each claim	Aon Group Ltd (London) 87% Chubb Insurance NZ Ltd 6% Various 7%	\$10,942	\$12,522	14.4%
Cyber Liability Policy	Direct financial loss sustained by the Insured arising from any single act or repeated acts	\$2,000,000	\$50,000	Berkshire Hathaway Insurance Co	\$8,508	\$9,010	5.9%
Employers Liability	Liability arising out of claims made by employees for injuries outside the scope of Accident Compensation legislation	\$1,000,000 (Excl Defence Costs) \$1,000,000 for Defence Cost	\$1,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$1,183	\$1,203	1.7%
Statutory Liability	Defence costs, Fines & Penalties arising from unintentional breaches of the Insured Acts	\$1,000,000 for Fines and Reparation Orders \$1,000,000 for Defence costs	\$10,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$2,298	\$2,541	10.6%
Crime Policy	Direct financial loss sustained by the Insured arising from any single act or repeated acts	\$2,000,000	\$50,000	Berkshire Hathaway 60% QBE Insurance (AUS) 40%	\$3,435	\$3,485	4.2%

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2023/24	Premium 2024/25	% Increase
Commercial Motor Vehicles	Vehicles, Mobile Plant and Auxiliary equipment	Market Value or value in schedule Third Party = \$20,000,000 Additional Vehicles = \$400,000 Goods in Transit = \$5,000	1% of the sum insured with a minimum of \$500 (Drivers under 21 add \$1,000) Fire or theft = \$Nil	NZI (a division of IAG NZ Ltd)	\$25,081	\$25,783	2.8%
Material Damage and Business Interruption – Porritt Glade Lifestyle Village	202 River Road – physical loss or damage to insured property Loss of gross rentals	\$11,000,000 \$460,000	Each loss - \$2,000 Theft - \$2,500 \$Nil	Vero Insurance NZ Ltd 100%	\$33,975 (29 units)	\$45,459 (29 units)	33.8%
Business Interruption	Loss resulting from interruption or interference with the business carried on by the insured at the premises in consequence of insured damage	Loss of Revenues / Rent \$152,250 Additional expenses \$8,000,000	\$10,000 (as per Material damage)				
Material Damage – Fire	Damage unforeseen and unintended by the insured to insured property at the locations shown in the schedule of declared values Fire, including fire occasioned by natural disaster	\$15,000,000	\$10,000 (\$25,000 landslip & subsidence)				

Policy	Detail	Sum Insured	Excess	Insurance Company (Current)	Premium 2023/24	Premium 2024/25	% Increase
Material Damage – Excluding Fire	All Risks including Earthquake, but excluding Fire. Below are sub-limits	\$77,078,780	<p>Non Earthquake Perils – MD & BI combined - \$10,000 each and every claim</p> <p>Earthquake, volcanic eruption, hydrothermal activity – 5% of Material Damage site value (other deductibles apply)</p>	<p>Vero Insurance NZ Ltd 45%</p> <p>Chubb Insurance 20%</p> <p>NZI a division of IAG Ltd 10%</p> <p>Berkshire Hathaway 10%</p> <p>AIG Insurance 15%</p>	\$166,337	\$184,703	11.0%
	Money during Business Hours	\$100,000					
	Money outside Business Hours	\$10,000					
	Capital Additions	\$2,000,000					
	Collapse or overheating of non-domestic boilers	\$25,000					
	Landslip, combined any one loss for MD & BI	\$2,000,000					
	Property in or on water	\$100,000 Loss – Limit \$25,000 per item					
	Refrigerated Goods (Spoilage)	\$25,000 (Any one loss)					
	Keys & Locks	\$25,000 (Any one loss)					
	Subsidence	\$2,000,000					
	Transit of Property	\$500,000					
	Sustainable Rebuilding costs	\$100,000					
	Portable Business Equipment	\$20,000					
	Contract Works	\$1,000,000					
	Curios or Works of Art	\$150,000					
Maori Artefacts	\$10,000						
Unspecified Locations	\$100,000						
Restoration and Reproduction costs – proof materials	\$100,000						
Contractual Value	\$50,000						
Gradual Damage	\$50,000						
Electrical Damage	\$10,000						
TOTAL ALL PREMIUMS				\$415,446	\$455,402	9.62%	