

Rārangi take o te Komiti
Tūraru me te Taurangi

Risk and Assurance Committee Agenda

Monday 5 October 2026, 1 pm

Council Chamber, Administration Building,
Albion Street, Hāwera



Purongo Whaitikanga Governance Information

Ngā Mema o te Komiti / Committee Members



Philip Jones
Chairperson / External Member



Phil Nixon
Mayor



Robert Northcott
Deputy Mayor



Andy Beccard
Councillor



Heather Brokenshire
Councillor



Racquel Cleaver-Pittams
Councillor



Marie Broughton
Iwi Representative

Apatono / Delegations

The primary purpose of the Risk and Assurance Committee is to:

- Review the Council's quarterly financial and non-financial reports;
- Oversee the relationship between the Council and its external auditor;
- Consider the Audit Management Report undertaken for the Annual Report and Long Term Plan and monitor progress against them;
- Receive and consider reports on the Council's internal and external borrowing;
- Provide oversight and monitoring of the Council's risk management framework;
- Provide oversight and monitoring of the Council's Long Term Investment Fund; and
- Oversee the relationship with the Council's Investment Advisors and Fund Managers.

Purongo Whaitikanga Governance Information

Huinga Tangata / Attendance Register

Date	08/12/25	18/02/26	01/04/26	20/05/26	01/07/26	24/08/26					
Meeting	O	O	O	O	O	O					
Andy Beccard	✓	A	✓	✓	✓	✓					
Heather Brokenshire	✓	✓	✓	✓	✓	✓					
Racquel Cleaver-Pittams	✓	✓	✓	✓	✓	AO					
Philip Jones	✓	✓	✓	✓	✓	✓					
Phil Nixon	✓	✓	✓	✓	✓	✓					
Robert Northcott	✓	✓	✓	✓	✓	✓					
Marie Broughton	✓	✓	✓	✓	✓	✓					

Key

- ✓ Attended
- AO Attended Online
- Was not required to attend
- A Apology
- Y Attended but didn't have to attend
- X Did not attend - no apology given

Types of Meetings

- O Ordinary Meeting
- E Extraordinary Meeting

He Karere Haumarū / Health and Safety Message

In the event of an emergency, please follow the instructions of Council staff.
If there is an earthquake - drop, cover and hold where possible. Please remain where you are until further instruction is given.

He Pānga Whakararu / Conflicts of Interest

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



Rārangi Agenda

Risk and Assurance Committee

Monday 5 October 2026 at 1 pm

1. **Karakia**
2. **Matakore / Apologies**
3. **Tauākī Whakarika / Declarations of Interest**
4. **Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations**
5. **Whakaaetia ngā Menīti / Confirmation of Minutes**
 - 5.1 [Risk and Assurance Committee held on 24 August 2026](#) Page 9
6. **Pūrongo / Report**
 - 6.1 [Insurance Renewal 2026/27](#) Page 19
 - 6.2 [Review and Adoption of Updated Insurance Framework](#) Page 27
7. **Pūrongo-Whakamārama / Information Reports**
 - 7.1 [Quarterly Risk Management Status Update](#) Page 42
 - 7.2 [Internal Audit Scope: Parking Enforcement and Revenue Collection](#) Page 46
 - 7.3 [Risk and Assurance Committee - Workplan](#) Page 49
 - 7.4 [Strategic Risk Review Report](#) Page 52
 - 7.5 [South Taranaki Business Park Update Report](#) Page 57
 - 7.6 [2027-2037 Long Term Plan Update](#) Page 63
 - 7.7 [Revenue and Financing Policy](#) Page 67
8. **Ngā take kia noho tūmatanui kore / Resolution to Exclude the Public**
 - 8.1 [Risk and Assurance Committee held on 24 August 2026](#) Page 122
 - 8.2 [Quarterly Cybersecurity Report](#) Page 127
9. **Karakia**

Next Meeting Date: Monday 16 November 2026 – Council Chamber
Elected Members' Deadline: Monday 2 November 2026



Karakia

1. Karakia

Ruruku Timata – Opening Prayer

Whaia, whaia, whaia te urutapunui a Tāne.
Tāne te waiaora, Tāne te pūkenga, Tāne te wānanga
Tāne te whakaputa nei i te whaiao, i te ao mārama
Tihei mauri ora

*Let us follow in the footsteps of Tāne (The god who gave us knowledge)
Tāne the lifesource, Tāne the skilful, Tāne the knowledgeable
Tāne who brought light to the world
So give us life.*



Matakore Apologies

2. Matakore / Apologies

Leave of Absence: *The Committee may grant a member leave of absence following an application from that member. Leave of absences will be held in the Public Excluded section of the meeting.*



Ngā Whakaputanga

Declarations of Interest

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3. Tauākī Whakarika / Declarations of Interest

Notification from elected members of:

- a) Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and
- b) Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968.

Declarations of Interest: Notification from elected members of: Any interests that may create a conflict with their role as an elected member relating to the items of business for this meeting; and Any interests in items in which they have a direct or indirect pecuniary interest as provided for in the Local Authorities (Members' Interests) Act 1968



Whakatakoto Kaupapa Whānui, Whakaaturanga hoki **Open Forum and Presentations**

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4. Whakatakoto Kaupapa Whānui, Whakaaturanga hoki / Open Forum and Presentations

The Council has set aside time for members of the public to speak in the public forum at the commencement of each Council, Committee and Community Board meeting (up to 10 minutes per person/organisation) when these meetings are open to the public. Permission of the Mayor or Chairperson is required for any person wishing to speak at the public forum.



Ngā Menīti Komiti

Committee Minutes

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To	Risk and Assurance Committee
Date	5 October 2026
Subject	Risk and Assurance Committee – 24 August 2026

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Risk and Assurance Committee met on 24 August 2026. The Risk and Assurance Committee are being asked to adopt the minutes from 24 August 2026 as a true and correct record.
2. There were two recommendations within the minutes for the Council to consider.
3. The Risk and Assurance Committee moved recommendation 51/26 AR that the Council adopt the amended Internal Audit Charter.
4. The Risk and Assurance Committee moved recommendation 65/26 AR that the Council adopts the updated Statement of Investment Policy and Objectives, and approve the amendment to the Long Term Investment Fund Strategic Asset Allocation by reducing the cash Benchmark allocation from 3.1% to 0% and increasing the Private Debt benchmark allocation by the same percentage (changing from 5.0% to 8.1%), and authorises officers to make consequential amendments to the Statement of Investment Policy and Objectives and take necessary steps to implement the approved investment changes.
5. The Council adopted recommendations 51/26 AR and 65/26 AR at its Ordinary Council meeting on 9 September 2026.

Taunakitanga / Recommendation(s)

THAT the Risk and Assurance Committee adopt the minutes of their meeting held on 24 August 2026 as a true and correct record.



Meniti Minutes

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Ngā Meniti take o te Komiti Tūraru me te Taurangi Risk and Assurance Committee Meeting

Council Chamber, Administration Building, Albion Street, Hāwera on
Monday 24 August 2026 at 11.00 am.

Kanohi Kitea / Present: Philip Jones (Chairperson), Mayor Phil Nixon, Deputy Mayor Rob Northcott, Councillors Andy Beccard, Heather Brokenshire, Racquel Cleaver-Pittams *online* and Marie Broughton (Iwi Representative).

**Ngā Taenga-Ā-Tinana
/ In Attendance:**

Fiona Aitken *online* (Chief Executive), Liam Dagg (Group Manager Environmental Services), Herbert Denton (Group Manager Infrastructure Services), Rob Haveswood (Group Manager Community Services), Sara Dymond (Risk and Internal Audit Coordinator), Meagan Edmonds (Governance Team Leader), Sam Greenhill (Governance Officer), Gerard Langford (Head of Communication and Customer Services), Jill Manaia (Safety and Wellbeing Advisor), Vipul Mehta (Head of Business Enablement), Garry Morris (Finance Manager), Simon Walkinshaw (People and Capability Manager), Becky Wolland (Head of Strategy and Governance), Garth Gregory and Priya Patel (Mercer).

Matakore / Apologies: Nil.

1. Declarations of Interest

There were no conflicts of interest declared at the meeting.

2. Whakaaetia ngā Minitī / Confirmation of Minutes

2.1 Risk and Assurance Committee held on 1 July 2026

RESOLUTION

(Mayor Nixon/Cr Brokenshire)

50/26 AR **THAT** the Risk and Assurance Committee adopts the minutes of their meeting held on 1 July 2026 as a true and correct record.

CARRIED

3. Pūrongo / Report

3.1 Internal Audit Charter and Plan Review

The Committee Terms of Reference required the new Committee to review the Internal Audit Charter (the Charter) and three year audit plan. The Committee was being asked to review and approve the internal audit plan 2026-2029 and the amendments to the Internal Audit Charter suggested in the report.

Ms Dymond presented the report and highlighted that the Charter was last adopted in 2023. The Terms of Reference stated that the Charter should be reviewed six months after the appointment of the new Committee however due to a vacancy in the Internal Audit role the review was delayed. The Committee were asked to recommend that the Council approves the Charter with minor changes.

Mr Jones highlighted that point 11.4 in the Charter should be retained with a slight wording change to reflect that the process happened automatically. The same section needed to be updated to reflect the correct job title of Head of Business Enablement.

RECOMMENDATION

(Mr Jones/Deputy Mayor Northcott)

51/26 AR THAT the Risk and Assurance Committee;

- a) Approved the 2026-2029 Internal Audit Plan.**
- b) Recommends the Council adopt the amended Internal Audit Charter.**

CARRIED

4. Pūrongo-Whakamārama / Information Report

4.1 Interim Year End Financial Performance Report for year ending 30 June 2026

The report presented the interim Year End Financial Performance Report for the year ended 30 June 2026. It included Council officers' commentary on significant variances across Council activities and support centres, together with management explanations where relevant.

Deputy Mayor Northcott queried whether the Long Term Plan (LTP) would be amended if the trend of lower water rates income continued. Mr Mehta noted that the water by meter rates would need to be increased in the upcoming LTP to accommodate the lower income.

In response to a query from Mr Jones regarding the negative financial contributions Mr Mehta noted that the accrued amount was different to the actual amount and the negative figure represented the reversal of the accrual to reflect that. Mr Jones highlighted that the figure was in the cashflow as cash going out. Mr Mehta noted that this was an error and would be corrected.

Mr Mehta noted that the overall surplus for revenue was due to the Long Term Investment Fund (LTIF) performance.

Councillor Cleaver-Pittams queried where the working capital would come from if the overdue rates continued to increase. Mr Mehta noted that the Council's line of credit was used for any borrowing that was required. He noted that the increase was not significant and was below average for the sector.

A query was raised by Councillor Cleaver-Pittams regarding the recovery of money for the South Taranaki Business Park (the Park). Mr Mehta noted that the invoice had been raised and a payment plan was in place to receive the money over a four to five year period.

Mayor Nixon queried the over expenditure for democracy and leadership and the comment that the reason was due to elected member remuneration being higher than budgeted. Mrs Wolland noted that the remuneration was set by the Remuneration Authority and was higher than what had been budgeted. It was highlighted that there had also been a trend of more elected members claiming mileage for travel.

Mayor Nixon requested an update on the progress of the investigation for the Union Street building work. Mr Haveswood noted that the Hāwera CBD street furniture had come in underbudget and options were being considered to demolish the building. It was noted that a report would not be presented to the Council as the work was within the set budget.

Councillor Beccard raised concerns regarding the over expenditure for Building Control and queried whether there was a need to charge more. Mr Dagg noted that contractor costs had been decreased however future budgets in the LTP included allowances for contractor costs. It was noted that there may be an opportunity for a regional approach for the Building Control function.

Mr Jones queried whether the carry forward amount for capital budgets for the current financial year was realistic and queried what the risk was if it was not achieved. Mr Mehta noted that reprioritisation was being considered to move budgets into future years. Mr Denton noted that there was a risk that assets would fail if the budget was not spent. Ms Aitken highlighted that a significant portion of the capital works carryover was for roading and most projects had started.

RESOLUTION

(Mayor Nixon/Cr Beccard)

52/26 AR THAT the Risk and Assurance Committee receives the unaudited End of Year Financial Performance Report as at 30 June 2026.

CARRIED

4.2 Quarter Four Non-Financial Performance Measures

The report provided the Quarter Four (as at 30 June 2026) results for non-financial performance measures across Council activities excluding waters (water, wastewater and stormwater).

Mrs Wolland presented the report and highlighted that the results of the Residents' Satisfaction Survey were included.

Deputy Mayor Northcott queried whether explanation had been given for the dissatisfaction with the Animal Control service. Mrs Wolland noted that many of the comments were to do with roaming dogs.

Mayor Nixon highlighted the not achieved status for the Parks and Reserves and noted that the spaces were very well maintained and the target was very high.

Mayor Nixon raised concerns regarding the not achieved status for the Building Control function. He noted that inquiries had been received from builders and contractors currently waiting for inspections. Mr Dagg acknowledged the concerns and noted that there were now two new vacancies within the team. He noted that solutions were being considered however recruitment was not an instant fix.

Deputy Mayor Northcott queried whether there was an opportunity to refine the inspections to make them more user friendly and easier to prioritise under the proposed changes to the Resource Management Act (RMA). Mr Dagg noted that the changes to the RMA would not likely change anything for the Building Control function.

RESOLUTION

(Cr Beccard/Deputy Mayor Northcott)

53/26 AR THAT the Risk and Assurance Committee receives the Quarter Four Non-Financial Performance Measures Report.

CARRIED

4.3 Outstanding Debt as at 30 June 2026

The report provided an overview of the Council's outstanding debt as at 30 June 2026, including rates, water charges and sundry debtors. Overall debt levels remained within expected ranges however total sundry debt increased significantly during the quarter due primarily to unpaid South Taranaki Business Park (the Business Park) contribution invoices issued in June 2026. Council officers continued to actively monitor outstanding debt and apply the Council's Debt Collection Policy to support timely recovery.

Mr Jones noted that the invoice for the Business Park was not yet due because there was a deferral and queried whether this would be reflected. Mr Morris noted that it would be managed manually. Mr Mehta noted that the invoice would continue to show as overdue however there was an agreement in place for payment.

Deputy Mayor Northcott noted the increase in rates debt and queried whether it reflected inflation pressures. Mr Mehta noted that the rates debt was being monitored closely and was likely a temporary issue.

Mr Jones noted concerns regarding significant increases in the outstanding debt excluding rates that was past due by 90 days. Mr Morris noted that the significant increase was due to one or two invoices that had moved to 90 days overdue.

RESOLUTION

(Mayor Nixon/Mr Jones)

54/26 AR THAT the Risk and Assurance Committee receives the Outstanding Debt Report as at 30 June 2026.

CARRIED**4.4 Significant Projects Progress Report**

The report provided an update on the 2025/26 Significant Projects Programme to the Committee. The report highlighted risks associated with completing the programme and specific projects.

Mayor Nixon queried whether the risk of construction programme delays for the Manaia Facilities project would be affected by contractor resourcing under a design and build contract. Mr Haveswood noted that there was still a risk for the Council if the contractor did not have the required resources available. Ms Aitken noted that there may be delays in construction however it would not result in cost increases.

Deputy Mayor Northcott queried what the next steps were for the Taranaki Organics Processing Facility. Mr Dagg noted that a report would be presented to the next Ordinary Council meeting for the Council to provide direction on the next steps.

Mr Jones noted that there was uncertainty around the Head Start pathway and once there was further clarity it would be a tight timeframe to complete the work. Ms Aitken noted that officers were working with Stratford District Council officers to begin planning the next steps under the assumption that the Head Start pathway proposal was approved.

RESOLUTION**(Mayor Nixon/Deputy Mayor Northcott)**

55/26 AR THAT the Risk and Assurance Committee receives the Significant Projects Progress Report for Quarter Four of the 2025/26 financial year.

CARRIED**4.5 Risk and Assurance Committee - Workplan**

The Risk and Assurance Committee Workplan (the Workplan) for the 2026 calendar year included a list of key reports, workshops and policies for review. The workplan was revised in alignment with directives issued through the Committee reviews and/or reporting arising from Council activities.

Mayor Nixon noted that the Head Start pathway was not included in the Workplan and queried whether an update should be provided to the October meeting. Ms Aitken noted that a verbal update could be provided.

Ms Aitken noted that the first release of findings from the Mount Maunganui landslide had been received. Officers were looking at geotechnical reports that had been received to ensure that mitigations were in place where required.

Mr Jones queried whether the Workplan for 2027 would be completed at the next meeting.

RESOLUTION**(Cr Beccard/Cr Brokenshire)**

56/26 AR THAT the Risk and Assurance Committee receives the Workplan for the calendar year 2026.

CARRIED

The meeting adjourned at 11.58 am and reconvened at 12.30 pm.

4.6 Quarterly Internal Audit Status Report

The report provided the Committee with an update on the status of the Internal Audit activity and the open recommendations from previous internal audits.

Ms Dymond presented that report and noted that ten of the 12 planned internal audits had been completed. There were 35 open recommendations and 16 had been closed since the last report. She noted that 13 of the open recommendations were dependent on the Enterprise Resource Planning (ERP) replacement.

Mr Jones queried when the Project Management internal audit would be presented to the Committee. Mrs Wolland noted that it would be provided to the November meeting.

Mr Jones noted that previously the report had included the high level framework as an appendix. Mrs Wolland noted that the framework could be presented to the Committee in October. Mr Jones suggested that it could be circulated to the Committee for comment to avoid delays.

Mr Jones queried when the Audit New Zealand recommendations would be presented to the Committee. Mr Mehta noted that they would be included as part of the audit in November.

RESOLUTION**(Deputy Mayor Northcott/Mayor Nixon)**

57/26 AR THAT the Risk and Assurance Committee receives the Quarterly Internal Audit Status Report.

CARRIED

4.7 Mercer Quarterly Investment Monitoring Report – June 2026

The Committee was asked to receive the Mercer Quarterly Investment Monitoring Report – June 2026 for their information.

Ms Patel presented the report and provided an update on fund manager performance and market conditions. The LTIF had a return of 8.1% for the quarter. She highlighted that Skerryvore had underperformed by negative 17% for the quarter however had improved in July.

Mr Jones noted that the performance of Skerryvore was behind in June. Mr Gregory acknowledged that Skerryvore was improving and their strategy remained A rated.

RESOLUTION**(Cr Beccard/Cr Brokenshire)**

58/26 AR THAT the Risk and Assurance Committee receives the Mercer Quarterly Investment Monitoring Report – June 2026.

CARRIED**5****5. Nga Whakataunga kia noho tūmataiti kore/Resolution to Exclude the Public****RESOLUTION****(Cr Brokenshire/Mayor Nixon)**

59/26 AR **THAT** the public be excluded from the following parts of the proceedings of this meeting, namely:

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Risk and Assurance Committee held on 1 July 2026	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)
2. Mercer Advice on Long Term Investment Fund Cash Allocation and Global Equities		
3. Mercer Quarterly Investment Monitoring Report – June 2026		
4. Health and Safety Report – 1 May to 31 July 2026		

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No	Interest
1, 3, 4	Maintain the effective conduct of public affairs through the protection of members or officers or employees of the Council, and persons to whom Section 2(5) of the Local Government Official Information and Meetings Act 1987 applies in the course of their duty, from improper pressure or harassment (Schedule 7(2)(f)(ii)).
2	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (s 7(2)(i)).

CARRIED**6. Tuwhera anō te Hui / Resume Open Meeting****RESOLUTION****(Cr Beccard/Mayor Nixon)****64/26 AR THAT the Risk and Assurance Committee resumes in open meeting.****CARRIED****7. Pūrongo / Report****7.1 Statement of Investment Policy and Objectives**

The Statement of Investment Policy and Objectives (SIPO) outlined the strategy for the LTIF. The SIPO was reviewed on an annual basis however the Committee could review earlier if market conditions warrant or the investment structure was altered. The annual review included an assessment of the investment strategy, policies and fund manager configuration. The new SIPO took affect from 1 July 2026 and the next review was set for May 2027 or sooner if required.

Mr Jones highlighted the Capital Base date in the SIPO and noted that the fund had been started earlier. Mr Mehta noted that 30 June 2005 was when the LTIF was inflation proofed. Mr Jones suggested that a footnote should be added to include the original amount and the reason for the change.

RECOMMENDATION**(Cr Beccard/Mayor Nixon)****65/26 AR THAT the Risk and Assurance Committee recommends the Council;**

- a) Adopt the updated Statement of Investment Policy and Objectives, attached as Appendix 1.**
- b) Approve the amendment to the Long Term Investment Fund Strategic Asset Allocation by reducing the cash Benchmark allocation from 3.1% to 0% and increasing the Private Debt benchmark allocation by the same percentage (changing from 5.0% to 8.1%).**
- c) Authorise officers to make consequential amendments to the Statement of Investment Policy and Objectives and take necessary steps to implement the approved investment changes.**

CARRIED

The meeting concluded at 1.35 pm.

Dated this day of 2026.

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CHAIRPERSON



Pūrongo Report

6

To	Risk and Assurance Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	5 October 2026
Subject	Insurance Renewal 2026/27

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. In 2023, the Council approved a material damage self-insurance portfolio for selected above-ground assets. The approach reflected the insurance market and the Council's risk appetite at that time.
2. The 2026/27 renewal has included a review of the portfolio, taking account of softer insurance market conditions, the Council's financial capacity, and water services ring-fencing requirements.
3. This report recommends insuring for material damage the identified water services assets and the Hāwera Administration Building. These assets have a combined value of approximately \$55 million. The proposed change would reduce the remaining material damage self-insurance portfolio to approximately \$65 million, lower the Council's exposure to uninsured losses, and provide clearer treatment of water services risk.
4. The additional premium can be met within the current insurance budget. The revised portfolio values also reflect valuation movements since 2023, improved asset information, and the demolition of a small number of assets.
5. This report also seeks approval to establish an interim maximum fire loss limit of \$105 million for the Council's 2026/27 material damage insurance programme. The proposed limit has been calculated using an interim methodology recommended by Aon and may be reviewed after renewal once formal loss modelling has been completed.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee recommends the Council:

- a) Approves a reduction in the value of assets included within the material damage self-insurance portfolio by insuring the identified three water services assets and the Hāwera Administration Building; and

- b) Approves an interim maximum fire loss limit of \$105 million, based on the two highest-valued assets plus 20% buffer, TSB Hub valued at \$53 million, the Kāpuni Water Treatment Plant valued at \$35 million, and a \$17 million buffer.

Kupu Whakamārama / Background

6. As part of the insurance renewal process for the 2023/24 financial year, the Committee and the Council agreed to self-insuring above-ground assets to the value of \$136 million.
7. The preferred structure was to self-insure assets below \$8 million and to include the Hāwera Administration Building, then valued at approximately \$12 million, within the self-insured portfolio. This structure was selected as an alternative to concentrating the retained risk in a smaller number of high-value assets.
8. The Council officers previously advised this Committee and the Water Services Committee that the 2026/27 renewal would include a review of self-insurance, particularly for water services assets. The review was to consider insurance market conditions, the Council's financial capacity and its overall risk exposure.
9. Since the original self-insurance decision, insurance market conditions have softened. The relative premium saving from retaining a higher level of risk has therefore reduced, while the benefit of transferring risk to insurers has become more affordable.
10. The Council's above-ground material damage insurance renewal has been aligned with the below-ground water services insurance arrangements, with the 2026/27 renewal applying from 1 November 2026.
11. The Taranaki councils insure collectively as a regional group with Aon and currently have maximum loss cover of \$750 million across the group's material damage insurance programme, which includes natural disaster and fire loss.
12. As part of the 2026/27 renewal process, the New Plymouth District Council (NPDC) are considering setting a maximum fire loss limit for NPDC and have asked the other councils to consider the same. The Council's proportional share of the existing cover provides an indicative fire loss limit of approximately \$210 million. If NPDC adopts its own limit, which they have indicated that they will, the remaining councils would share a larger proportion of the regional limit, potentially increasing their fire levies.
13. A maximum fire loss limit recognises that the probability of all Council assets being destroyed by a single fire event is extremely low. The limit should therefore reflect a credible maximum fire loss scenario rather than the full value of the insured asset portfolio. Many councils around the country have similar approaches in this regard.
14. Formal loss modelling is the preferred method for determining the limit. However, there is insufficient time to complete modelling before renewal. Aon has therefore suggested an interim methodology using the combined value of the two highest-valued assets plus a 20% buffer.

15. Applying this methodology results in a proposed maximum fire loss limit of \$105 million, comprising the TSB Hub at \$53 million and the Kāpuni Water Treatment Plant at \$35 million, plus a \$17 million buffer. The limit can be changed after the renewal once loss modelling is available.
16. Water services ring-fencing requirements create an additional consideration. Water services assets, insurance costs and uninsured loss exposure need to be capable of being separately identified and attributed. Some water services assets are currently included within the self-insurance portfolio, meaning the relevant water services activity carries the risk of funding repair or replacement following an uninsured material damage event.
17. The Hāwera Administration Building is also currently included within the self-insurance portfolio. Given its importance to the Council's operations, its role as a Civil Defence Emergency Centre and the improved insurance market, management considers that transferring the material damage risk for this building to insurers is now prudent.
18. The water services assets identified for insurance, together with the Hāwera Administration Building, have a combined value of approximately \$55 million. If these assets are removed from the self-insurance portfolio, the value of the remaining self-insured assets will be approximately \$65 million.
19. The values used for the 2026/27 review differ from those considered when the Council approved the self-insurance approach in 2023. Since that time, asset valuations have changed, the quality and completeness of asset data has improved, and a small number of assets previously included in the portfolio have been demolished. As a result, the current portfolio values should not be interpreted as a direct deduction from the original \$136 million self-insurance value approved in 2023.

Ngā Kōwhiringa / Options - Identification and analysis

20. While this report recommends that the Council adopt both Option One and Option Two, the options address different aspects of the insurance programme and can be considered independently. The Council may choose to adopt either Option One or Option Two on its own, adopt both recommended options, or retain the current arrangements through Option Three and/or Option Four. The preferred approach is to adopt both Option One and Option Two, as together they reduce the Council's exposure to uninsured losses.

Option One: Reduce self-insurance and insure identified water services assets and the Hāwera Administration Building – preferred

21. This option would remove the identified three waters assets and the Hāwera Administration Building from the self-insurance portfolio and place them within the material damage insurance programme. These assets have a combined value of approximately \$55 million. The change would leave approximately \$65 million of assets within the self-insurance portfolio, representing a substantial reduction in the level of risk retained by the Council. It provides clearer allocation of water services risk, reduces exposure to a significant uninsured loss and can be accommodated within the current insurance budget.

Option Two: Adopt an interim maximum fire loss limit of \$105 million – preferred

22. This option would establish an interim maximum fire loss limit of \$105 million for the Council's material damage insurance programme. The proposed limit is based on the value of the two highest-valued Council assets, being the TSB Hub (\$53 million) and the Kāpuni Water Treatment Plant (\$35 million), together with a contingency buffer of \$17 million. The approach recognises that the probability of all Council assets being destroyed in a single fire event is extremely low and provides a practical and affordable interim solution pending completion of formal loss modelling. The maximum fire loss limit can be reviewed and amended following the insurance renewal once loss modelling has been completed.

Option Three: Maintain the current self-insurance portfolio

23. This option would retain the existing self-insurance approach, including the relevant water services assets and the Hāwera Administration Building. It avoids an additional premium but leaves the Council and the water services business unit exposed to the full cost of an uninsured loss for these assets.

Option Four: Retain the current regional fire loss limit arrangement

24. This option would retain the current approach under which the Council participates in the Taranaki regional insurance programme and shares the existing regional maximum loss limit. While this avoids introducing a separate fire loss limit methodology at this time, it may result in the Council continuing to carry a proportionately higher fire loss limit than is considered necessary. If other councils adopt their own fire loss limits, the remaining councils may also be required to absorb a larger proportion of the regional limit, potentially increasing insurance costs.

Risks

25. The risks and proposed treatments are set out below. Scores are qualitative and should be read with the Council's Risk Management Framework.

Risk description	Impact	Inherent score	Current and planned treatments	Residual score
A major loss occurs to an asset that remains self-insured.	The Council must fund repair or replacement from its own resources, which may affect debt, reserves or planned expenditure.	High	Reduce the self-insurance portfolio; maintain current asset schedules and valuations; retain disaster recovery funding arrangements; review the portfolio at renewal.	Moderate

Risk description	Impact	Inherent score	Current and planned treatments	Residual score
Water services insurance costs or loss exposure are not clearly attributable.	Ring-fenced financial reporting may not clearly reflect the cost and risk of water services assets.	Moderate	Insure identified water services assets; separately identify premiums, asset values and retained risks for water services.	Low
Insurance placement or final terms differ from current expectations.	The final premium or scope of cover may change before placement.	Moderate	Work with the Council's broker; confirm asset schedules and valuations; retain authority to finalise placement within budget and report material changes.	Low
The revised approach is perceived as inconsistent with the 2023 decision.	Stakeholders may question why the Council is changing its self-insurance position.	Moderate	Explain that the proposal responds to changed market conditions and water services ring-fencing requirements and is a deliberate review of risk appetite.	Low
Actual fire loss exceeds the \$105 million limit.	Council may need to fund costs above the insured limit.	High	Apply the \$17 million buffer; complete loss modelling after renewal; review and amend the limit.	Moderate
The region's councils adopt different fire loss limits.	Remaining councils may bear a greater share of the \$750 million regional limit and higher fire insurance costs.	Moderate	Seek a coordinated regional decision and confirm cost impacts with Aon before placement.	Low

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments

Local Government Purpose

26. The recommended option supports prudent stewardship of community assets and public funds. It strengthens financial resilience by transferring selected material damage risks where the cost is affordable, while continuing to retain lower-level risks where self-

insurance remains appropriate. This contributes primarily to Mana Oranga - Economic well-being and supports continuity of Council services.

Assessment of Significance and Engagement

27. The level of significance has been assessed against the Council's Significance and Engagement Policy as follows:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Low. The proposal relates to insurance arrangements, including self-insurance settings and the maximum fire loss limit, and does not directly affect services to residents or ratepayers.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low. Improved insurance protection and a defined maximum fire loss limit support recovery and continuity following a significant loss event.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Low. Insurance and risk financing arrangements are important governance matters but are not expected to generate significant public interest.
Financial	The impact of the decision or proposal on the Council's overall budget or its inclusion in an approved Long Term Plan and the ability to carry out existing or proposed functions and activities now and in the future.	Low. The additional premium associated with the proposed insurance changes can be accommodated within existing budgets. The proposed maximum fire loss limit may also improve the affordability of insurance cover over time.
Reversible	The degree to which the decision or proposal is reversible.	Low. Self-insurance settings and the maximum fire loss limit can be reviewed and amended at future insurance renewals, including following completion of formal loss modelling.
Environment	The degree of impact the decision will have on the environment.	Low. The proposal changes financial risk transfer arrangements only and has no direct environmental effect.

28. In terms of the Council's Significance and Engagement Policy, this matter is assessed as being of low significance. The appropriate level of engagement is to inform through the Council's public decision-making and minutes. Broader consultation is not considered necessary

because the recommendation does not change levels of service or require additional funding.

Legislative Considerations

29. The decision must be made in accordance with the decision-making requirements of the Local Government Act 2002, including consideration of reasonably practicable options, the significance of the matter and the views and preferences of affected persons. The proposal is also informed by the requirement to maintain transparent and separately identifiable financial arrangements for water services. Nothing in the recommended approach is considered inconsistent with the Council's statutory obligations.

Financial/Budget Considerations

30. The preferred option will increase the material damage premium because approximately \$55 million of additional assets, comprising the identified three waters assets and the Hāwera Administration Building, will be transferred into the insurance programme. The increase can be met within the current insurance budget, and no additional funding is sought.
31. Following this change, approximately \$65 million of assets will remain within the Council's self-insurance portfolio. The reduction reflects both the transfer of the identified assets to insurance and updates to the portfolio since 2023, including valuation movements, improved asset information and the removal of a small number of assets that have since been demolished. Any remaining self-insured loss would continue to be managed through the Council's existing financial resilience and disaster recovery arrangements.
32. The regional insurance arrangements currently share a \$750 million maximum loss limit, with the Council's proportional fire loss limit being approximately \$210 million. If NPDC adopts a separate limit, the remaining councils may face higher fire insurance costs unless a coordinated regional approach is agreed. The proposed \$105 million maximum fire loss limit is based on the TSB Hub (\$53 million), the Kāpuni Water Treatment Plant (\$35 million), and a \$17 million buffer. The final premium impact will depend on regional participation and insurer terms.

Environmental Sustainability

33. The proposal has no direct positive or negative environmental impact. Improved insurance protection may, however, support timely reinstatement of damaged assets following an insured event.

Consistency with Plans/Policies

34. The recommendation changes the composition and value of the self-insurance portfolio approved in 2023. It does not depart from the underlying objective of the Council's Insurance Framework, which is to balance affordability, financial capacity and recovery following a loss event. If required, the Insurance Framework and asset schedules will be updated to reflect the revised settings.

Affected Parties Consultation

35. The proposal is being developed as part of the insurance renewal process with the Council's insurance broker. Water services implications have been considered as part of the ring-fencing work, and the Water Services Committee has previously been advised that self-insurance settings for water services assets would be reviewed. The Risk and Assurance Committee and the Council will consider the resulting change through this report.

Whakakapia / Conclusion

36. The Council officers recommend transferring approximately \$55 million of identified water services assets and the Hāwera Administration Building into the material damage insurance programme and adopting an interim maximum fire loss limit of \$105 million. These changes reduce the Council's exposure to uninsured losses, support water services ring-fencing requirements and provide a practical, risk-based approach to insurance pending completion of formal loss modelling.



Vipul Mehta
Pouhautū Āheinga Pakihi /
Head of Business Enablement



[Seen by]
 Fiona Aitken
Tumu Whakahaere /
Chief Executive



Pūrongo Report

6

To	Risk and Assurance Committee
From	Pouhautū Āheinga Pakihi / Head of Business Enablement, Vipul Mehta
Date	5 October 2026
Subject	Review and Adoption of Updated Insurance Framework

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Council's Insurance Framework (the Framework) provides the policy basis for deciding which risks are transferred through insurance, and which risks are retained through self-insurance, deductibles, limits and other funding arrangements.
2. The Framework is scheduled for a three-yearly review. The updated Framework (attached as [Appendix 1](#)) has been prepared to reflect changes in the insurance market, the Council's asset portfolio and the financial ring-fencing requirements applying to water services.
3. The principal change is an update to the Material Damage self-insurance approach. In 2023 the Council approved a self-insurance risk appetite of up to \$136 million. The original approach generally self-insured individual assets valued below \$8 million and specifically included the Hāwera Administration Building.
4. The revised Framework retains the \$8 million threshold as the general basis for Material Damage self-insurance but excludes water services assets from its automatic application. Water services assets will be considered separately so that insurance costs, asset risks and potential uninsured losses are appropriately attributed to the ring-fenced water services activity. A separate report will be presented to the Water Services Committee to consider the insurance of water assets.
5. The Framework also includes the Council's maximum fire loss limit of \$105 million and recognises the \$750 million overall regional maximum loss limit applying across the Taranaki councils' material damage insurance programme.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee recommends the Council approves the updated Insurance Framework (version 3.0).

Kupu Whakamārama / Background

6. The Framework sets the Council's overarching approach to insurance and retained risk. Its primary objective is to support timely recovery following a damaging event while balancing the cost of insurance with the Council's financial capacity and risk appetite.
7. The Framework was last reviewed in May 2023. As part of that review, the Council approved a self-insurance risk appetite of up to \$136 million for assets within the Material Damage policy. The implemented approach generally self-insured individual assets valued below \$8 million, with the Hāwera Administration Building also specifically included within the self-insurance portfolio.
8. The Framework requires a three-yearly review and an annual review of the insurance programme. The current review has considered changes in insurance market conditions, asset information, water services ring-fencing requirements, the treatment of self-insured assets and the role of loss limits. The updated Framework now expressly includes the Council's maximum fire loss limit of \$105 million and the \$750 million overall regional maximum loss limit for the Taranaki councils' material damage insurance programme.
9. Insurance market conditions have softened since the Framework was last reviewed in 2023. The relative premium benefit from retaining a higher level of risk has reduced, making it more appropriate to transfer selected risks to insurers where this improves financial resilience and service continuity.
10. Water services ring-fencing introduces a further consideration. Insurance costs, asset values and uninsured loss exposure associated with water supply, wastewater and stormwater assets need to be separately identifiable and appropriately attributed. The revised Framework therefore excludes Three Waters assets from the automatic application of the general \$8 million self-insurance threshold.

Ngā Kōwhiringa / Options - Identification and analysis

11. The Committee has two reasonably practicable options.

Option One: Recommends the Council approve the updated Insurance Framework (version 3.0)

12. This option adopts the revised Framework and aligns the Council's policy settings with the proposed 2026/27 insurance approach. It retains the established \$8 million Material Damage threshold for non-water assets, provides separate treatment for Three Waters assets, recognises loss limits and fire loss limits, and leaves the revised total self-insurance amount blank until final placement information is available. It also incorporates the Council's maximum fire loss limit of \$105 million and records the \$750 million overall regional maximum loss limit. This is the preferred option.

Option Two: Recommends the Council retains the existing Insurance Framework (version 2.0)

13. This option would retain the existing framework. It would not fully reflect the proposed reduction in self-insurance, the separate treatment required for Three Waters assets, or the updated approach to loss limits and annual monitoring.

Risks

14. The risks and proposed treatments are set out below. Scores are qualitative and should be read with the Council's Risk Management Framework.

Risk description	Impact	Inherent score	Treatments current and planned	Residual score
The Framework is approved before the final self-insurance value is known.	The document temporarily contains an incomplete amount.	Moderate	Clearly identify the blank amount; complete it after the final asset schedule and placement; report the confirmed amount through the renewal process.	Low
The \$8 million threshold is applied to Three Waters assets without separate assessment.	Water services may carry inappropriate uninsured exposure or costs may not be correctly attributed.	High	Exclude Three Waters assets from automatic application; assess them separately under the Material Damage programme.	Low
Loss limits or the fire loss limit become misaligned with the asset portfolio.	Insurance recovery may be insufficient after a significant event.	High	Support limits with risk analysis and review them annually against valuations, concentrations, probable maximum loss and market terms.	Moderate

Whaiwhakaaro me ngā aromatawai / Considerations and Assessments**Local Government Purpose**

15. Approving the revised Framework supports prudent stewardship of community assets and public funds. It provides a structured basis for balancing premium costs, retained risk and the Council's ability to restore essential services following a damaging event. This primarily supports Mana Oranga - Economic well-being.

Assessment of Significance and Engagement

16. The level of significance has been assessed against the Council's Significance and Engagement Policy as follows:

Criteria	Measure	Assessment
Degree	The number of residents and ratepayers affected and the degree to which they are affected by the decision or proposal.	Low. The Framework establishes the Council's approach to insurance and risk management.
LOS	The achievement of, or ability to achieve, the stated levels of service set out in the Long Term Plan.	Low. The Framework supports the Council's ability to recover from significant loss events and maintain continuity of essential services through an appropriate balance of insurance and self-insurance.
Decision	Whether this type of decision, proposal or issue has generated wide public interest in South Taranaki.	Low. While insurance arrangements are important governance matters, the approval of an internal insurance framework is not expected to generate significant public interest.
Financial	The impact of the decision or proposal on the Council's overall budget or its inclusion in an approved Long Term Plan and the ability to carry out existing or proposed functions and activities now and in the future.	Low. Approval of the Framework itself does not create additional expenditure. Financial implications arise through the annual insurance renewal process and are expected to be managed within approved budgets.
Reversible	The degree to which the decision or proposal is reversible.	Low. The Framework is reviewed every three years, and insurance arrangements, self-insurance settings, deductibles, loss limits and fire loss limits are reviewed annually as part of the insurance renewal process.
Environment	The degree of impact the decision will have on the environment.	Low. The Framework relates to the financial management of risk and has no direct environmental impact.

17. The level of significance has been assessed as low. The Framework governs the financial treatment of risk and does not itself change ownership or levels of service. The appropriate level of engagement is to inform through the Committee's public decision-making and minutes.

Legislative Considerations

18. The Committee must consider the reasonably practicable options, the significance of the matter and the financial and service implications of the decision in accordance with the Local Government Act 2002. The proposed framework supports transparent identification and attribution of water services insurance costs and retained risk.

Financial/Budget Considerations

19. Approval of the Framework does not itself create additional expenditure. The financial effects arise through the annual insurance placement. The proposed increase in cover for selected assets, including Three Waters assets and the Hāwera Administration Building, is expected to be met within the current insurance budget. The final premium and revised self-insurance amount will be confirmed through the placement process. The updated Framework includes a maximum fire loss limit of \$105 million and a \$750 million overall regional maximum loss limit.
20. The updated Framework reduces the potential unbudgeted cost of a material damage event affecting the identified water services assets or the Hāwera Administration Building. Any remaining self-insured loss would continue to be managed through the Council's existing financial resilience and disaster recovery arrangements.

Consistency with Plans/Policies

21. The Framework has been updated to ensure it remains consistent with the Framework's underlying objective of balancing affordability, financial capacity, retained risk and timely recovery following a loss.

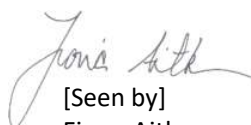
Whakakapia / Conclusion

22. The Framework updates the Council's approach to reflect changed insurance market conditions, the proposed reduction in Material Damage self-insurance and the separate treatment required for Three Waters assets. It retains the \$8 million individual asset threshold for the general Material Damage self-insurance approach, strengthens the annual review of asset treatment and insurance limits, and provides a clear basis for completing the revised self-insurance amount once the 2026/27 placement is finalised. The Framework also includes the Council's maximum fire loss limit of \$105 million and recognises the \$750 million overall regional maximum loss limit.



Vipul Mehta

**Pouhautū Āheinga Pakihi /
Head of Business Enablement**



[Seen by]
Fiona Aitken

**Tumu Whakahaere /
Chief Executive**

Insurance Framework

Version 3.0

Location of Controlled Copies:	
Document Reviewer:	Senior Leadership Team
Approved By:	Audit and Risk Committee (Nov 2020)

REVISIONS

Rev	Date	Pages	Description	By
2.0	17 May 2023	All	Update Insurance Framework	RAC
3.0	5 October 2026	All	Three-yearly review and update of Insurance Framework, including revised self-insurance approach and interim maximum fire loss limit	RAC

Principles

The primary objective of the Insurance Framework is to ensure that the Council is effectively positioned to return in a timely manner to its pre-event state (or as close to it as possible), regardless of the scale of the event. To that end, this framework provides a structure for future decision making about how we use insurance to provide cover for financial risks that, if realised, the Council and the community would be unable to absorb. In developing the framework, a key consideration is defining alternative sources to rates to fund the restoration of community assets after damaging events.

When considering the amount of risk to retain, the Council aims to minimise the cost of insurance while ensuring adequate cover is in place for mitigating risks to the achievement of the organisation's objectives as set out in the Long-Term Plan. The framework, therefore, considers the Council's ability to, and appetite for, absorbing a level of risk that matches the ability of the organisation's balance sheet to absorb financial losses from a damaging event. Furthermore, decisions relating to cover and deductibles will be informed by sound knowledge of our assets and their likely performance during such an event. Decisions are also based on advice provided by insurance specialists.

The framework is to be reviewed every three years to ensure that it remains fit for purpose in the context of changes in the insurance market, Council assets and activities, and the environment. The insurance programme that flows from the framework is renewed each year, and is adjustable to meet the needs of the Council as identified during any given insurance year and as part of the three-yearly review.

Approach to reviewing the Insurance Framework

The following should be considered when reviewing the framework:

Environmental scan

The impact of internal and external changes to the environment in which the Council operates needs to be considered as it will influence changes to cover, limits, and deductibles.

Internal changes might include those to the structure of the organisation, in the services delivered, investments made, asset ownership, or the financial separation and ring-fencing of activities such as three waters services. External changes might include legislative or regulatory amendments that place more responsibilities on local government, change in government policy, and changes in the insurance market arising from insurer capacity, competition, claims experience or natural disaster. These factors may affect the availability, scope and price of cover at renewal..

Risk appetite statement

When considering the Council's risk management needs, the insurance programme matches the Council's risk appetite. The Council uses a balanced approach, transferring risks that could not reasonably be absorbed while retaining risks appetite that are financially manageable or uneconomic to insure, for example roading network assets. A more tolerant risk appetite may involve greater use of self-insurance, higher deductibles, lower limits or leaving selected assets uninsured. Any decision to retain risk requires:

- a detailed knowledge of its asset base, especially existing levels of cover in relation to assets of critical importance to continued service delivery and a Probable Maximum Loss;
- an understanding of how much financial loss the Council is prepared to accept by not insuring all assets; and
- confidence in the adequacy of other sources of funding available to the Council should losses of uninsured assets be suffered.

The table below shows, by asset category, what STDC's current approach is to either transferring (through insurance) or retaining (self-insurance) risk. The table does not include the non-asset categories that are part of the Council's insurance programme – Public Liability, Professional Indemnity, Overseas Travel, Personal Accident, Crime, Statutory Liability, Environmental Impairment Liability, Hall Hirers Liability and Fine Arts. Nevertheless, the need for these covers, and any new ones to address emerging risks will be considered each year as part of the renewal process.

Asset category	Insurance status		
	Insured	Self-insured	Mixture of both
Water and Wastes ¹			
Water	✓		
Wastewater	✓		
Stormwater	✓		
Flood protection			✓
Transport			
Roading network ²		✓	
Property			
Council facilities ³			✓

¹ The 'structures' included here tend to be below or in-ground assets, such as dams, intakes, treatment chambers, storage reservoirs, reticulation networks and outfalls. Although LAPP provides some 'disaster' cover, whether this is adequate will be assessed in the lead up to the renewal of our insurance programme for 2026/27 as informed by the outcome of work underway to identify the Council's Probable Maximum Loss.

² Includes the road surface, bridges and other roading infrastructure e.g., culverts. Although these assets are uninsured, as demonstrated during the recovery from the June 2015 and subsequent flooding events the NZ Transport Agency can provide a contribution to the cost of repairs to the roading network.

³ This covers the main Council facilities such as the TSB Hub, Aquatic Centre, Admin Building, Libraries, Campgrounds etc.

Asset category	Insurance status		
	Insured	Self-insured	Mixture of both
Community halls			✓
Parks			
Structures			✓
Arts			
Collections	✓		
Other			
Motor vehicles	✓		

What to insure and on what basis

In reviewing the Council's insurance programme, the treatment of individual assets needs to be considered, so an appropriate response to loss can be applied e.g., replacement (like for like), indemnity (no better or no worse), demolition costs only, or no insurance.

For the Material Damage policy, the Council's general approach is to self-insure individual assets valued at less than \$8 million. This threshold was established when the Council initially agreed to the self-insurance approach in 2023 and formed the basis for determining which assets would be retained within the self-insurance portfolio.

Under the original approach, assets valued below \$8 million were generally self-insured. The Hāwera Administration Building, which was valued above the threshold, was also specifically included within the self-insurance portfolio as part of the 2023 decision.

The \$8 million threshold continues to apply to the Material Damage policy. However, it does not apply automatically to all assets. In particular, Three Waters assets are now excluded from the general threshold approach because water services financial ring-fencing requirements mean that the costs, risks and potential uninsured losses associated with water supply, wastewater and stormwater assets must be separately identified and appropriately attributed to the water services activity.

Accordingly, identified Three Waters assets may be insured under the Material Damage policy even where their individual value is less than \$8 million. This ensures that insurance arrangements for water services assets reflect the financial capacity, risk exposure and regulatory requirements of the ring-fenced water services activity, rather than relying on the wider Council balance sheet to fund an uninsured loss.

Subject to the \$8 million threshold and the separate treatment of Three Waters assets, the following questions should be considered when determining whether an asset should be insured and the appropriate basis of cover:

1. *What buildings would be replaced (i.e., those identified as essential assets to the ongoing delivery of services to our community)?*

Full Replacement value insurance is appropriate for these assets.

2. *What buildings would be replaced with something different (i.e., those identified as desirable but not essential in the short to medium term to the ongoing delivery of services to our community)?*

Functional replacement value (less than actual replacement) or indemnity value are options.

3. *What buildings would not be replaced?*

Where the Council does not intend to replace an asset following a loss, indemnity value, demolition costs only, or no insurance may be appropriate.

4. *What buildings are being held for future projects (e.g., acquired for infrastructure or redevelopment projects)?*

Demolition costs or no insurance are options.

The annual review will capture additions or deletions to the Council's asset holdings. It is also an opportunity to consider whether any significant asset groups that have not previously been insured should be reconsidered because of changes in market capacity, premiums, asset criticality or the Council's risk appetite.

The Council's fixed assets are formally valued every three years. The most recent valuation is as of 30 June 2025. The Council started obtaining insurance valuations from the 2022. A valuation specifically for insurance purposes helps accurately determine what the replacement cost will be if there is a total loss to an asset and includes the reinstatement cost, indemnity value, demolition and clean-up costs, and provision for cost escalation to arrive at a total sum-insured figure for each asset.

The Council may also consider using a defined loss limit rather than insuring the full aggregated replacement value of an asset portfolio. The Taranaki regional material damage insurance programme currently provides a shared maximum loss limit of \$750 million across participating councils. A loss-limit approach may reduce premiums but requires a detailed understanding of the Council's asset base, asset concentrations, probable maximum loss, and the Council's financial capacity and risk appetite to absorb losses above the selected limit.

As part of the Material Damage programme, the Council will apply an interim maximum fire loss limit of \$105 million for the 2026/27 insurance year. The limit is the maximum amount recoverable from insurers for fire damage in the insurance period. It has been calculated using Aon's interim methodology based on the combined value of the Council's two highest-valued assets—the TSB Hub at \$53 million and the Kapuni Water Treatment Plant at \$35 million—plus a \$17 million buffer, equivalent to approximately 20% of their combined value.

The interim limit recognises that Council assets are geographically dispersed and that the likelihood of the entire insured portfolio being destroyed by one fire event is extremely low. It balances insurance affordability with protection against a credible major loss scenario. Council retains the financial risk of any fire loss above \$105 million. Formal loss modelling is to be completed after renewal, and the maximum fire loss limit is to be reviewed at each annual Material Damage renewal, or earlier if there is a material change in asset values, asset concentrations, critical assets, insurer requirements, market conditions, or the Council's financial capacity and risk appetite.

Self-Insurance/deductibles/premium balance

In 2023, the Council approved a self-insurance risk appetite of up to \$136 million for assets within the Material Damage policy. The approved approach applied self-insurance to selected assets where the Council was comfortable retaining a higher level of risk and had identified funding sources that could be used if an uninsured or partly insured loss occurred. These funding sources include the Disaster Recovery Fund, borrowing, the Long-Term Investment Fund and any government assistance that may be available.

As part of the 2026 review, the Council has reassessed the level and composition of self-insurance. Insurance market conditions have softened since the 2023 decision, improving the affordability of transferring selected risks to insurers. Water services ring-fencing requirements also mean that the risks, insurance costs and potential uninsured losses associated with water services assets need to be separately identifiable and appropriately managed.

The Council has therefore agreed to reduce the value of assets retained within the Material Damage self-insurance portfolio from \$136 million to \$ 65 million. The revised approach includes obtaining insurance cover for identified water services assets and the Hāwera Administration Building, which were previously included within the self-insurance portfolio. The additional premium arising from this change is to be met within the existing insurance budget.

The self-insurance will be reviewed at least annually to ensure the balance between premiums, deductibles and retained risk remains consistent with the Council's risk appetite, financial capacity and service continuity objectives.

Membership of LAPP

The Council has been a longstanding member of the LAPP mutual fund, which provided cover when commercial alternatives were either unavailable or not cost effective. The advantages of LAPP include that it is a non-profit and has low overheads, and management of the scheme's assets is controlled by local government.

LAPP made some changes to its offering and launched a new product in August 2019 called "Agreed Cover". This cover offers members certainty as to which assets are covered and how much they are covered for, and a choice as to how much overall cover

is purchased. Risk Management Partners, who served LAPP for more than twenty years, moved to a reduced role with LAPP with the appointment of Aon as LAPP's broker which took effect from 1 November 2019.

Aligning asset information with the insurance programme

As part of improving its asset management practice the Council is gradually improving the quality of its asset information to facilitate more effective management of its assets. This means that we will be well placed to complete the modelling needed to calculate the Probable Maximum Loss that would likely need to be covered through a mix of insurance (external and self) and borrowing to qualify for any central government assistance in the event of a natural disaster.

Aside from improving decisions around asset maintenance, renewal, upgrade or replacement, higher quality information will lead to a better understanding of how resilient our assets might be during a significant natural event. This will, in turn, help our insurers to define their risk profile in this region and increase their comfort level about the accuracy of that profile.

The Disaster Recovery Fund

The Council currently includes \$200k - \$500k per annum in the roading budget for emergency works. If the money remains unspent, it sits in the roading activity as a ring-fenced amount. The fund essentially provides a 'self-insurance' fund for the roading activity that is utilised when uninsured losses are suffered to the roading network i.e., flooding event. The fund seeks to smooth the impact on the community when the Council incurs significantly increased operating costs when recovering from a disaster.

A separate "Disaster Recovery Fund" has been created with an annual contribution of \$100k per annum (capped at \$100k per annum) allocated to this fund. Any savings in premiums as a result of self-insuring assets will also go into this fund. The fund will be increased to \$200,000 per annum from 1 July 2024 as part of the LTP 2024-34 process, increasing by additional \$100,000 per annum to maximum of \$500,000. The fund contribution will be reviewed after it reached total of \$10m. The fund can serve as a "self-insurance fund" for the assets (other than roading) which are either not insured or partly self-insured and can be used for claims below deductibles.

The amount allocated to the reserve will be considered as part of the three-yearly review of the framework.

Until the Disaster Recovery Fund reaches \$10 million, the Council has identified up to \$10 million from the Long-Term Investment Fund as a potential source of temporary funding for the Council's self-insured portion of a significant claim. Any amount used would be treated as an internal loan and would remain subject to the relevant Council approvals and funding policies.

Approach to procuring broking services

The Council implements this Insurance Framework through the placement of the insurance programme annually with an insurance broker. The broker serves as a crucial conduit between the Council and the insurance market. As such, the procurement and monitoring of the broker's performance will be completed in accordance with the Council and central government's procurement requirements.

Since 2010, the Council has procured insurance through a regional collaboration with New Plymouth District Council, Stratford District Council and Taranaki Regional Council. The collective approach provides scale, supports coordinated insurance placement and enables the participating councils to access specialist broking and insurance market advice. Broker appointments are made through an appropriate procurement process and are periodically reviewed in accordance with Council and central government procurement requirements.

The Taranaki regional material damage insurance programme currently has a shared maximum loss limit of \$750 million across the participating councils. This regional limit provides the overall programme capacity and is distinct from STDC's proposed interim maximum fire loss limit of \$105 million for a single fire event. Changes to individual councils' loss-limit arrangements may affect the allocation and cost of the shared regional capacity and will therefore be considered as part of each annual renewal.

- a proven record of placing insurance with local and global insurers for the full range of insurance cover potentially required e.g., natural disaster insurance;
- a thorough understanding of the risks facing this Council specifically as well as the local government sector generally;
- a proven record of delivering timely claims management services and responses to ad hoc requests for advice;
- a commitment to monitoring significant movements in providers and market conditions, and advising the Council of threats to existing cover (e.g. a downgrading of an insurer's credit rating) and opportunities that can be taken during the insurance year or at renewal; and
- the ability to deliver or refer the Council to expert loss modelling services as required.

The appointed broker is responsible for arranging the annual insurance programme, advising on market conditions and insurer capacity, supporting claims management, and providing access to specialist risk and loss-modelling advice. The Council will monitor the broker's performance and retest the broking services market in accordance with its procurement requirements.

Monitoring and review

The Insurance Framework is to be reviewed every three years to ensure that it remains fit for purpose in the context of changes in markets, Council assets and activities and the operating environment generally.

The Head of Business Enablement is responsible for the implementation and overseeing the annual insurance programme. An annual update will be provided to the Risk and Assurance Committee detailing the arrangements made under this framework, material changes in the operating or insurance environment, the current level of self-insurance and the level of confidence that the arrangements remain appropriate. The annual update will also confirm the maximum fire loss limit, the basis on which it has been set, any loss-modelling results, the estimated premium implications, and the Council's exposure to losses above the limit. Following each three-yearly review, the revised framework will be provided to the Risk and Assurance Committee for approval.

Summary

The purpose of the Insurance Framework is to provide a structure for determining the balance between risk retention and sharing. Every three years the framework will be reviewed, considering:

- changes to the Council's operating environment and risk appetite (as informed by changes to its asset base, the amount of loss that can be accepted before insurance is needed and confidence in other sources of funding);
- what assets are insured, partly insured or self-insured and on what basis, including the annual confirmation of the self-insurance amount and asset schedule;
- whether to continue membership of LAPP or explore commercial options (noting that if the Council withdraws from LAPP a return to LAPP in the future would be unlikely);
- the alignment between asset information and the insurance programme;
- the purpose, size, and rules around the use of the Disaster Recovery Reserve as a partial alternative to insurance; and
- trends from claims history.

The insurance programme that flows from this framework will be renewed each year. The annual renewal will confirm the assets and risks insured, the amount and composition of self-insurance, deductibles, limits, funding arrangements and any material changes in market conditions. This includes confirming the maximum fire loss limit and reviewing whether the interim \$105 million setting remains appropriate in light of formal loss modelling, current asset values and concentrations, premium impacts, and Council's capacity to fund any loss above the limit. The market for broking services will be tested periodically in accordance with procurement requirements. The results of

these reviews will be reported to the Risk and Assurance Committee to support confidence that the Council's insurance arrangements remain appropriate and enable timely recovery following a damaging event.



Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Katātari Haumarū me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	5 October 2026
Subject	Quarterly Risk Management Status Update

(This report shall not be construed as policy until adopted by full Council)

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The purpose of this report is to inform the Risk and Assurance Committee (the Committee) on the Council's strategic risks, managed by the Leadership Team, business risks with a high rating and general risk management activities.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Strategic Risk Review and Management Update report.

Kupu Whakamārama / Background

2. In accordance with the Committee's Workplan, the Quarterly Risk Management Status Report is provided as a standing agenda item to support ongoing oversight of the Council's risk management activities.

Strategic Risks

3. There are 11 Strategic Risks, seven of which have a medium residual risk rating and four have a high rating.

Business Risks

4. As at September 2026, the Council had 206 business risks, of which 12 are assessed as high residual business risks.

Strategic Risk Reviews

5. The Leadership Team completed its scheduled reviews of the strategic risks "Failure to Deliver on Significant Projects and/or Critical Services" and "Significant Disruption to Council's Essential Business Continuity and/or Lifeline Utilities." It was determined that both

risks remain relevant and are being appropriately managed through the existing control framework and mitigation activities.

6. Following discussions with the Leadership Team, priority areas for climate adaptation planning were identified as potable water supply, wastewater, roading and solid waste assets and services. To support this work, climate change risks will be more clearly reflected within the Council's risk registers, and Asset Management Plans will continue to incorporate consideration of climate-related risks and impacts. This approach will help embed climate adaptation into the Council's planning processes and support the development of climate action plans to ensure the long term resilience of critical infrastructure and essential services.

Emerging/Evolving Risks

7. Key emerging/evolving risks are the impact of external economic influences, political changes, government reforms and technological advancements threatening the security of our information and systems. These risks are all captured as strategic risks and are actively monitored by the Leadership Team to ensure that controls are effectively mitigating these risks. Currently, the residual scores for these risks remain stable.
8. Specifically, recent government announcements regarding rates capping, the planned disestablishment of regional councils and requirement for a regional reorganisation plan in addition to the review of the Resource Management Act (RMA) all pose emerging risks to the Council such as:
 - a) **Rates Capping**
 - A rates cap may reduce the Council's ability to respond to changing community priorities and expectations, while continuing to meet its legal responsibilities.
 - While water services are expected to sit outside the cap, limits on rates revenue could reduce the Council's flexibility to fund other services and maintain infrastructure.
 - b) **Simplifying Local Government**
 - Different views on how local government should be structured may make changes more difficult and take longer to implement. Strong collaboration between councils, Iwi, government and communities will be important to achieve positive outcomes.
 - Implementing or responding to any local government changes may place additional demands on Council staff and resources. Managing this work alongside other reforms and business-as-usual activities may be challenging.
 - c) **Resource Management Reform**
 - The costs of developing and implementing the Regional Spatial Plan and new resource management system will place additional financial pressure on the Council.
 - Different priorities, growth goals, resource availability, and political views across the four Taranaki councils may make it difficult to reach agreement and work together effectively.

- Major initiatives, including resource management reform, water reform, the Long Term Plan, and business as usual, may compete for limited staff and resources.
- d) **Building Inspection Timeframes**
- The Council may be unable to meet statutory building inspection timeframes due to limited staff capacity and difficulties recruiting and retaining suitably qualified inspectors.
 - An inability to meet inspection timeframes may result in customer dissatisfaction, project delays, regulatory scrutiny, and reputational damage.
 - Reliance on external consultants to undertake inspections may increase costs and create service continuity risks.
- e) **Natural Hazard Management and Public Safety**
- The Council may not adequately identify, assess, monitor, or communicate known natural hazards, resulting in harm to people, property, or infrastructure.
 - There is an increasing expectation that the Council will proactively manage and communicate natural hazard risks, including providing timely information and warnings to affected communities.
 - Failure to appropriately consider known hazards in planning, consenting, asset management, or operational decision-making may expose the Council to legal, financial, and reputational risk.
 - Inadequate documentation of risk assessments, decisions, and mitigation measures may limit the Council's ability to demonstrate that known hazards have been appropriately managed.

Update on Risk Management Activity

7. A workshop was held with the Committee in May to review the Risk Management Framework, which was then adopted by the Council at its following meeting.
8. In September, the Risk and Internal Audit Coordinator attended the Combined Managers meeting to re-engage staff in the Council's risk management process. The session explained the role of the Risk and Internal Audit Coordinator and how managers can support risk management activities across the organisation. It also outlined the process for reviewing risks and signing off risk treatments to ensure risks and actions remain up to date.
9. As part of ongoing risk management efforts, training sessions are offered to individual teams to support the risk review process. While risk owners retain primary responsibility for the management and review of risks, it is important that all team members understand the risks, controls, and treatment plans relevant to their areas of responsibility. To support future reviews, teams have been provided with a Risk Review and Treatment Sign-off Checklist, which serves as a practical reference guide for conducting risk reviews and completing treatment sign-offs.
10. Quarterly risk management meetings with Team Managers are being scheduled into calendars. These meetings will support the timely review of existing risks, resolution of overdue risk notifications, and identification of emerging business and operational risks, helping to maintain the accuracy and effectiveness of the Council's risk register.

Whakakapia / Conclusion

11. The Council currently has 11 strategic risks and 206 business risks. Key activities during the reporting period included the review of strategic risks by the Leadership Team, identification of priority areas for climate adaptation planning, delivery of risk management training and awareness initiatives, and the reinstatement of quarterly meetings with Team Managers.



Sara Dymond

**Katātari Haumarū me te Arotake-o roto /
Risk and Internal Audit Coordinator**



[Seen by]
Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**



Pūrongo-Whakamārama Information Report

7

To	Risk and Assurance Committee
From	Katātari Haumarū me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	5 October 2026
Subject	Internal Audit Scope: Parking Enforcement and Revenue Collection

(This report shall not be construed as policy until adopted by full Council)

Whakarāpopoto Kāhui Kahika / Executive Summary

1. At the previous Risk and Assurance Committee meeting, it was requested that the scope of each upcoming internal audit be presented to the Committee for its information prior to commencement.
2. The next audit scheduled under the Internal Audit Plan is the Parking Enforcement and Revenue Collection Internal Audit. This report presents the audit objective and scope. The audit is designed to provide assurance over the effectiveness of controls supporting parking enforcement activities and infringement revenue collection, with a particular focus on managing the risks of legislative non-compliance, failure to meet financial obligations, ineffective partnership relationships and stakeholder engagement, and non-compliant health and safety policies and procedures.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Proposed Internal Audit Scope: Parking Enforcement and Revenue Collection Information Report.

Kupu Whakamārama / Background

3. The three-year Internal Audit Plan was adopted by the Committee in August 2026. The Committee requested that the scope of each upcoming internal audit be presented to the Committee for its information prior to commencement.

Whakawhiti Kōrero / Discussion

4. The next audit scheduled within the Internal Audit Plan is the Parking Enforcement and Revenue Collection Internal Audit. The audit has been prioritised due to its alignment with four strategic risks identified in the Internal Audit Plan:
 - Legislative Non-Compliance
 - Failure to Meet Financial Obligations

- Ineffective Partnership relationships / Stakeholder engagement
 - Non-Compliant Health and Safety Policy and Procedures
5. The audit objective of the Parking Enforcement and Revenue Collection Internal Audit is to provide assurance that parking enforcement and infringement revenue collection activities are supported by effective controls that:
- Ensure compliance with relevant legislation, bylaws, delegations, policies, and procedures.
 - Support the accurate recording, collection, recovery and reporting of parking infringement revenue.
 - Prevent and detect errors, fraud, revenue leakage, and inappropriate enforcement actions.
 - Protect the Council from reputational harm arising from inconsistent, inappropriate, or non-compliant parking enforcement activities.
 - Ensure appropriate measures are in place to identify and manage health and safety risks to parking enforcement officers.
 - Provide effective management oversight and monitoring.
6. To achieve this objective, the audit will review key controls relating to:
- Accountability, delegations, policies, and procedures for parking enforcement.
 - Compliance with relevant legislation, bylaws, and statutory requirements.
 - Processes for issuing, reviewing, cancelling, and managing infringement notices.
 - Handling of customer disputes, appeals, and complaints.
 - Recording, collection, reconciliation, and reporting of infringement revenue.
 - Management monitoring, performance reporting, and oversight arrangements.
 - Health and safety arrangements for parking enforcement officers, including risk assessments, incident reporting, training, lone-worker controls, and management of aggressive or confrontational situations.

Whakakapia / Conclusion

7. This report presents the audit objective and scope for the Parking Enforcement and Revenue Collection Internal Audit. The audit will provide assurance over the effectiveness of controls supporting parking enforcement activities and infringement revenue collection, with a focus on the strategic risks of Legislative Non-Compliance, Failure to Meet Financial Obligations, Ineffective Partnership Relationships and Stakeholder Engagement, and Non-Compliant Health and Safety Policies and Procedures

Sara Dymond

**Katātari Haumarū me te Arotake-o roto /
Risk and Internal Audit Coordinator**



[Seen by]

Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**

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Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Katātari Haumarū me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	5 October 2026
Subject	Risk and Assurance Committee - Workplan

(This report shall not be construed as policy until adopted by full Council)

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Whakarāpopoto Kāhui Kahika / Executive Summary

1. This report presents the Risk and Assurance Committee Workplan for the 2026/27 calendar years. The Workplan outlines key reports, policy reviews and other scheduled activities that support the Committee's oversight responsibilities.
2. The Workplan is reviewed and updated periodically to reflect directives arising from Risk and Assurance Committee reviews, legislative or regulatory requirements and Council activities. The 2027 calendar year has now been incorporated into the Workplan, with known reporting requirements, policy reviews and planned activities scheduled throughout the year.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Workplan for the 2026/27 calendar year.

Whakawhiti Kōrero / Discussion

3. The Workplan provides a forward schedule of key reports and policy reviews to be considered by the Risk and Assurance Committee over the remainder of 2026 and throughout 2027.
4. The Workplan is a living document and may be reviewed by the Committee at any time. Items may be added, amended, deferred, or removed to reflect emerging risks, legislative requirements, organisational priorities, or other matters requiring Committee oversight.

Whakakapia / Conclusion

5. The Workplan for the 2026/27 calendar year is attached as [Appendix 1](#) and provides an overview of the key reports and policy reviews that will be presented to the Committee for consideration.



Sara Dymond

**Katātari Haumarū me te Arotake-o roto /
Risk and Internal Audit Coordinator**

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[Seen by]

Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**

[Appendix 1 – 2026/27 Risk and Assurance Committee Workplan](#)



Committee Workplan

	Oct-26	Nov-26	Feb	April	May	July	Aug	Oct	Nov
MERCER		✓	✓		✓		✓		✓
Quarterly Report		✓	✓		✓		✓		✓
Significant Projects Progress Report		✓	✓		✓		✓		✓
South Taranaki Business Park Update Report	✓			✓		✓		✓	
Audit Management Report - Annual Report and Long Term Plan		✓		✓		✓			
Insurance Renewal Update	✓							✓	
Strategic Risk Review	✓	✓	✓		✓	✓		✓	✓
Risk Management Update Report	✓		✓		✓		✓		✓
Internal Audit Scope Report	✓	✓		✓		✓		✓	
Internal Audit Status Report		✓		✓		✓		✓	
Internal Audit Report		✓	✓	✓		✓		✓	
Committee Workplan	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health and Safety		✓	✓		✓		✓		✓
Cyber Security Report	✓			✓			✓		
Council Plans, Reports and Policies	✓	✓	✓		✓		✓		✓



Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Katātari Haumarū me te Arotake-o roto / Risk and Internal Audit Coordinator, Sara Dymond
Date	5 October 2026
Subject	Strategic Risk Review Report

(This report shall not be construed as policy until adopted by full Council)

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The Leadership Team completed its scheduled review of the Council's strategic risks in accordance with the Risk Management Framework. Since the last report, two strategic risks have been reviewed: *"Failure to deliver on Significant Projects and/or Critical Services"* and *"Significant disruption to Council's Essential Business Continuity and/or Lifeline Utilities."*
2. The review confirmed that the risks remained relevant and appropriately managed.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Strategic Risk Review Report.

Kupu Whakamārama / Background

3. The Council currently maintains 11 strategic risks. These risks are reviewed regularly by the Leadership Team and reported to the Risk and Assurance Committee. The current strategic risks are:
 - Failure to manage and protect Council information
 - Failure to deliver on Significant Projects and/or critical services
 - Non-Compliant Health and Safety Policy and Procedures
 - Failure to manage critical/strategic assets
 - Failure to attract and retain staff
 - Environmental damage
 - Ineffective partnership relationships/stakeholder engagement
 - Significant disruption to the Council's essential business continuity and/or lifeline utilities
 - Legislative non-compliance
 - Failure to meet financial obligations
 - Failure to adapt effectively to climate change

4. This report outlines the outcome of the review of the *“Failure to deliver on Significant Projects and/or Critical Services”* and *“Significant disruption to Council’s Essential Business Continuity and/or Lifeline Utilities.”*

Whakawhiti Kōrero / Discussion

5. The outcomes of the reviews of the strategic risks *“Failure to Deliver on Significant Projects and/or Critical Services”* and *“Significant Disruption to Council’s Essential Business Continuity and/or Lifeline Utilities”* are outlined below.

Strategic Risks

Risk title: Failure to deliver on Significant Projects and/or critical services:

Risk Owner: Group Manager Infrastructure Services	Inherent risk rating: Extreme	Residual risk rating: High
Non-delivery on significant projects within budget and time.		
Impacts:	• Financial • Legislative • Reputational / Stakeholder Engagement / Political • Operations and Service Delivery • Public health and safety	
This may result in:	• Failure to deliver on the LTP commitments, and level of services • Increased deferral of projects • Over/under spending of budgets • Downgrading of Council’s financial rating (which impacts borrowing) • Reputational damage • Greater oversight from central government • Rate increase • Legislative non-compliance	
Caused by:	• Inadequate project planning or management • Lack of resource availability • Change in strategic direction • Change of key personnel • Adverse economic situation • Cost escalation • Weather conditions • Unforeseen events/circumstances	

6. The review satisfied the Leadership Team that the existing treatment actions remain appropriate and effective, with no changes or additional treatments required.

7. During the review of the Risk Management Framework, the Risk and Assurance Committee noted that critical services were not explicitly reflected within the Council's 11 strategic risks. As a result, the scope of this strategic risk was broadened to incorporate critical services, ensuring this key area is appropriately captured within the Council's strategic risk profile.
8. The risk description was expanded to include the potential for legislative non-compliance and the impact of unforeseen events or circumstances. The risk title was changed to include critical services. The inherent likelihood rating increased from Likely to Almost Certain, resulting in the inherent risk score increasing from 50 to 90. Several impact ratings were also revised, including increases in legislative, reputational, public safety, and operational/service delivery impacts, reflecting the broader consequences of project and service delivery failures. Residual risk ratings remained largely unchanged, with a minor increase in the public health and safety impact rating.

Risk title: Significant disruption to the Council's Essential Business Continuity and/or Lifeline Utilities:

Risk Owner: Chief Executive		Inherent risk rating: Extreme	Residual risk rating: Medium
There is a risk that the Council is not adequately prepared or able to continue to provide essential services to the community during a major natural hazard or emergency event, for more than 3 days. Essential services encompass those crucial for maintaining basic needs. This includes 3 waters and roading services.			
Impacts:		• Financial • Health, Safety and Wellbeing • Legislative • Reputational / Stakeholder Engagement / Political • Operations and Service Delivery • Environmental • Information Management • Public Health and Safety	
This may result in:		• Reputational damage • Damage to the environment • Increased financial cost of response • Risk to public health and potential loss of life • Negative economic impact • Not meeting legislative requirements • Decline or impact on staff health, safety and wellbeing	
Caused by:		• Damage to Council assets • Loss of power • Loss of ICT systems • Lack of planning, hazard identification • Supply chain issues due to events not in our control • Lack of contractor availability • Natural event/weather event	

Treatments Amended/Added:

MC00511	
Contractor training and competency requirements are assessed as part of the prequalification process. Contractors are required to provide evidence of how they monitor and manage employee training, along with evidence of the training, qualifications, and competency of staff assigned to undertake the work.	
Signoff: Group Manager Infrastructure Services	Signoff: The first weekday of every 12 months
MC01437	
Business Continuity Plans (BCPs) identify relevant legislative and regulatory requirements and specify alternative activities, processes, and controls that will be implemented during an emergency to ensure ongoing compliance. For example providing bottled drinking water and portaloos.	
Signoff: Group Manager Infrastructure Services	Signoff: The first day of every 36 months
MC01436	
Managers are responsible for monitoring staff rostered hours, workload, and fatigue levels during disruption events. Managers are encouraged to conduct regular wellbeing check-ins with staff, ensure adequate rest breaks are taken, and provide access to appropriate support services where required.	
Signoff: Gen – “One-up” manager	Signoff: The first day of every 12 months
MC01018	
Communications team are trained and are capable to provide communication on various platforms during an event to ensure all key stakeholders are informed.	
Signoff: Head of Communication and Customer Services	Signoff: The first day of every 12 months
MC01238	
Develop Community Response plans to ensure community receives essential services.	
Signoff: Libraries and Cultural Services Manager	Signoff: The first weekday of every 12 months
MC00703	
Data backup and resilience arrangements Council data is backed up daily using the Cohesity backup solution provided by ASI Solutions and is monitored daily as part of standard operations. Backups are immutable and cannot be overwritten or modified. TechnologyOne data is backed up by the vendor as part of its SaaS service. These arrangements reduce the risk of data loss and support recovery in the event of system failure, while approved recordkeeping systems remain the authoritative source for records compliance.	
Signoff: IT Operations Team Leader	Signoff: The first weekday of every 12 months

MC00765	
Data backup and resilience arrangements STDC has a services agreement in place with NPDC to maintain the SCADA network and checks are run regularly.	
Signoff: Water Services Quality and Compliance Manager	Signoff: The first weekday of every 12 months

9. The review of the strategic risk *“Significant Disruption to Council’s Essential Business Continuity and/or Lifeline Utilities”* resulted in several updates. The risk description was expanded to include legislative non-compliance, staff wellbeing impacts, and natural or weather-related events. Ownership of the risk changed from the Group Manager Community Services to the Chief Executive, recognising that the consequences of failing to deliver significant projects and/or critical services extend across the organisation and are not confined to a single activity area.
10. While the inherent risk rating remained unchanged at 50 (Extreme), the residual risk score reduced from 10 to 8, with the residual impact decreasing from Major to Moderate, due to the treatments in place to manage the risk. Additional controls were also introduced to address staff fatigue and wellbeing during emergency events and to establish alternative compliance measures within Business Continuity Plans.

Whakakapia / Conclusion

11. The review confirmed that the strategic risks relating to Failure to Deliver on Significant Projects and/or Critical Services and Significant Disruption to the Council’s Essential Business Continuity and/or Lifeline Utilities remain relevant and are being appropriately managed. Updates have been made to better reflect current operating conditions, emerging risks, and legislative obligations, while additional controls have strengthened the Council’s preparedness and resilience. Overall, the review provides assurance that these strategic risks continue to be actively monitored and managed in accordance with the Council’s Risk Management Framework.



Sara Dymond

**Katātari Haumarū me te Arotake-o roto /
Risk and Internal Audit Coordinator**



[Seen by]

Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**



Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Kaihautū Whakawhanake Pakihi / Business Development Manager, Scott Willson
Date	5 October 2026
Subject	South Taranaki Business Park Update Report

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. Regular updates are provided to the Risk and Assurance Committee (the Committee) with information regarding key assumptions associated with the South Taranaki Business Park (the Business Park). This includes timing, cost, recovery of cost and risks.
2. This report provides an update on project progress and outlines risks, consequences and mitigations.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the South Taranaki Business Park Update Report.

Kupu Whakamārama / Background

3. One of the Council's key themes for the 2021-2031 Long Term Plan (LTP) was to encourage sustainable growth, and after consultation with the community, the Council agreed to proceed with the Business Park.
4. A budget of \$15.3 m was set to design and build the Business Park from 2021-2027 as part of the 2021-2031 LTP. The project was funded by taking out a loan, which would be repaid over time with a small impact on rates and by receiving financial contributions from businesses establishing in the Business Park. This budgeted amount was increased as part of the 2024-2034 LTP on the same basis of funding and recoveries.
5. The rating impact of loan repayments is based on receiving 80% financial contributions for three waters infrastructure and 70% financial contributions for roading.

Whakawhiti Kōrero/Aromātai / Discussion/Evaluation

Project Update

6. Two packages of work are currently underway in the Business Park. These include earthworks, underground services and roading to subgrade on the Fitzgerald Road extension, as well as works at the Fitzgerald Road/Glover Road intersection and associated underground services.
7. Work on the Fitzgerald Road extension was paused throughout winter, with all components completed except for the water infrastructure. The water component will be delivered through a separate tender process once material costs and availability improve.
8. Disruption to global supply chains linked to the US/Iran conflict contributed to price rises for some materials and reduced the availability of resin-based products. Manufactured supply of some of the pipes required for this work, and pipe costs have increased by more than 30%.
9. Cost increases and supply constraints continue to require careful consideration when procuring materials for the Fitzgerald Road and Glover Road works. Council officers and the West End Precinct developer will continue to monitor market conditions and availability to support well-timed purchasing decisions. At this stage, the overall completion of the Business Park infrastructure (excluding any State Highway 3 (SH3) improvements) remains scheduled for this summer.
10. The Business Park project team and the Council's infrastructure team worked together to design the watermain at the Glover Road/Fitzgerald Road intersection, so it complements the Council's wider Glover Road network upgrade. This will help meet the needs of both the Business Park and the wider community, while improving construction efficiency, reducing disruption and supporting more efficient procurement.
11. Timely delivery of the Glover Road watermain will support the Business Park programme and assist the developer with cash flow planning for the financial contributions payment schedule. The tender has therefore been prioritised, with construction expected to begin this year.
12. A separate tender for sealing Fitzgerald Road will be undertaken over the next two months. This will be the final package of Business Park works, excluding any SH3 improvements.
13. A new 60 km/h speed limit for SH3 Hāwera north, from north of Kerry Road to north of Fantham Street, came into effect in April following completion of Waka Kotahi's speed review.
14. Recent advice from Waka Kotahi's road safety engineers is that dedicated left-turn bays are no longer recommended in intersection designs, due to safety concerns associated with masking, priority and vehicles entering intersections at higher speeds. This will require the current SH3 concept designs to be revised; however, removing the left-turn lanes is expected to reduce land requirements and significantly lower the cost of the upgrades. Once

the revised designs have been completed and approved, an updated engineer's cost estimate will be resubmitted and included in the project forecast.

15. Applications for Waka Kotahi's 2027–2030 National Land Transport Programme are expected to open in the next few months and will determine whether funding is available for the SH3 upgrades. Council staff are preparing to submit, supported by the Hāwera to Normanby Corridor Strategy, which provides the required point of entry and strategic direction for this work.
16. Following agreement with the developer of the Business Park's West End Precinct on the total financial contributions, including cash and non-cash contributions, and a five-year payment timeframe, an invoice for the full amount was raised in June. Each quarterly payment will sit against this overall invoiced amount.
17. Plan Change 4 received broad support, with feedback primarily focused on improving clarity and ease of implementation rather than altering the overall policy direction.
18. Minor amendments clarified the financial contribution and zoning provisions. The appeal period concluded in June, and the provisions are now operative, giving developers, landowners and the Council greater certainty for Business Park development.

Budget Forecast

19. The capital expenditure on the Business Park as at 2 September 2026 was \$22.3m and the forecast is \$28.5m before any external contributions have been received. The costs for Fitzgerald Road sealing and SH3 improvements are the two items remaining as estimates in the forecast.

Trunk main water	\$2,054,728
Water	\$1,170,669
Transport	\$7,261,245
SH3 improvements	\$5,000,000
Wastewater	\$6,627,720
Stormwater	\$3,341,625
Complete Road 1 extension, Glover Road intersection, earthworks	\$1,436,356
Others (including power)	\$1,570,825
Total Forecast	\$28,463,168

20. The budget forecast includes \$5 m for roading improvements on SH3 based on engineering estimates. This is an increase in roading infrastructure spend compared to the initial budget, and a cost share agreement with Waka Kotahi for this work is a key priority of the Business Park project team prior to this work being undertaken. However, recent advice that dedicated left-turn bays should be removed from the design will reduce the scope of the SH3 improvements and is likely to bring the cost of this work down.
21. The forecast also includes \$4.45 m for the completion of the Road 1 extension. This includes contracted costs for earthworks, a mechanically stabilised earth wall, roading and

underground infrastructure, and a portion of rising main servicing the Business Park. It also includes estimates for road sealing and the intersection with Glover Road. As each component of work is completed, costs are assigned to the relevant activity (waters, roading, or power).

22. These two additional areas of work; the Fitzgerald Road extension to Glover Road and undertaking SH3 improvements were not part of the initial 2020 Business Park scope and are the main drivers of the budget increase from the original \$15.3 m. The Fitzgerald Road extension is necessary to meet growing commercial and future residential demand and to connect key infrastructure servicing the entire Business Park. SH3 improvements are required to enhance safety and access as traffic volumes rise, with detailed design and cost-sharing discussions ongoing with Waka Kotahi.

Project Risks

23. The Business Park Project Control Group (PCG) plays a key role in actively identifying, assessing and managing project risks. Risk likelihoods and ratings are continually reviewed and updated to reflect the evolving project conditions and newly available information.
24. The main risks associated with the Business Park are:

a) Costs not recovered in full due to unoccupied lots

If some lots remain unoccupied, the Council will not recover contributions as expected. This would result in ratepayers funding the gap through increased rates.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Moderate	Moderate	Medium

b) Costs not recovered in full due to financial contribution settings

If financial contributions are set too low, it might not provide the revenue to fully cover the costs of growth-related infrastructure. This would result in ratepayers covering the shortfall. Financial contributions set too high might deter businesses from filling the lots.

The collaborative development of Plan Change 4, and the relatively smooth hearings and appeals process, is encouraging; however, as the provisions are new, development uptake will continue to be monitored.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

c) Costs take longer to recover than anticipated

Delays in filling the commercial lots may result in the Council funding the infrastructure costs until the money is recovered as planned. Ratepayers might be required to cover any shortfalls until costs are recovered for the Business Park.

Although demand for lots is steady, the land is all privately owned, and it is likely to take longer than anticipated for full commercial development to occur.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Moderate	Moderate	Medium

d) Rooding delays on SH3

A lack of clarity on future speed limits on SH3 may delay the design and construction of roading improvements on SH3 and its intersections with Fitzgerald Road and Kerry Road.

This risk has been updated to reflect speed limit clarity and has been reduced to unlikely. Waka Kotahi has completed consultation on the speed limit, with a 60 km/h limit approved and signage installed in April. This aligns with the initial concept designs for SH3 improvements, which were based on a 60 km/h speed environment.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Unlikely	Moderate	Moderate	Medium

e) Financial contributions are not competitive

Financial contribution costs exceed what is considered 'fair and reasonable' comparable to similar costs elsewhere across the country which stops people from developing in the Business Park.

Likelihood	Impact rating – financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

Mitigations/Treatments

25. To provide wider oversight of the Business Park project, the Council has established the Business PCG. This group, comprising of senior Council officers, the Project Director and an external consultant, meets monthly (or as needed) to monitor overall project progress, procurement, timelines, costs and key risks. Discussions ensure that the full project team stays informed and that emerging issues are addressed promptly.
26. Following confirmation of the speed limit, the Council and Waka Kotahi have worked collaboratively to progress the detailed design of the SH3 upgrades and the safety enhancements identified in the Hāwera to Normanby Corridor Strategy.
27. The Council is working alongside private developers to deliver marketing activities to generate interest in the Business Park lots. This includes a mix of digital, print and in-person initiatives and the marketing plan is reviewed and updated regularly.

28. Council staff are working proactively with landowners in the area who have potential future business interests and have introduced businesspeople looking for land to developers.
29. Ongoing processes, including site visits, are in place to ensure that the quality of the infrastructure work is reviewed.
30. Any changes to the forecast will be budgeted through the LTP or Annual Plan process. The Committee and the Council will be kept informed of any significant changes to the above risks through regular reporting.

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Whakakapia / Conclusion

31. The purpose of this report is to inform the Committee about progress and major risks associated with the Business Park project. A comprehensive risk register is monitored and updated at monthly meetings.



Scott Willson

**Kaihautū Whakawhanake Pakihi /
Business Development Manager**



[Seen by]

Rob Haveswood

**Kaiarataki Ratonga Hapori /
Group Manager Community Services**



Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Pouhautū Rautaki me te Whaitikanga / Head of Strategy and Governance, Becky Wolland
Date	5 October 2026
Subject	2027-2037 Long Term Plan Update

(This report shall not be construed as policy until adopted by full Council)

7

Whakarāpopoto Kāhui Kahika / Executive Summary

1. The purpose of this report is to provide the Risk and Assurance Committee (the Committee) with an update on the development of the 2027-2037 Long Term Plan (LTP) and ask the Committee to consider the risks associated with delivering the LTP.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the 2027-2037 Long Term Plan Update Report.

Kupu Whakamārama / Background

2. Section 10 of the Local Government Act (LGA) 2002 sets out the information to be included in the Council's LTP. A timeline for the LTP project has been developed and signed off by the Leadership Team.
3. A long term plan health check was completed on 12 August 2026, which confirmed that the development of the LTP is on track, despite the uncertainty posed by government reform.
4. The direction received from the Councillors during the four workshops held in June and July informed the preparation of the Activity Statements and several key LTP policies, including the Significance and Engagement Policy and the Revenue and Financing Policy. Work is underway to review and update the remaining policies and strategies, including the financial policies, the Infrastructure Strategy and Ngā Iwi o te Tai Whakarunga – Council Partnership Strategy / He Pou Tikanga. These documents are expected to be presented to the Council for consideration in November and December.
5. Activity managers are currently developing their budgets and considering the impact of the proposed rates-capping legislation, which is expected to apply from Year 3 of the LTP. This work will help determine the levels of service, projects and initiatives that can be delivered within available funding over the life of the LTP and may also identify additional consultation topics.

6. Next steps include identifying consultation topics, updating fees and charges, and drafting the consultation document.

Risks

7. The Audit Office recommends that likely risks associated with the adoption of the LTP are identified throughout the project. This report provides an update on the risks identified and any new risks.
8. Given the risks involved in preparing this LTP, the project is being led by the Leadership Team. The following risks have been identified:

- a) Capability of officers and resources available within the Council to undertake the work required to produce a long term plan, alongside business as usual.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

There are currently no vacancies that would prevent the Council developing the LTP, however this is continuously monitored.

- b) Capacity of officers and resources available within the Council to undertake the work required to produce a long term plan, alongside a civil defence emergency or severe weather event.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

In the event of a civil defence emergency resources and timeframes would be monitored and updated as required. Areas of risk would be reported to this Committee. A severe weather event may result in Central Government providing some relief for LTP preparation.

- c) Capacity of officers and resources available alongside other major projects, such as transitioning water to an in-house business unit, government reforms and the delivery of the Digital Transformation Strategy.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

To manage capacity pressures, some functions have been temporarily redistributed across senior staff, enabling key officers to focus on establishing the in-house water services business unit. There are currently resources in place to manage large projects such as the Digital Transformation Strategy and government reforms. Areas of risk will be reported to this Committee.

- d) Capacity and availability of auditors to complete the audit review, hot review, and audit report.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Possible	Major	Moderate	High

Officers will work with the Council's auditors, Audit New Zealand, to gain assurance that there is sufficient capacity and availability

- e) Responding to central government reforms and the pressure on the Council's financial and resource capacity and ensuring that new legislative requirements are met.

Likelihood	Impact rating - financial	Impact rating – Legislative	Risk rating
Almost Certain	Moderate	Major	Extreme

This risk is being managed by monitoring government reforms and legislative changes, engaging with the local government sector, and providing regular updates to elected members. The LTP Project Team also monitors staff capacity and resource requirements throughout the LTP process.

- f) Rates cap proposals of 2–4% may limit the Council's financial flexibility, impacting service delivery and affordability outcomes.

Likelihood	Impact rating - financial	Impact rating – reputational/stakeholder	Risk rating
Likely	Moderate	Moderate	High

This risk will be managed through the development of the Revenue and Financing Policy and the review of the Council's activities as part of the LTP process, including consideration of levels of service and the appropriateness of rating mechanisms to support affordability.

Legislative Considerations

9. Section 10 of the LGA sets out the information to be included in the Council's LTP. In addition, the Government's Systems Improvement Bill is expected to be enacted during the LTP development period, introducing a revised purpose of local government.
10. The Local Government minister released the newly proposed groups of activities with the expectation that the sector will provide feedback on them. The proposal indicates that the Council will need to restructure some of its activities when the proposal is finalised, which may be later on in the LTP development process.



Becky Wolland

**Pouhautū Rautaki me te Whaitikanga /
Head of Strategy and Governance**

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[Seen by]

Fiona Aitken

**Tumu Whakahaere /
Chief Executive**



Pūrongo-Whakamārama Information Report

To	Risk and Assurance Committee
From	Kaitātari Mātāmua Kaupapa Here / Senior Policy Advisor, Anne Sattler
Date	5 October 2026
Subject	Revenue and Financing Policy

(This report shall not be construed as policy until adopted by full Council)

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Whakarāpopoto Kāhui Kahika / Executive Summary

1. The purpose of this report is to present the first draft of the proposed Revenue and Financing Policy for consideration by the Risk and Assurance Committee and to seek feedback prior to it being presented to the Policy and Strategy Committee. The draft Revenue and Financing Policy is attached as [Appendix A](#).
2. The Revenue and Financing Policy is a statutory requirement, to be included in the Long Term Plan (LTP) under the Local Government Act 2002 (LGA) and describes how the Council will fund its activities. The policy identifies the appropriate sources of funding for each activity and explains the rationale for the allocation of costs between rates, fees and charges, subsidies, grants, borrowing, and other funding sources.
3. The proposed policy has been reviewed to ensure it remains fit for purpose, reflects current service delivery arrangements and aligns with the proposed mandatory groups of activities set by Central Government. The draft groups of activities are attached as [Appendix B](#). Feedback from the Risk and Assurance Committee will assist staff in refining the policy before it is presented to the Council for approval.

Taunakitanga / Recommendation

THAT the Risk and Assurance Committee receives the Revenue and Financing Policy Report and provides feedback.

Kupu Whakamārama / Background

4. As part of the LTP project a series of workshops were held to guide the Council through a consistent, informed discussion on current levels of service, future direction, and funding arrangements for Council activities over the next 10 years.
5. The workshops were divided into groups of activities, with the feedback from these workshops informing the Revenue and Financing Policy, levels of service, funding mechanisms and associated non-financial performance measures for each activity.

6. The Revenue and Financing Policy is one of the key funding and financial policies required under the LGA. Its purpose is to outline how the Council's operating and capital expenditure will be funded and to provide transparency to the community regarding funding decisions.
7. As part of the development of the LTP, officers have reviewed the current Revenue and Financing Policy to determine whether it continues to reflect the Council's activities, funding principles and community outcomes.
8. The review has considered legislative requirements, current service delivery arrangements, proposed groups of activities, and the balance between public and private benefit received from Council services.

Existing Council Policy

9. The Council currently operates under a Revenue and Financing Policy adopted as part of the previous LTP.
10. The existing policy establishes funding principles and identifies funding tools available to the Council, including general rates, targeted rates, fees and charges, development contributions, grants and subsidies, borrowing, and income from investments.
11. The proposed policy retains the core principles of the existing policy while updating activity descriptions, funding assessments, private versus public benefit and explanatory information to reflect upcoming legislation changes.

Current Practice

12. The Council currently funds services through a mix of user charges, rates, subsidies, grants and other revenue sources.
13. Activities that provide a broad public benefit are primarily funded through rates, while services providing a more direct or identifiable benefit to individuals are funded, where appropriate, through fees and charges.
14. Capital expenditure is funded through a combination of operating revenue, reserves, subsidies, development contributions, and borrowing, depending on the nature and expected life of the asset.
15. The proposed policy broadly reflects current funding practices while improving transparency regarding the rationale for funding decisions.

Legislative Considerations

16. Sections 101, 102 and 103 of the LGA requires the Council to adopt a Revenue and Financing Policy as part of its LTP.
17. The LGA requires the Council to consider:
 - Community outcomes to which activities contribute.

- The distribution of benefits between the community as a whole and identifiable individuals or groups.
 - The period over which benefits occur.
 - The extent to which actions or inactions contribute to the need for services.
 - The costs and benefits of separate funding mechanisms.
18. The Revenue and Financing Policy must be reviewed and consulted on as part of the LTP process.
19. Officers have also considered the Government's proposed rate capping framework, which is expected to apply from 2029. While the details of the regime are still being developed, the proposal indicates councils will be subject to limits on general rate increases. This has reinforced the need to ensure funding decisions, fees and charges, and targeted rates appropriately reflect the beneficiaries of Council services and provide the Council with flexibility to remain within any future rate cap while continuing to deliver agreed levels of service.

Whakawhiti Kōrero/Aromātai / Discussion/Evaluation

Purpose of the Review

20. The draft Revenue and Financing Policy is being presented for discussion purposes. Officers are continuing to review and refine the document as legislation is enacted and further guidance is received from Ministry for Cities, Environment, Regions and Transport (MCERT) and Central Government. Further changes may be made before the final version of the Policy is presented to the Council for approval.
21. The review seeks to ensure that the Revenue and Financing Policy remains aligned with the Council's strategic direction, legislative obligations, and changing community expectations.
22. The review has also considered the proposed mandatory groups of activities being developed for the LTP to ensure consistency across the Council's planning and financial documents ([see Appendix B](#)).

Funding Principles

23. The proposed policy continues to apply the principle that costs should be allocated to those who benefit from, contribute to, or create demand for a service where practical and efficient to do so.
24. Where services provide significant community-wide benefits, funding through rates remains appropriate.
25. User charges continue to be applied where beneficiaries can be readily identified and where charging is practical, efficient, and consistent with Council objectives.
26. The Mayor and Councillors reviewed the funding sources for each activity and considered:
- Public versus private benefit.

- Intergenerational equity.
 - Affordability and transparency.
 - Administrative efficiency.
 - Legislative constraints.
27. The review indicates that the existing funding approach remains generally appropriate, with minor adjustments proposed to improve clarity and alignment with current activities and service delivery arrangements.

Whakakapia / Conclusion

28. The Revenue and Financing Policy is a key statutory document that guides how the Council funds its activities and delivers services to the community.
29. Staff have reviewed the policy as part of the preparation of the LTP and are proposing a revised policy that largely maintains existing funding approaches while updating activity descriptions and explanatory content.
30. Feedback from Risk and Assurance Committee will assist in refining the proposed Revenue and Financing Policy prior to formal consideration by the Council and subsequent public consultation.



Anne Sattler
Kaitātari Mātāmua Kaupapa Here
Senior Policy Advisor



[Seen by]
 Becky Wolland
Pouhautū Rautaki me te
Whaitikanga /
Head of Strategy and Governance

Appendix A: Draft Revenue and Financing Policy

[Draft Revenue and Financing Policy - tracked changes - 2026 09 23.docx](#)

[Draft Revenue and Financing Policy - no tracked changes - 2026 09 23.docx](#)

Appendix B: Draft groups of activities for the Long-Term Plan

 [Exposure draft groups of activities - 2026-07-03.docx](#)

Revenue and Financing Policy

Our Revenue and Financing Policy provides predictability and certainty about sources of funding and how we recover the costs for our activities. It explains the reasons for various funding methods for our operating and capital expenditure.

We have reviewed the ways we fund our activities, including how we collect rates and, as a result, we are not proposing any significant changes.

~~The change in central Government policy on three waters reforms means that the three waters activities (water supply, wastewater and stormwater) have been included in the 2024-34 Long Term Plan.~~

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Revenue and Financing Policy Considerations

In developing this policy, ~~we have~~Council has considered the requirements of Sections 101(3), 102 and 103 of the Local Government Act 2002 (LGA 2002). These requirements state that a local authority has to consider the funding needs of its activities and determine the sources of funding that are most appropriate, having regard to the matters set out in section 101(3) of the Act. ~~must determine what funding sources are the most appropriate with consideration of the following two steps:~~

Step One

In determining the appropriate funding sources of each activity Council has considered:

- The community outcomes to which an activity primarily contributes;
- The distribution of benefits between the community as a whole, any identifiable part of the community and/or individuals;
- The period in or over which those benefits are expected to occur;
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding an activity distinctly from other activities.

Step Two

The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

Section 102(3A)(a) of the LGA 2002 states that a revenue and financing policy must support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993. The principles are:

- The spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed;
- Recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and hapū, and to protect wāhi tapu;
- Facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and hapū.

We support these principles through plans, strategies and policies developed with the four rūnanga of South Taranaki – Ngāti Ruanui, Ngāruahine, Taranaki and Ngā Rauru:

- District Plan – supports the protection of wāhi tapu and the coastal protection area, and supports the development of papakainga;
- Property Acquisitions and Disposals Policy – the appropriate rūnanga is approached as a first right of refusal to purchase Council-owned land declared surplus to requirements.
- Remission and Postponement of Rates on Māori Freehold Land Policy – recognises that certain Māori-owned lands have particular conditions, features and/or ownership structures that make it appropriate to provide relief from rates;

- Tangata Whenua Liaison Fund – supports projects and initiatives that develop positive relationships between Tangata Whenua, Council and the South Taranaki community as set out in Te Tiriti ō Waitangi;
- He Pou Tikanga, Ngā iwi o te Tai Whakarunga / Council Partnership Strategy – a newly developed strategy to provide a partnership framework between ngā iwi and the Council; and
- Urupā maintenance fund – this Long Term Plan recommends the establishment of a fund to support iwi with the maintenance of urupā in South Taranaki.

Community Outcomes

~~Part of the purpose of local government, as defined in the LGA 2002, is to promote the social, economic, environmental, and cultural well-being of communities in the present and for the future, and our community outcomes align with the community well-beings:~~

Council has identified a set of community outcomes that describe the outcomes it seeks to contribute to through the delivery of infrastructure, services and regulatory functions. These community outcomes help inform Council's decisions about funding and the allocation of costs between beneficiaries and users of services.

- Mana Mauri ~~—Cultural Well-being—~~ Creative, diverse communities that enhance the mauri of our people.
- Mana Tangata ~~—Social Well-being—~~ Safe, connected communities where people feel happy and proud of where we live.
- Mana Oranga ~~—Economic Well-being—~~ Flourishing communities with a diverse economy, innovative people and resilient infrastructure.
- Mana Taiao ~~—Environmental Well-being—~~ Sustainable communities that manage resources in a way that improves our environment for future generations.

Each activity description lists the community outcomes it primarily contributes to and highlights why we undertake the activity.

Distribution of Benefits

The distribution of benefits is allocated between the community as a whole, any identifiable part of the community and individuals. Benefits that flow to individuals or groups, where it is possible to identify the user or group and stop the service if the user does not pay, are often described as 'private benefits', and the costs are generally funded on a user-pays basis. 'Public benefits' flow to the whole community when it is not possible to identify the individuals or groups that benefit and the cost of additional people benefiting is small, or the whole community benefits. Most of our activities have a mix of public and private benefits.

We must assess the period over which the benefits flow from each activity. For all of our activities, the operating costs directly relate to the benefits an activity provides during the year of the expenditure. Operating costs are therefore funded annually from annual income including rates, user charges, subsidies and other income.

Capital expenditure creates assets that will produce benefits over their useful lives. These lives range from a few years for office equipment, computers and vehicles to 100 years for some infrastructural assets such as bridges and some pipe networks. The costs of these assets should therefore be funded over the time of benefit. This recognises the concept of intergenerational equity, where each generation pays a share of the value of the asset, while it receives the benefit from that asset. Intergenerational equity is particularly relevant for larger capital assets.

Building financial reserves to fund the capital expenditure required to renew an existing asset is prudent and the interest earned on financial reserves helps to fund the asset replacement. If renewals or replacements occur before the reserve has enough funds, we will use loans to fund the shortfall.

Who Causes the Need for an Activity?

We are required to assess the extent to which each activity exists because of the actions or inactions of an individual or group. This principle, known as the 'exacerbator pays' or 'polluter pays', suggests that costs should

be recovered directly from those causing the need for the activity. Examples are parking fines, food licences, pool safety, dog control and trade waste.

Costs and Benefits of Funding Activities

We consider the individual costs and benefits of the funding of each activity, taking into account the consequences for transparency and accountability. Separate funding allows ratepayers to assess whether the activity represents good value to them. For some activities, the costs of collecting user charges would be more than the revenue collected, so a number of activities are funded entirely from rates.

The Long Term Investment Fund rates subsidy is deducted from each activity's expenditure prior to the allocation between funding sources. In that respect the Long Term Investment Fund is not considered general revenue.

~~Impacts on Well-beings~~ Overall impact of funding decisions

~~The impacts on the current and future social, economic, environmental and cultural well-beings of the community were considered along with the following matters:~~

In determining the appropriate mix of funding sources, Council considered the overall impact of funding decisions on current and future ratepayers and communities, including the following matters:

- What is the likely impact of the mix of funding sources on ratepayers on fixed incomes (affordability)?
- Would the policy act as a barrier for individuals in the community to access the activity?
- What incentives would the policy create for growth and development within the District?
- How is the burden of funding distributed across different sectors of the community?
- Would the policy support people to conserve scarce resources, avoid environmentally unfriendly activities and preserve our natural heritage?
- Would the policy support the community to participate in recreational and cultural activities and preserve our historical and other cultural heritage?
- Council must comply with an upcoming rates cap of between 2% - 4%.

Financial Management

The LGA 2002 requires us to ensure that each year's projected operating revenues equal the year's operating expenses (a balanced budget). Despite this requirement, Section 100(2) of the LGA 2002 allows us to set projected operating revenues at a level that does not achieve a balanced budget if we believe it is financially prudent to do so, for example, to fund a previous or future year's deficit or to repay debt.

Other Legal Requirements

While the Revenue and Financing Policy is governed by the LGA 2002, other legislation is relevant for determining appropriate funding mechanisms, including:

Local Government (Rating) Act 2002

This Act sets out legal requirements for rating. It covers who is liable to pay rates, what land is rateable, what kinds of rates may be set and how they are set, the valuation systems that may be used and the various rating mechanisms available, such as targeted rates. It also sets a number of limits. For example, all rates set as a uniform fixed amount, including the Uniform Annual General Charge but excluding uniform rates for water or wastewater, may not exceed 30% of the total rates revenue.

Other Legislation

Several Acts, such as the Sale and Supply of Alcohol Act 2012, set out statutory fees for various types of regulatory services and these may not be exceeded. Where fee setting is up to the Council, there is often a general legal requirement to be "fair and reasonable".

Water Services Act 2023

Water services are subject to specific legislative and regulatory requirements that influence how these activities are funded and managed. Council operates water supply, wastewater and stormwater activities on a ring-fenced basis, with revenue and expenditure for these services separately identified

and managed. Revenue collected for water services is used to fund the operation, maintenance, renewal and development of water infrastructure, as well as any associated borrowing and financing costs. Ring-fencing supports transparency, accountability and the long-term financial sustainability of these essential services.

Resource Management Act 1991 (RMA 1991)

The Resource Management Act 1991 is expected to be replaced by new resource management legislation. Council is currently participating in regional work to prepare for the development of a Regional Spatial Plan and the transition to the new planning system. These changes may result in additional costs over the term of this Long Term Plan, including policy and plan development, technical studies, regional collaboration arrangements, staff training, legal and specialist advice, digital system upgrades, data management, and implementation of new statutory requirements. Council will continue to monitor legislative developments and will review its funding approaches, including the use of development or financial contributions, as the new system is implemented.

Council will continue to monitor legislative reform affecting resource management and development funding and will update its policies as necessary to reflect any future legislative changes.

This Act sets out our responsibilities in terms of the environment. It allows local authorities to require financial contributions from developers to meet the costs of their effects on the environment, including their impacts on the demand for infrastructure. Alternatively, under the LGA 2002, local authorities can seek development contributions or a combination of development and financial contributions under the respective Acts, subject to compliance with both Act's requirements. We currently take financial contributions, and development contributions are being considered through the District Plan review process.

The RMA was to be replaced with three new Acts, two of which became law briefly and have since been repealed. The Government has signalled that new legislation will replace the RMA 1991.

Funding Sources

- The sources of funding available to the Council are: General rates, including:
 - Choice of valuation system
 - Differential rating; and
 - Uniform Annual General Charge
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development contributions
- Financial contributions under the RMA 1991
- Grants and subsidies Any other sources

Operating Expenditure

Expenditure on our day-to-day operations is operating expenditure and includes overheads, which are costs not directly attributed to any of the activities, for example support services like Financial Services, Information Services and People and Capability. Operating expenditure is funded from a variety of sources:

General Rates

General rates are charged as a set amount per dollar of the capital value of most properties in the District (some are non-rateable). During our funding review we chose The Council will to continue with the capital value rating system for general rates, rather than land value and more targeted rates. This is because the capital value rating system is considered to provide a fair and equitable approach to allocating rates, ensuring that the contribution made by each property broadly reflects its relative value within the district.

~~This is because of the capital value system's greater tendency to match the 'ability to pay' — owners of higher capital value properties pay a larger contribution in rates than owners of lower valued properties.~~

Differentials are a tool for altering the incidence of rates. Setting a differential rate does not increase the rating income; it merely allocates the rates requirement in a different way from a pure value-based system. We are not proposing to apply a differential to the general rate.

Uniform Annual General Charge (UAGC)

We assess a UAGC as a fixed amount on each separately used or inhabited part of a rating unit. The UAGC part-funds a range of activities, such as democracy and leadership, arts and culture, community development, environmental sustainability and emergency management.

Targeted Rates

Targeted rates can be assessed on property, including on the basis of use, the area of land, its location and value and the provision or availability of Council services. Targeted rates may be applied as a uniform annual charge on capital or land value, or differentially for different types of property uses. We may also apply targeted rates to fund any part of the cost of activities that benefit identifiable groups in the District.

We charge targeted rates for:

- Water
- Wastewater
- Charge based on number of toilets connected to wastewater system in commercial properties (subject to consultation)
- Stormwater (currently charged under general rates - subject to consultation)
- Rooding
- Kerbside refuse collection services
- Eltham Drainage
- Hāwera Business Rate for town promotion
- Forestry Rate (subject to consultation)

Voluntary Targeted Rates

We have a voluntary targeted rate for property owners who benefit from the installation of insulation that we provide under the Warmer Homes Scheme. The Council resolved in June 2023 to discontinue the scheme as a result of changes to the Credit Contracts and Consumer Finance Act 2003. Property owners that are currently part of the warmer homes scheme will continue to pay their loans as per their agreements with the Council.

Fees and Charges

We apply fees and charges to recover either the full or part cost of a variety of services we provide, such as building consents, the provision of utility connections and vehicle crossings.

Interest and Dividends

We sold Egmont Electricity Limited in 1997 and invested the proceeds in a Long Term Investment Fund. We have allocated \$~~3.874.22~~ million each year from interest earned on the Fund towards subsidising general rates, UAGC and the roading rate. ~~In this long term plan we are proposing to increase the subsidy to \$4.22 million. This is a consultation topic that we are asking for feedback from the community. The Council's preferred option is to increase the subsidy.~~

An annual draw down of 1.73 million to service loans for specified community projects, and .076 million to fund Hāwera town centre upgrade and earthquake Earthquake Prone Building Projects and related loan servicing costs~~ss costs.~~

Grants and Subsidies

We receive subsidies from Waka Kotahi New Zealand Transport Agency that cover a proportion of the capital and maintenance costs of our roading network.

Any Other Sources

Special funds have either been received from a third party to be used in a specific way (restricted funds) or are tagged to be applied for a specific purpose or area of benefit (non-restricted funds).

Capital Expenditure

We categorise our capital expenditure projects as renewals, extending level of service or growth-related projects.

Renewal Projects

Renewal projects restore or replace components of an asset or the entire asset to meet the designed level of service (to return it to its original size, condition or capacity). These projects will be funded from capital reserves built up from funded depreciation. Where the reserve is not sufficient to meet the programmed renewals, loans will be utilised and repaid from a contribution from the reserve that best fits intergenerational equity and/or the operational funding sources for the particular activity, as per this policy.

Extending Level of Service Projects

Extending level of service projects create new assets or alterations to existing assets that mean a higher level of service is delivered. These projects will be funded by loans and repaid from the operational funding sources.

Growth-related projects

Growth-related projects involve the creation of new assets or the expansion of existing infrastructure and services to meet increasing demand arising from population growth, development, or changes in service needs. Funding may be sourced from development-related contributions, financial contributions where applicable, borrowing, reserves, grants, subsidies, rates or other funding sources, depending on the nature of the project and the legislative framework in place at the time.

~~Growth-related projects are additional assets required to serve growth in demand for existing services due to new areas being serviced, such as new water mains and roading. These will be funded from financial contributions and we will consider a contribution from the Economic Development Fund towards the asset creation on a case by case basis after considering specific criteria.~~

Sources of funding for Capital Expenditure

Capital expenditure is expenditure on assets that provide benefits over multiple years, including the renewal of existing assets, the creation of new assets and projects that increase levels of service or accommodate growth. The following funding sources are normally used for each category of capital expenditure. Any alternative funding sources are specifically approved by Council.

~~The following funding sources are used for each capital expenditure category under normal circumstances. Any alternative funding sources are specifically approved by the Council.~~

Borrowing

We will not borrow to fund operational expenditure unless short term reasons justify this as an interim solution. When funding projects by debt, we spread the repayment over several years to enable us to match charges placed on the community with the period of benefits from the capital expenditure.

Borrowing is managed within the framework specified in the Liability Management Policy. While minimising interest costs and financial risks associated with borrowing is of primary importance, we match the borrowing term with the average life of assets when practical. Our overall borrowing requirement is reduced when other funds are available to finance capital expenditure, such as:

- Council financial reserves, including reserves comprising financial contributions.
- Contributions towards capital expenditure from other parties, such as Waka Kotahi New Zealand Transport Agency for certain roading projects.
- Revenue collected to cover depreciation charges.
- Proceeds from the sales of assets.
- Operating surpluses.

Financial Contributions under the Resource Management Act

Council require development-related contributions or financial contributions where authorised by legislation and Council policy. These mechanisms help ensure that growth-related costs are funded, where appropriate, by those creating the demand for additional infrastructure, reserves or community facilities.

~~Financial contributions are provided for in our District Plan and may be imposed as a condition of development or resource consent. Works and services may be required for purposes specified in the District Plan for ensuring positive effects on the environment. Development can place a significant strain on existing physical resources (utility networks, reserves and public amenities) and the District Plan places a requirement for developers, in most cases, to meet the full and actual costs of extensions and connections to the existing reticulation network.~~

~~There is flexibility in the provision of reserve contributions to take into account variations from site to site, particularly the ability to connect to existing reserves or to create access to the margins of waterways and other natural areas. In urban residential subdivision there is also a threshold figure for the provision of land so that a realistic reserve area can be provided. In lieu of land, cash can be provided for the enhancement of reserves in the vicinity.~~

Grants and Subsidies

We receive subsidies from Waka Kotahi New Zealand Transport Agency that cover a proportion of the capital and maintenance costs of our roading network. ~~We also receive grants and subsidies from Central Government and grants from external sources. We received grants from the Government as part of its COVID-19 'shovel ready' projects recovery programme — \$3 million towards the construction of Te Ramanui o Ruapūtahanga library, arts and cultural centre and \$7 million for the Nukumarū Station Road extension.~~

Any Other Source

Special funds have either been received from a third party to be used in a specific way (restricted funds) or are tagged to be applied for a specific purpose or area of benefit (non-restricted funds).

Assets

We own, on behalf of the community, assets worth about \$1.068 billion. The majority are required to deliver the services the community requires of us; for example, the pipes, pumps and monitoring equipment of our water supply network are essential to provide the community with the water supply service it needs and expects.

Our property portfolio has been categorised into:

- Vital to the provision of a Council service or function
- Advantageous to own; or
- Surplus to requirements.

We are identifying properties that no longer have any strategic purpose or public benefit or where the use of sale proceeds would be of greater benefit to the community. Proceeds from asset sales will in the first instance go to repay debt that may be associated with the asset. If the asset is to be replaced with a similar asset or one built to provide for a similar purpose in the foreseeable future (1 - 2 years), the sale proceeds will be held in trust to pay for the new asset's creation. Wherever the sale proceeds are greater than the known debt or the replacement cost of the 'like' asset, the surplus will be made available to the Long Term Investment Fund.

Depreciation

Our policy for funding the depreciation of non-strategic assets is to fund a proportion that allows for the renewal of components, rather than funding the depreciation for total replacement of the asset. As an example, buildings will have roofs and other components replaced to ensure the full useful life of the structure can be achieved, but no funds will be built up to replace the structure. We consider it is not prudent to build up reserves (and increase rates from this generation) for the ultimate replacement of these assets, which for the most part will be in 30 - 50 years' time, when it is unknown if these types of assets will be wanted by future generations. We have taken into account the current global economic climate and our significant debt programme when considering the funding of depreciation.

Notes to be included in revenue and financing spreadsheet.

Note: Three waters activities are included for year one of the Long term Plan.

The table above indicates the range of public or private good based on the following descriptors:

Descriptor	Range	
	80%	100%
High	80%	100%
Medium to High	60%	80%
Medium	40%	60%
Low to Medium	20%	40%
Low	0%	20%

A “High” public good would indicate that the expenditure for that activity likely meets the criteria of a public good on a percentage basis between 80% and 100%.

		Who Benefits?					Funding Sources Private		Funding Sources Public			
	Community Outcomes	Who Benefits	Period of benefit	Whose actions create the need	Costs vs Benefits	Rationale	Operational	Capital	Operational	Capital	Private %	Public %
Adaption and Emergency Management												
Coastal Structures (rock walls, Patea moles, sand clearing, stabilisation)	Mana Tangata	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Local people and visitors who want to access the sea and the coast	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the provision of the service and there are social benefits to the community through access to beaches and the sea.	General rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Emergency Management	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	This activity is about preparedness for a disaster and is a high public good.	N/A	N/A Borrowings	General rates and revenue	N/A Borrowings	Low	High
Environment and Sustainability	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	This activity is a high public good as it focuses on improving environmental sustainability across the District.	N/A	N/A	General rates and revenue	General rates and revenue + grants	Low	High
Environmental Policy	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	This activity is a high public good because it sets the overall framework for development within the District.	Fees and charges	N/A	General rates and revenue + borrowings	N/A	Low	High
Community and Recreational Facilities												

Cemeteries	Mana Tangata	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Individuals receive a high public health benefit from provision of this service although it also has a reserve function and useful historic value.	Fees and charges + bequests	Fees and charges + borrowings + financial contributions + bequests	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Medium
Coastal Structures (Access-ways only)	Mana Tangata	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Local people and visitors who want to access the sea and the coast	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the provision of the service and there are social benefits to the community through access to beaches and the sea.	General rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Heritage (Museum)	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Museum users can be identified and could be charged, but the Council feels there is a high public benefit in making entry freely available.	There are the wider benefits of education, retention of heritage and community identity, while individuals benefit from the displays and information.	Fees and charges + general rates and revenue + grants	N/A	General rates and revenue	Borrowings + reserves	Low	High
LibraryPlus	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the use of this service and its availability has a wider social benefit to the community.	Fees and charges + general rates and revenue	Grants + bequests + borrowings	General rates and revenue + investment income	Reserves + borrowings + general rates and revenue	Low to Medium	High

Public Toilets	Mana Tangata	Users of the service , whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	The costs of charging users would greatly exceed the revenue collected and there is a public benefit in providing toilets	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for sanitary reasons.	General rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Medium	High
Recreation Centres - Halls	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service can be identified and are charged, there is some public benefit from its provision	Individuals receive high benefit from the use of the service; however, there are social benefits to the community in the availability of these facilities.	Fees and charges + general rates and revenue	Grants + Surpluses from Rentals + Donations + Borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Low	High
Recreation Centres - <u>(Including TSB Hub)</u>	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service can be identified and are charged, there is some public benefit from its provision	Individuals receive high benefit from the provision of the service and there are social and economic benefits to the community.	Fees and charges + general rates and revenue + grants and sponsorship	Grants + surpluses from rentals + donations + borrowings	General rates and revenue + grants	Borrowings + reserves + grants + investment	Low	High
Swimming Pools - Aquatic Centre	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	Users are charged for this service but not the full cost in recognition of the public benefit.	Individuals receive high benefit from the use of the service and there is a wider community benefit in its availability for social reasons. The Aquatic Centre provides a higher level of service, which is partly recovered by fees and charges.	Fees and charges + general rates and revenue + grants	Grants + surpluses from rentals + donations + borrowings	General rates and revenue + interest	Borrowings + reserves + grants + investment	Low to Medium	High

Swimming Pools - Rural Pools	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	Users are not charged for this service in recognition of the public benefit of providing swimming pools in our smaller communities.	Individuals receive benefit from the use of the service and there is a wider benefit to the community in the free availability of this service for recreational purposes.	General rates and revenue	Grants	General rates and revenue	General rates and revenue + borrowings + reserves	Low to Medium	High
Governance, planning and reporting												
Audit and Risk, Customer Services, Information Services, People and Capability	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the services, the whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of this activity is not practicable and there is an equal benefit to all ratepayers and residents.	The public good component of this activity reflects that it contributes to the open, transparent and accountable democratic process of local government.	Overhead recoveries	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Democracy and Leadership	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Whole Community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding for this activity is not practicable and there is an equal benefit to all ratepayers and residents.	The public good component of this activity reflects that it contributes to the open, transparent and accountable democratic process of local government and supports elected members to be effective decision-makers.	N/A	N/A	General rates and revenue. + Interest and dividends. + Reserves. + Fees and charges.	General rates and revenue. + Interest and dividends. + Borrowings and reserves.	High	Low
Parks and Reserves												
Holiday Parks	Mana Tangata	Users	Benefit occurs in the year the funding is provided and on-going	Visitors to the District	Users are charged for these service but not the full cost in recognition of the public benefit.	Individual visitors receive high benefit from the provision of the service and there are economic benefits to the community.	Fees and charges	Grants + surpluses from rentals	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Low to Medium

Parks, Reserves , Sports-grounds and Public Spaces	Mana Tangata	Whole community, sports-ground users	Benefit occurs in the year the funding is provided	N/A, sportsground users	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals have a private benefit from the availability of parks, reserves, sportsgrounds and public spaces. There is also a significant public benefit in the availability of these services.	Fees and charges + general rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Low	High
Public Regulatory Services												
Animal Services	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	Within the activity there is a high degree of public benefit, but the costs are influenced by the people who create the need for the service.	Fees and charges	Fees and charges + borrowings + reserves	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Medium
Building Control	Mana Tangata, Mana Taiao	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service - applicants for building consents and those doing building work	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	There is a high level of private benefit to the applicant and some public benefit.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	High Medium - High	Low Low - Medium

Environmental Health - Licensing, Alcohol and Gambling	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Users and providers of these activities and services, Government	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	These activities have a high public good through the protection of public health and well-being.	Fees and charges	N/A	General rates and revenue	N/A	Low to Medium	Medium to High
Nuisance Control (Noise)	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	This activity has a high public good through public protection.	Fees and charges	N/A	General rates and revenue	N/A	Low	High
Planning	Mana Tangata, Mana Taiao	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service - applicants for resource consents and developers	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	There is a high level of private benefit to the applicant and some public benefit from sustainable development.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	Low to Medium	Medium to High
Roading and transport												

Parking Control	Mana Tangata, Mana Taiao	The whole community, CBD retailers	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	This activity has a high public good by creating the availability of carparks. There are some benefits for retailers within the CBDs, but the costs are influenced by the people who create the need for the service.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	High	Low
Regional Road Safety	Mana Oranga	Whole community	Benefit occurs in the year the funding is provided and on-going	Road users	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Road safety is mostly for the greater public good. Training and events are provided and negative effects can result if these events are not attended by key audiences.	Fees and charges + general rates and revenue	Fees and charges + general rates and revenue	General rates and revenue	General rates and revenue	Low	High
Subsidised	Mana Oranga	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going - the service is available for current and future generations	Users of the service	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Individuals benefit directly from the use of the service and the community benefits from the provision of the service.	Grants/ subsidies + targeted rates (differential) + fees and charges + financial contributions + other contributions	Grants/ subsidies + targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + investment income + general rates and revenue + reserves	General rates and revenue + targeted rates (differential) + borrowings + reserves	High	High

Non-subsidised	Mana Oranga	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going - the service is available for current and future generations	Users of the service	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Individuals benefit directly from the use of the service and the community benefits from the provision of the service.	Targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + general rates and revenue + reserves	Targeted rates (differential) + general rates and revenue + borrowings + reserves	High	High
Waste management and minimisation												
Disposal	Mana Taiao	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service who generate waste	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	This activity benefits individuals, but there is also a higher public interest to provide this service as it contributes to long term sustainability.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	Medium to High	Low to Medium
Kerbside Collection	Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided	Users of the service who generate waste	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	This activity benefits individuals; however, it is also in the public interest to provide this service.	Fees and charges + targeted rates (differential)	N/A	General rates and revenue + targeted rates	N/A	High	Low
Other Activities												
Arts	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service could potentially be identified and charged, the costs would outweigh the public benefits.	The community receives the benefit of this activity together with individuals who are able to enhance their skills through this process.	Fees and charges + general rates and revenue	N/A	General rates and revenue	N/A	Low	High

Community Development	Mana Tangata	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	The community receives the greatest benefit from the outcomes of this activity.	General rates and revenue	N/A	General rates and revenue	N/A	Low	High
Community Support	Mana Tangata	The whole community	Benefit occurs in the year the funding is provided	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	The public good component of this activity recognises the contribution made by organisations and groups within the community and offers a helping hand in appreciation of this voluntary contribution in the way of grants. The civil ceremonies and recognition awards contribute to the social and cultural well-being of the community.	N/A	N/A	General rates and revenue + reserves	General rates and revenue + borrowings + reserves	Low	High
Corporate Property	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of this service	Users are charged for this service but some are not charged the full cost in recognition of the public benefit.	Individuals receive high benefit from the use of sundry Council properties. This activity also manages a small number of properties used for community good by not-for-profit organisations.	Fees and charges + general rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + asset sales + reserves	High	Low
Economic Development	Mana Oranga	Users of the service, the whole	Benefit occurs in the year the funding is provided and on-going	People wishing to establish or expand businesses,	While the users of these services could be identified and charged, it would	Individuals benefit directly from the use of the service and the community indirectly benefits	Fees and charges + targeted rates	N/A	General rates and revenue + targeted rates	Borrowings + reserves	Low	High

		commu nity		and local residents	be counter- productive to do so, as the Council wants to encourage economic development, tourism and events for the benefit of the District.	because of the positive economic impacts.			(differential) + reserves			
Hāwera cinema	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Individuals receive high benefit from the provision of the service, which also contributes to the social and leisure fabric of the community.	Fees and charges + general rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Medium	Medium
Housing for the Elderly	Mana Tangata	Users of the service, whole commu nity	Benefit occurs in the year the funding is provided and on-going - current and future tenancies	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Selected individuals receive the greatest benefit from this activity. There is a social benefit to the wider	Fees and charges + general rates and revenue	Grants + borrowings + reserves + asset sales	General rates and revenue	General rates and revenue + borrowings + reserves	Medium - High	Low
Tourism and Events	Mana Oranga	Users of the service, the whole commu nity	Benefit occurs in the year the funding is provided	Visitors, local residents	While the users of these services could be identified and charged, it would be counter- productive to do so, as the Council wants to encourage economic development, tourism and events for the benefit of the District.	Individuals benefit directly from the use of the service and attending events and the wider community benefits from the vibrancy that events bring. The community benefits indirectly through the positive economic impacts.	Fees and charges + general rates and revenue	Borrowings	General rates and revenue + reserves	General rates and revenue + borrowings + reserves	Low	High

Water Services (ring-fenced)												
Eltham Drainage	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	The users of this service can be identified and are charged the full cost of its provision.	The landowners in the Eltham Drainage Area are the only people who benefit from this service.	Targeted rates	Targeted rates	NA	NA	High	Nil
Wastewater	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health reasons.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	High	Low
Water supply - Urban and rural	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health reasons.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	High	Low
Stormwater	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	Separate funding of this activity is not practicable and there is an equal opportunity for ratepayers and residents in areas served by stormwater to benefit.	Individuals in areas served by our stormwater network receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health and safety reasons.	General rates and revenue	General rates and revenue + borrowings + reserves	General rates and revenue	General rates and revenue + borrowings + reserves	High	Low

Revenue and Financing Policy

Our Revenue and Financing Policy provides predictability and certainty about sources of funding and how we recover the costs for our activities. It explains the reasons for various funding methods for our operating and capital expenditure.

We have reviewed the ways we fund our activities, including how we collect rates and, as a result, we are not proposing any significant changes.

Revenue and Financing Policy Considerations

In developing this policy, Council has considered the requirements of Sections 101(3), 102 and 103 of the Local Government Act 2002 (LGA 2002). These requirements state that a local authority has to consider the funding needs of its activities and determine the sources of funding that are most appropriate, having regard to the matters set out in section 101(3) of the Act.

In determining the appropriate funding sources of each activity Council has considered:

- The community outcomes to which an activity primarily contributes;
- The distribution of benefits between the community as a whole, any identifiable part of the community and/or individuals;
- The period in or over which those benefits are expected to occur;
- The extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding an activity distinctly from other activities.

The overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

Section 102(3A)(a) of the LGA 2002 states that a revenue and financing policy must support the principles set out in the Preamble to Te Ture Whenua Māori Act 1993. The principles are:

- The spirit of the exchange of kawanatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed;
- Recognise that land is a taonga tuku iho of special significance to Māori people and, for that reason, to promote the retention of that land in the hands of its owners, their whānau, and hapū, and to protect wāhi tapu;
- Facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whānau, and hapū.

We support these principles through plans, strategies and policies developed with the four rūnanga of South Taranaki – Ngāti Ruanui, Ngāruahine, Taranaki and Ngā Rauru:

- District Plan – supports the protection of wāhi tapu and the coastal protection area, and supports the development of papakainga;
- Property Acquisitions and Disposals Policy – the appropriate rūnanga is approached as a first right of refusal to purchase Council-owned land declared surplus to requirements.
- Remission and Postponement of Rates on Māori Freehold Land Policy – recognises that certain Māori-owned lands have particular conditions, features and/or ownership structures that make it appropriate to provide relief from rates;
- Tangata Whenua Liaison Fund – supports projects and initiatives that develop positive relationships between Tangata Whenua, Council and the South Taranaki community as set out in Te Tiriti o Waitangi;
- He Pou Tikanga, Ngā iwi o te Tai Whakarunga / Council Partnership Strategy – a strategy to provide a partnership framework between ngā iwi and the Council; and
- Urupā maintenance fund – a fund to support iwi with the maintenance of urupā in South Taranaki.

Community Outcomes

Council has identified a set of community outcomes that describe the outcomes it seeks to contribute to through the delivery of infrastructure, services and regulatory functions. These community outcomes help inform Council's decisions about funding and the allocation of costs between beneficiaries and users of services.

- Mana Mauri Creative, diverse communities that enhance the mauri of our people.
- Mana Tangata— Safe, connected communities where people feel happy and proud of where we live.
- Mana Oranga— Flourishing communities with a diverse economy, innovative people and resilient infrastructure.
- Mana Taiao— Sustainable communities that manage resources in a way that improves our environment for future generations.

Each activity description lists the community outcomes it primarily contributes to and highlights why we undertake the activity.

Distribution of Benefits

The distribution of benefits is allocated between the community as a whole, any identifiable part of the community and individuals. Benefits that flow to individuals or groups, where it is possible to identify the user or group and stop the service if the user does not pay, are often described as 'private benefits', and the costs are generally funded on a user-pays basis. 'Public benefits' flow to the whole community when it is not possible to identify the individuals or groups that benefit and the cost of additional people benefiting is small, or the whole community benefits. Most of our activities have a mix of public and private benefits.

We must assess the period over which the benefits flow from each activity. For all of our activities, the operating costs directly relate to the benefits an activity provides during the year of the expenditure. Operating costs are therefore funded annually from annual income including rates, user charges, subsidies and other income.

Capital expenditure creates assets that will produce benefits over their useful lives. These lives range from a few years for office equipment, computers and vehicles to 100 years for some infrastructural assets such as bridges and some pipe networks. The costs of these assets should therefore be funded over the time of benefit. This recognises the concept of intergenerational equity, where each generation pays a share of the value of the asset, while it receives the benefit from that asset. Intergenerational equity is particularly relevant for larger capital assets.

Building financial reserves to fund the capital expenditure required to renew an existing asset is prudent and the interest earned on financial reserves helps to fund the asset replacement. If renewals or replacements occur before the reserve has enough funds, we will use loans to fund the shortfall.

Who Causes the Need for an Activity?

We are required to assess the extent to which each activity exists because of the actions or inactions of an individual or group. This principle, known as the 'exacerbator pays' or 'polluter pays', suggests that costs should be recovered directly from those causing the need for the activity. Examples are parking fines, food licences, pool safety, dog control and trade waste.

Costs and Benefits of Funding Activities

We consider the individual costs and benefits of the funding of each activity, taking into account the consequences for transparency and accountability. Separate funding allows ratepayers to assess whether the

activity represents good value to them. For some activities, the costs of collecting user charges would be more than the revenue collected, so a number of activities are funded entirely from rates.

The Long Term Investment Fund rates subsidy is deducted from each activity's expenditure prior to the allocation between funding sources. In that respect the Long Term Investment Fund is not considered general revenue.

Overall impact of funding decisions

In determining the appropriate mix of funding sources, Council considered the overall impact of funding decisions on current and future ratepayers and communities, including the following matters:

- What is the likely impact of the mix of funding sources on ratepayers on fixed incomes (affordability)?
- Would the policy act as a barrier for individuals in the community to access the activity?
- What incentives would the policy create for growth and development within the District?
- How is the burden of funding distributed across different sectors of the community?
- Would the policy support people to conserve scarce resources, avoid environmentally unfriendly activities and preserve our natural heritage?
- Would the policy support the community to participate in recreational and cultural activities and preserve our historical and other cultural heritage?
- Council must comply with an upcoming rates cap of between 2% - 4%.

Financial Management

The LGA 2002 requires us to ensure that each year's projected operating revenues equal the year's operating expenses (a balanced budget). Despite this requirement, Section 100(2) of the LGA 2002 allows us to set projected operating revenues at a level that does not achieve a balanced budget if we believe it is financially prudent to do so, for example, to fund a previous or future year's deficit or to repay debt.

Other Legal Requirements

While the Revenue and Financing Policy is governed by the LGA 2002, other legislation is relevant for determining appropriate funding mechanisms, including:

Local Government (Rating) Act 2002

This Act sets out legal requirements for rating. It covers who is liable to pay rates, what land is rateable, what kinds of rates may be set and how they are set, the valuation systems that may be used and the various rating mechanisms available, such as targeted rates. It also sets a number of limits. For example, all rates set as a uniform fixed amount, including the Uniform Annual General Charge but excluding uniform rates for water or wastewater, may not exceed 30% of the total rates revenue.

Other Legislation

Several Acts, such as the Sale and Supply of Alcohol Act 2012, set out statutory fees for various types of regulatory services and these may not be exceeded. Where fee setting is up to the Council, there is often a general legal requirement to be "fair and reasonable".

Water Services Act 2023

Water services are subject to specific legislative and regulatory requirements that influence how these activities are funded and managed. Council operates water supply, wastewater and stormwater activities on a ring-fenced basis, with revenue and expenditure for these services separately identified and managed. Revenue collected for water services is used to fund the operation, maintenance, renewal and development of water infrastructure, as well as any associated borrowing and financing costs. Ring-

fencing supports transparency, accountability and the long-term financial sustainability of these essential services.

Resource Management Act 1991 (RMA 1991)

The Resource Management Act 1991 is expected to be replaced by new resource management legislation. Council is currently participating in regional work to prepare for the development of a Regional Spatial Plan and the transition to the new planning system. These changes may result in additional costs over the term of this Long Term Plan, including policy and plan development, technical studies, regional collaboration arrangements, staff training, legal and specialist advice, digital system upgrades, data management, and implementation of new statutory requirements. Council will continue to monitor legislative developments and will review its funding approaches, including the use of development or financial contributions, as the new system is implemented.

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Funding Sources

- The sources of funding available to the Council are: General rates, including:
 - Choice of valuation system
 - Differential rating; and
 - Uniform Annual General Charge
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowing
- Proceeds from asset sales
- Development contributions
- Financial contributions under the RMA 1991
- Grants and subsidies Any other sources

Operating Expenditure

Expenditure on our day-to-day operations is operating expenditure and includes overheads, which are costs not directly attributed to any of the activities, for example support services like Financial Services, Information Services and People and Capability. Operating expenditure is funded from a variety of sources:

General Rates

General rates are charged as a set amount per dollar of the capital value of most properties in the District (some are non-rateable). The Council will continue the capital value rating system for general rates, rather than land value and more targeted rates. This is because the capital value rating system is considered to provide a fair and equitable approach to allocating rates, ensuring that the contribution made by each property broadly reflects its relative value within the district.

Differentials are a tool for altering the incidence of rates. Setting a differential rate does not increase the rating income; it merely allocates the rates requirement in a different way from a pure value-based system. We are not proposing to apply a differential to the general rate.

Uniform Annual General Charge (UAGC)

We assess a UAGC as a fixed amount on each separately used or inhabited part of a rating unit. The UAGC part-funds a range of activities, such as democracy and leadership, arts and culture, community development, environmental sustainability and emergency management.

Targeted Rates

Targeted rates can be assessed on property, including on the basis of use, the area of land, its location and value and the provision or availability of Council services. Targeted rates may be applied as a uniform annual charge on capital or land value, or differentially for different types of property uses. We may also apply targeted rates to fund any part of the cost of activities that benefit identifiable groups in the District.

We charge targeted rates for:

- Water
- Wastewater
- Charge based on number of toilets connected to wastewater system in commercial properties (*subject to consultation*)
- Stormwater (*currently charged under general rates - subject to consultation*)
- Roothing
- Kerbside refuse collection services
- Eltham Drainage
- Hāwera Business Rate for town promotion
- Forestry Rate (*subject to consultation*)

Voluntary Targeted Rates

We have a voluntary targeted rate for property owners who benefit from the installation of insulation that we provide under the Warmer Homes Scheme. The Council resolved in June 2023 to discontinue the scheme as a result of changes to the Credit Contracts and Consumer Finance Act 2003. Property owners that are currently part of the warmer homes scheme will continue to pay their loans as per their agreements with the Council.

Fees and Charges

We apply fees and charges to recover either the full or part cost of a variety of services we provide, such as building consents, the provision of utility connections and vehicle crossings.

Interest and Dividends

We sold Egmont Electricity Limited in 1997 and invested the proceeds in a Long Term Investment Fund. We have allocated \$4.22 million each year from interest earned on the Fund towards subsidising general rates, UAGC and the roading rate.

An annual draw down of 1.73 million to service loans for specified community projects, and .076 million to fund Hāwera town centre upgrade and Earthquake Prone Building Projects and related loan servicing costs.

Grants and Subsidies

We receive subsidies from Waka Kotahi New Zealand Transport Agency that cover a proportion of the capital and maintenance costs of our roading network.

Any Other Sources

Special funds have either been received from a third party to be used in a specific way (restricted funds) or are tagged to be applied for a specific purpose or area of benefit (non-restricted funds).

Capital Expenditure

We categorise our capital expenditure projects as renewals, extending level of service or growth-related projects.

Renewal Projects

Renewal projects restore or replace components of an asset or the entire asset to meet the designed level of service (to return it to its original size, condition or capacity). These projects will be funded from capital reserves built up from funded depreciation. Where the reserve is not sufficient to meet the programmed renewals, loans will be utilised and repaid from a contribution from the reserve that best fits intergenerational equity and/or the operational funding sources for the particular activity, as per this policy.

Extending Level of Service Projects

Extending level of service projects create new assets or alterations to existing assets that mean a higher level of service is delivered. These projects will be funded by loans and repaid from the operational funding sources.

Growth-related projects

Growth-related projects involve the creation of new assets or the expansion of existing infrastructure and services to meet increasing demand arising from population growth, development, or changes in service needs. Funding may be sourced from development-related contributions, financial contributions where applicable, borrowing, reserves, grants, subsidies, rates or other funding sources, depending on the nature of the project and the legislative framework in place at the time.

Sources of funding for Capital Expenditure

Capital expenditure is expenditure on assets that provide benefits over multiple years, including the renewal of existing assets, the creation of new assets and projects that increase levels of service or accommodate growth. The following funding sources are normally used for each category of capital expenditure. Any alternative funding sources are specifically approved by Council.

Borrowing

We will not borrow to fund operational expenditure unless short term reasons justify this as an interim solution. When funding projects by debt, we spread the repayment over several years to enable us to match charges placed on the community with the period of benefits from the capital expenditure.

Borrowing is managed within the framework specified in the Liability Management Policy. While minimising interest costs and financial risks associated with borrowing is of primary importance, we match the borrowing term with the average life of assets when practical. Our overall borrowing requirement is reduced when other funds are available to finance capital expenditure, such as:

- Council financial reserves, including reserves comprising financial contributions.
- Contributions towards capital expenditure from other parties, such as Waka Kotahi New Zealand Transport Agency for certain roading projects.
- Revenue collected to cover depreciation charges.
- Proceeds from the sales of assets.
- Operating surpluses.

Financial Contributions under the Resource Management Act

Council require development-related contributions or financial contributions where authorised by legislation and Council policy. These mechanisms help ensure that growth-related costs are funded, where appropriate, by those creating the demand for additional infrastructure, reserves or community facilities.

Grants and Subsidies

We receive subsidies from Waka Kotahi New Zealand Transport Agency that cover a proportion of the capital and maintenance costs of our roading network.

Any Other Source

Special funds have either been received from a third party to be used in a specific way (restricted funds) or are tagged to be applied for a specific purpose or area of benefit (non-restricted funds).

Assets

We own, on behalf of the community, assets worth about \$1.068 billion. The majority are required to deliver the services the community requires of us; for example, the pipes, pumps and monitoring equipment of our water supply network are essential to provide the community with the water supply service it needs and expects.

Our property portfolio has been categorised into:

- Vital to the provision of a Council service or function
- Advantageous to own; or
- Surplus to requirements.

We are identifying properties that no longer have any strategic purpose or public benefit or where the use of sale proceeds would be of greater benefit to the community. Proceeds from asset sales will in the first instance go to repay debt that may be associated with the asset. If the asset is to be replaced with a similar asset or one built to provide for a similar purpose in the foreseeable future (1 - 2 years), the sale proceeds will be held in trust to pay for the new asset's creation. Wherever the sale proceeds are greater than the known debt or the replacement cost of the 'like' asset, the surplus will be made available to the Long Term Investment Fund.

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Depreciation

Our policy for funding the depreciation of non-strategic assets is to fund a proportion that allows for the renewal of components, rather than funding the depreciation for total replacement of the asset. As an example, buildings will have roofs and other components replaced to ensure the full useful life of the structure can be achieved, but no funds will be built up to replace the structure. We consider it is not prudent to build up reserves (and increase rates from this generation) for the ultimate replacement of these assets, which for the most part will be in 30 - 50 years' time, when it is unknown if these types of assets will be wanted by future generations. We have taken into account the current global economic climate and our significant debt programme when considering the funding of depreciation.

Notes to be included in revenue and financing spreadsheet.

Note: Three waters activities are included for year one of the Long term Plan.

The table above indicates the range of public or private good based on the following descriptors:

Descriptor	Range	
High	80%	100%
Medium to High	60%	80%
Medium	40%	60%
Low to Medium	20%	40%
Low	0%	20%

A "High" public good would indicate that the expenditure for that activity likely meets the criteria of a public good on a percentage basis between 80% and 100%.

		Who Benefits?					Funding Sources Private		Funding Sources Public			
	Community Outcomes	Who Benefits	Period of benefit	Whose actions create the need	Costs vs Benefits	Rationale	Operational	Capital	Operational	Capital	Private %	Public %
Adaption and Emergency Management												
Coastal Structures (rock walls, Patea moles, sand clearing, stabilisation)	Mana Tangata	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Local people and visitors who want to access the sea and the coast	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the provision of the service and there are social benefits to the community through access to beaches and the sea.	General rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Emergency Management	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	This activity is about preparedness for a disaster and is a high public good.	N/A	Borrowings	General rates and revenue	Borrowings	Low	High
Environment and Sustainability	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	This activity is a high public good as it focuses on improving environmental sustainability across the District.	N/A	N/A	General rates and revenue	General rates and revenue + grants	Low	High
Environmental Policy	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of these activities is not practicable and there is an equal benefit to all ratepayers and residents.	This activity is a high public good because it sets the overall framework for development within the District.	Fees and charges	N/A	General rates and revenue + borrowings	N/A	Low	High
Community and Recreational Facilities												

Cemeteries	Mana Tangata	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Individuals receive a high public health benefit from provision of this service although it also has a reserve function and useful historic value.	Fees and charges + bequests	Fees and charges + borrowings + financial contributions + bequests	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Medium
Coastal Structures (Access-ways only)	Mana Tangata	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Local people and visitors who want to access the sea and the coast	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the provision of the service and there are social benefits to the community through access to beaches and the sea.	General rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Heritage (Museum)	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Museum users can be identified and could be charged, but the Council feels there is a high public benefit in making entry freely available.	There are the wider benefits of education, retention of heritage and community identity, while individuals benefit from the displays and information.	Fees and charges + general rates and revenue + grants	N/A	General rates and revenue	Borrowings + reserves	Low	High
LibraryPlus	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals receive high benefit from the use of this service and its availability has a wider social benefit to the community.	Fees and charges + general rates and revenue	Grants + bequests + borrowings	General rates and revenue + investment income	Reserves + borrowings + general rates and revenue	Low	High

Public Toilets	Mana Tangata	Users of the service , whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service	The costs of charging users would greatly exceed the revenue collected and there is a public benefit in providing toilets	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for sanitary reasons.	General rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Medium	High
Halls	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service can be identified and are charged, there is some public benefit from its provision	Individuals receive high benefit from the use of the service; however, there are social benefits to the community in the availability of these facilities.	Fees and charges + general rates and revenue	Grants + Surpluses from Rentals + Donations + Borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Low	High
Recreation Centres (Including TSB Hub)	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service can be identified and are charged, there is some public benefit from its provision	Individuals receive high benefit from the provision of the service and there are social and economic benefits to the community.	Fees and charges + general rates and revenue + grants and sponsorship	Grants + surpluses from rentals + donations + borrowings	General rates and revenue + grants	Borrowings + reserves + grants + investment	Low	High
Swimming Pools - Aquatic Centre	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	Users are charged for this service but not the full cost in recognition of the public benefit.	Individuals receive high benefit from the use of the service and there is a wider community benefit in its availability for social reasons. The Aquatic Centre provides a higher level of service, which is partly recovered by fees and charges.	Fees and charges + general rates and revenue + grants	Grants + surpluses from rentals + donations + borrowings	General rates and revenue + interest	Borrowings + reserves + grants + investment	Low to Medium	High

Swimming Pools - Rural Pools	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided	Users of the service	Users are not charged for this service in recognition of the public benefit of providing swimming pools in our smaller communities.	Individuals receive benefit from the use of the service and there is a wider benefit to the community in the free availability of this service for recreational purposes.	General rates and revenue	Grants	General rates and revenue	General rates and revenue + borrowings + reserves	Low to Medium	High
Governance, planning and reporting												
Audit and Risk, Customer Services, Information Services, People and Capability	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the services , the whole community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding of this activity is not practicable and there is an equal benefit to all ratepayers and residents.	The public good component of this activity reflects that it contributes to the open, transparent and accountable democratic process of local government.	Overhead recoveries	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings	Low	High
Democracy and Leadership	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Whole Community	Benefit occurs in the year the funding is provided and on-going	N/A	Separate funding for this activity is not practicable and there is an equal benefit to all ratepayers and residents.	The public good component of this activity reflects that it contributes to the open, transparent and accountable democratic process of local government and supports elected members to be effective decision-makers.	N/A	N/A	General rates and revenue. + Interest and dividends. + Reserves. + Fees and charges.	General rates and revenue. + Interest and dividends. + Borrowings and reserves.	High	Low
Parks and Reserves												
Holiday Parks	Mana Tangata	Users	Benefit occurs in the year the funding is provided and on-going	Visitors to the District	Users are charged for these service but not the full cost in recognition of the public benefit.	Individual visitors receive high benefit from the provision of the service and there are economic benefits to the community.	Fees and charges	Grants + surpluses from rentals	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Low to Medium

Parks, Reserves , Sports-grounds and Public Spaces	Mana Tangata	Whole community, sports-ground users	Benefit occurs in the year the funding is provided	N/A, sportsground users	Separate funding of this activity is not practicable and there is an equal opportunity for all ratepayers and residents to benefit.	Individuals have a private benefit from the availability of parks, reserves, sportsgrounds and public spaces. There is also a significant public benefit in the availability of these services.	Fees and charges + general rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Low	High
Public Regulatory Services												
Animal Services	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	Within the activity there is a high degree of public benefit, but the costs are influenced by the people who create the need for the service.	Fees and charges	Fees and charges + borrowings + reserves	General rates and revenue	General rates and revenue + borrowings + reserves	Medium to High	Medium
Building Control	Mana Tangata, Mana Taiao	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service - applicants for building consents and those doing building work	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	There is a high level of private benefit to the applicant and some public benefit.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	Medium - High	Low - Medium

Environmental Health - Licensing, Alcohol and Gambling	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Users and providers of these activities and services, Government	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	These activities have a high public good through the protection of public health and well-being.	Fees and charges	N/A	General rates and revenue	N/A	Low to Medium	Medium to High
Nuisance Control (Noise)	Mana Tangata, Mana Taiao	The whole community	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	This activity has a high public good through public protection.	Fees and charges	N/A	General rates and revenue	N/A	Low	High
Planning	Mana Tangata, Mana Taiao	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service - applicants for resource consents and developers	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	There is a high level of private benefit to the applicant and some public benefit from sustainable development.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	Low to Medium	Medium to High
Roading and transport												

Parking Control	Mana Tangata, Mana Taiao	The whole community, CBD retailers	Benefit occurs in the year the funding is provided	Community members that do not comply with bylaws and other controls	Users are charged for these services but the full costs are not recovered in recognition of the fact that some public benefit is derived from each activity.	This activity has a high public good by creating the availability of carparks. There are some benefits for retailers within the CBDs, but the costs are influenced by the people who create the need for the service.	Fees and charges	N/A	General rates and revenue	Borrowings + reserves	High	Low
Regional Road Safety	Mana Oranga	Whole community	Benefit occurs in the year the funding is provided and on-going	Road users	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Road safety is mostly for the greater public good. Training and events are provided and negative effects can result if these events are not attended by key audiences.	Fees and charges + general rates and revenue	Fees and charges + general rates and revenue	General rates and revenue	General rates and revenue	Low	High
Subsidised	Mana Oranga	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going - the service is available for current and future generations	Users of the service	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Individuals benefit directly from the use of the service and the community benefits from the provision of the service.	Grants/ subsidies + targeted rates (differential) + fees and charges + financial contributions + other contributions	Grants/ subsidies + targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + investment income + general rates and revenue + reserves	General rates and revenue + targeted rates (differential) + borrowings + reserves	High	High

Non-subsidised	Mana Oranga	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going - the service is available for current and future generations	Users of the service	User charges for these activities are not practicable and there is an equal benefit to all ratepayers and residents.	Individuals benefit directly from the use of the service and the community benefits from the provision of the service.	Targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + fees and charges + financial contributions + other contributions	Targeted rates (differential) + general rates and revenue + reserves	Targeted rates (differential) + general rates and revenue + borrowings + reserves	High	High
Waste management and minimisation												
Disposal	Mana Taiao	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going	Users of the service who generate waste	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	This activity benefits individuals, but there is also a higher public interest to provide this service as it contributes to long term sustainability.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	Medium to High	Low to Medium
Kerbside Collection	Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided	Users of the service who generate waste	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	This activity benefits individuals; however, it is also in the public interest to provide this service.	Fees and charges + targeted rates (differential)	N/A	General rates and revenue + targeted rates	N/A	High	Low
Other Activities												
Arts	Mana Mauri	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Users of the service	While the users of this service could potentially be identified and charged, the costs would outweigh the public benefits.	The community receives the benefit of this activity together with individuals who are able to enhance their skills through this process.	Fees and charges + general rates and revenue	N/A	General rates and revenue	N/A	Low	High
Community Support	Mana Tangata	The whole community	Benefit occurs in the year the	N/A	Separate funding of these activities	The public good component of this	N/A	N/A	General rates and	General rates and	Low	High

			funding is provided		is not practicable and there is an equal benefit to all ratepayers and residents.	activity recognises the contribution made by organisations and groups within the community and offers a helping hand in appreciation of this voluntary contribution in the way of grants. The civil ceremonies and recognition awards contribute to the social and cultural well-being of the community.			revenue + reserves	revenue + borrowings + reserves		
Corporate Property	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of this service	Users are charged for this service but some are not charged the full cost in recognition of the public benefit.	Individuals receive high benefit from the use of sundry Council properties. This activity also manages a small number of properties used for community good by not-for-profit organisations.	Fees and charges + general rates and revenue	General rates and revenue + borrowings	General rates and revenue	General rates and revenue + borrowings + asset sales + reserves	High	Low
Economic Development	Mana Oranga	Users of the service, the whole community	Benefit occurs in the year the funding is provided and on-going	People wishing to establish or expand businesses, and local residents	While the users of these services could be identified and charged, it would be counter-productive to do so, as the Council wants to encourage economic development, tourism and events for the	Individuals benefit directly from the use of the service and the community indirectly benefits because of the positive economic impacts.	Fees and charges + targeted rates	N/A	General rates and revenue + targeted rates (differential) + reserves	Borrowings + reserves	Low	High

					benefit of the District.							
Hāwera cinema	Mana Tangata	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Individuals receive high benefit from the provision of the service, which also contributes to the social and leisure fabric of the community.	Fees and charges + general rates and revenue	Grants + borrowings	General rates and revenue	General rates and revenue + borrowings + reserves	Medium	Medium
Housing for the Elderly	Mana Tangata	Users of the service, whole community	Benefit occurs in the year the funding is provided and on-going - current and future tenancies	Users of the service	Users are charged for these service but not the full cost in recognition of the public benefit.	Selected individuals receive the greatest benefit from this activity. There is a social benefit to the wider	Fees and charges + general rates and revenue	Grants + borrowings + reserves + asset sales	General rates and revenue	General rates and revenue + borrowings + reserves	Medium - High	Low
Tourism and Events	Mana Oranga	Users of the service, the whole community	Benefit occurs in the year the funding is provided	Visitors, local residents	While the users of these services could be identified and charged, it would be counter-productive to do so, as the Council wants to encourage economic development, tourism and events for the benefit of the District.	Individuals benefit directly from the use of the service and attending events and the wider community benefits from the vibrancy that events bring. The community benefits indirectly through the positive economic impacts.	Fees and charges + general rates and revenue	Borrowings	General rates and revenue + reserves	General rates and revenue + borrowings + reserves	Low	High
Water Services (ring-fenced)												
Eltham Drainage	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	The users of this service can be identified and are charged the full cost of its provision.	The landowners in the Eltham Drainage Area are the only people who benefit from this service.	Targeted rates	Targeted rates	NA	NA	High	Nil

Wastewater	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health reasons.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	High	Low
Water supply - Urban and rural	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	While the users of these services can be identified and are charged, the full cost is not recovered as there is some public benefit from their provision.	Individuals receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health reasons.	Fees and charges + general rates and revenue + targeted rates (differential)	Fees and charges + targeted rates (differential) + borrowings + reserves + external contributions	General rates and revenue + targeted rates	General rates and revenue + targeted rates + borrowings + reserves	High	Low
Stormwater	Mana Mauri, Mana Tangata, Mana Oranga, Mana Taiao	Users of the service	Benefit occurs in the year the funding is provided and on-going	Users of the service	Separate funding of this activity is not practicable and there is an equal opportunity for ratepayers and residents in areas served by stormwater to benefit.	Individuals in areas served by our stormwater network receive high benefit from the use of the service and there is a wider benefit to the community in the availability of this service for public health and safety reasons.	General rates and revenue	General rates and revenue + borrowings + reserves	General rates and revenue	General rates and revenue + borrowings + reserves	High	Low

Regulations for groups of activities for councils' planning and reporting

Consultation on draft guidance

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What we are asking of you

We seek your feedback on draft guidance that sets out how councils must report on the regulated groups of activities for planning and reporting.

We are interested in knowing if there is information that we could include as part of our guidance that would be helpful for you.

A feedback form can be found at **Appendix B** at the end of this document. Please send us any feedback you have by **5.00pm Friday, 31 July 2026** to LGdata@mcert.govt.nz

Your feedback will help shape the guidance that we publish. It will also help ensure that the data produced for communities is robust and consistent.

7

What are we doing?

The Government is setting the same groups of activities for all councils' planning and reporting in long-term plans, annual plans and reports. This means that councils across the country will be reporting on a consistent and comparable set of groups of activities in their 2027–37 long-term plans and subsequent annual reports and plans. As is currently required, funding impact statements must be produced for each group of activities, meaning data is audited and quality assured.¹

This change enables a consistent and robust data set to be built that will shine a light on the wide range of services, facilities and functions that councils provide for their communities and how much these things cost.

The Local Government (Local Authority Reporting) Amendment Regulations 2026 replaces references to groups of activities in the Local Government Act 2002. This change is enabled by the Local Government (System Improvements) Bill and promotes more transparency and better measurement and public reporting of council performance.

Why are we doing this?

Up until now, alongside the five mandatory groups (three waters, flood protection and roading and footpaths), councils have determined their own groups of activities.² The resulting variety of reporting has led to a lack of visibility for communities to understand how their council is performing for these other activities, especially in comparison to neighbouring or similar councils. This change aims to simplify reporting to improve the operations of local government.

¹ As per Schedule 10 of the Local Government Act 2002.

² Councils report to their communities as they see fit under the Local Government Act 2002. Councils also report to various government agencies as part of their statutory functions. Water supply, wastewater and stormwater are now reported on under the Local Government (Water Services) Act 2025.

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The Ministry of Cities, Environment, Regions and Transport is centrally reporting a selection of council performance measures on its [website](#) based on data gathered from annual plans and reports, long-term plans and from other agencies' sources. We are building a system similar to that in New South Wales, which reports a broad range of data. In July 2025 the first publication included data about debt, rates, capital and operational expenditure. Data collected from the proposed expanded range of standard groups of activities will expand the metrics that are able to be published and better reflect the range of services, facilities and functions that councils undertake. undertake.

Establishing a more consistent reporting framework will support better data quality for the operation of the rates capping regulatory system. It will also improve the Office of the Auditor General's auditing function, contribute to the future Ministry of Cities, Environment, Regions and Transport's local government stewardship function and assist the Infrastructure Commission's analysis and advisory role.

We also understand having consistent groups of activities may help councils see how other similar councils are tracking, in terms of contract management and service delivery, for example.

Eight standard groups of activities for all councils

Cabinet has approved the following eight groups of activities.³ We have developed these groups with criteria in mind and in consultation with a working group, made up of council experts, Taituarā and Local Government New Zealand. The primary aim was to create groups of activities that would aid communities' understanding of councils' operations and spending. We also sought to limit the number of groups, update some categories, and create flexibility in the groups given the level of reform happening in the sector.

The eight groups of activities are:

- adaptation and emergency management
- community and recreational facilities
- governance, planning and reporting
- parks and reserves
- public regulatory services
- roading and transport
- waste management and minimisation
- other.

Alongside the regulations, DIA is publishing guidance that will provide clarity and certainty on the new groups. Draft guidance can be found at **Appendix A**. Here you will find details of the activities that must be recorded in each group.

³ The proactive release of Cabinet materials can be found here: [Proactive Releases - dia.govt.nz](https://proactive.releases-dia.govt.nz)

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Appendix A: Draft guidance

Purpose of guidance

This guidance sets out how councils must report on the eight groups of activities set in regulations. The purpose is to ensure that new groups of activities are reported on as consistently as possible to produce accurate and reliable data.

Table of groups of activities with associated activities

This table sets out which activities must be recorded in each group.

#	Group of activities	Activities and description
1	Adaptation and emergency management	Adaptation actions, including flood protection, and emergency management. Implementation of National Adaptation Framework: coastal protection, flood protection and control works, other adaptation and climate-related planning and actions e.g. drought and fire protection; emergency planning and management. The adaptation and emergency management group should be reserved for expenses that do not directly align with other activities. For example: flood protection, slope stabilisation warning systems should be included in this category. Improvements or upgrades to accommodate climate impacts, such as road elevations, upsizing of stormwater pipes to accommodate deluges and water reservoirs to accommodate dryer periods, should be recorded against the activities to which they most directly relate.
2	Community and recreational facilities	Libraries, museums, galleries, other recreational and sport facilities, including swimming pools, community, heritage and village halls, community centres, stadia, marine recreational facilities. Cemeteries and crematoria, public toilets.

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#	Group of activities	Activities and description
3	Governance, planning and reporting	Council, committees, and financial matters related to the elected council and community boards, corporate services. Includes long-term plans, annual plans and reports, infrastructure and management strategies, district and regional plans, urban planning, financial and funding strategies, reporting on CCOs community and economic development plans, water services strategies, iwi liaison, marketing and communications, and the development and review of bylaws and other council policies.
4	Parks and reserves	Parks and reserves and all associated land-based activities. This may include sports fields and changing rooms, mountain biking tracks, car parks, playgrounds, walking tracks, plant collections, and camping grounds. Community facilities located on reserve land for the purpose of using the reserve, for example: public toilets, clubrooms and pavilions, are included in this group. Community facilities, not part of the use of the reserve or park such as community centres, indoor sports centres, swimming pools, and crematoria, should be recorded as part of the 'community and recreational facilities' group.
5	Public regulatory services	Public services and activities related to the performance of regulatory functions, including environmental protection. Building control, resources consent/planning compliance, environmental health, animal and dog control, bylaw enforcement, alcohol licensing, hazardous substances/nuisance complaints, marine safety, LIMS and LGOIMA information requests. Air and water quality, pest and plant management, biodiversity and biosecurity, management of land for environmental protection purposes, partnerships with iwi Māori for land management decisions.

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#	Group of activities	Activities and description
6	Roading and transport	Provision, management, renewal, and upkeep of the local road network, including roads, footpaths, bridges, traffic controls, and roadside drainage. Includes routine works, inspections, vegetation control, drainage cleaning, minor repairs, response to weather events. Planning, construction, maintenance, and management of roads and related transport infrastructure. Actual road operation handled by councils. Public transport: rail, bus, ferry, tram. On-road parking and council-owned carparks and carparking buildings (including those managed by others). Abandoned vehicles.
7	Waste management and minimisation	Street and roadside rubbish bins and recycling. Kerbside rubbish collection. Recycling centres, aftercare of landfill sites, landfill operations, reusable materials depots, recycling collection and recovery. Kerbside organic collection, transport, composting and re-use.
8	Other activities	Community and economic development, grants (not related directly to another activity), sustainability, international relations, events and festivals, forestry, social housing, commercial and heritage property, community safety, tourism.

How to determine which group an activity belongs in

We acknowledge it may be easier to determine the correct reporting group for some activities than others and that there can be complex arrangements for some assets. However, it is important for the quality of the data presented to communities that reporting is as consistent and accurate as possible.

We suggest the taking the following steps to determine the group in which an activity should be recorded:

- Check the index that follows and search alphabetically for the activity.

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- Determine the primary function or use of an asset or facility. For a mixed-purpose facility or asset, such as a reserve with stormwater infrastructure or a road with stormwater provision, its primary function determines its group.
- Bunch the services that support an activity together as much as possible. For cross-council support services, such as HR, IT, finance, iwi liaison. Where these activities support specific activities, they should be recorded against the activity to which they most directly relate. Otherwise, they should be recorded as 'governance, planning and reporting'.

Examples for recording activities

Clubrooms or pavilion on a park or reserve. They should be reported as part of 'parks and reserves' because their primary use is to support sports that are played at the park, even though they may be used for other purposes.

An airport has property leases on adjacent land. It should all be reported on in the 'roading and transport' group to avoid splitting groups.

Notes on groups and activities

- The 'other activities' group is designed to be used for activities that are not considered core services. The Local Government (System Improvements) Bill sets out the core services councils must consider in performing their role. These are: network infrastructure, public transport services, waste management and minimisation, civil defence emergency management, libraries, museums, reserves and other community and recreational facilities.
- The adaptation and emergency management group should be reserved for expenses that do not directly align with other activities. For example: flood protection, and slope stabilisation warning systems should be included in this group. Improvements or upgrades to accommodate climate impacts, such as road elevations, upsizing of stormwater pipes to accommodate deluges and water reservoirs to accommodate dryer periods, should be recorded against the activities to which they most directly relate.
- Note that flood protection is now part of the 'adaptation and emergency management' group.
- The group 'community and recreational facilities' is largely focused on buildings and their upkeep.
- Three waters are reported on under waters services legislation now and are no longer groups of activities.

Councils are permitted to set additional groups of activities

Regulations permit councils to set their own groups of activities. These must be in addition to the eight groups and also be recorded as appropriate in one of the eight groups. This will ensure consistency across all councils' reporting. For example, a council running hot pools as a group of activities, would also need to record the hot pools in the 'community recreational facilities' group.

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Index of activities and their groups

Term or type of activity	Activity group to record it under
Adaptation measures	Adaptation and emergency management
Aftercare of landfill sites	Waste management and minimisation
Air quality	Public regulatory services
Airports	Roading and transport
Alcohol licensing	Public regulatory services
Animal control	Public regulatory services
Aquatic facilities/centres	Community and recreational facilities
Biodiversity	Public regulatory services
Biosecurity	Public regulatory services
Botanical gardens	Parks and reserves
Building control	Public regulatory services
Business promotion	Other
Bus transport	Roading and transport
Bylaw enforcement	Public regulatory services
Camping grounds	Community and recreational facilities or parks and reserves if on reserve land.
Car parks	Roading and transportation
Cemeteries	Community and recreational facilities
City planning	Governance, planning and reporting
Civil defence	Adaptation and emergency management
Climate-related planning or actions (e.g. drought and fire protection)	Adaptation and emergency management
Commercial property	Other
Communications	Other
Community advocacy/support	Other
Community boards	Governance, planning and reporting
Community centres	Community and recreational facilities
Community development	Other
Community plans	Governance, planning and reporting
Community property	Other
Community safety	Other
Contaminated sites	Public regulatory services
Council committees	Governance, planning and reporting
Council managed carparks	Roading and transport
Council support services	Governance, planning and reporting
Crematoria	Community and recreational facilities
Democratic support	Governance, planning and reporting
Debris disposal during emergency recovery	Adaptation and emergency management or waste management and minimisation
Dog control	Public regulatory services
Dog registration	Public regulatory services
District plans	Governance, planning and reporting
Economic development	Other

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Economic development plans	Governance, planning and reporting
Elections	Governance, planning and reporting
Emergency and disaster management	Adaptation and emergency management
Environmental health	Public regulatory services
Environmental protection	Public regulatory services
Events and festivals	Other
Ferry transport	Roading and transport
Financial matters related to elected members of council or boards	Governance, planning and reporting
Financial strategies	Governance, planning and reporting
Flood protection and control works	Adaptation and emergency management
Forestry	Other
Funding strategies	Governance, planning and reporting
Galleries	Community and recreational facilities
Grants	Other
Government mandatory reporting requirements	Governance, planning and reporting
Halls (community, heritage and village)	Community and recreational facilities
Hazardous substances	Public regulatory services
Heritage property	Other
Indoor sports centres	Community and recreational facilities
Infrastructure strategies	Governance, planning and reporting
International relations	Other
Iwi liaison	Governance, planning and reporting
Kerbside rubbish, recycling and organic collection	Waste management and minimisation
Land and soil management	Public regulatory services
Landfill operations	Waste management and minimisation
Libraries	Community and recreational facilities
LGOIMA information requests	Public regulatory services
LIMS requests	Public regulatory services
Liquor licensing	Public regulatory services
Logging	Other
Long-term plans	Governance, planning and reporting
Marine recreational facilities	Community and recreational facilities
Marine safety	Public regulatory services
Marketing	Other
Management strategies	Governance, planning and reporting
Museums	Community and recreational facilities
Nuisance complaints	Public regulatory services
On road parking	Roading and transport
Operations of all public service transport infrastructure	Roading and transport
Parking buildings (including council owned, but not operated)	Roading and transport
Parking services	Roading and transport

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Parks (and associated land-based functions)	Parks and reserves
Passenger transport (rail, bus, ferry and others)	Roading and transport
Pest and plant management	Public regulatory services
Planning compliance	Public regulatory services
Playgrounds	Community and recreational facilities
Pools	Community and recreational facilities
Public toilets	Community and recreational facilities (unless located in a public reserve)
Public transport construction	Roading and transport
Public transport services	Roading and transport
Rail passenger transport	Roading and transport
Recreational facilities	Community and recreational facilities
Recycling collection and recovery	Waste management and minimisation
Refuse collection and disposal	Waste management and minimisation
Regional plans	Governance, planning and reporting
Reserves (and associated land-based functions)	Parks and reserves
Resource consents	Public regulatory services
Resource management planning	Governance, planning and reporting
Resource recovery centres	Waste management and minimisation
Reusable materials depots	Waste management and minimisation
Roading construction	Roading and transport
Roading maintenance	Roading and transport
Roading operations	Roading and transport
Rural fire service etc	Adaptation and emergency management
Social and research grants	Other
Social housing	Other
Soil management	Public regulatory services
Sport facilities (e.g. stadiums)	Community and recreational facilities
Sustainability	Other
Tourism	Other
Tram transport	Roading and transport
Transfer stations	Waste management and minimisation
Transport planning	Roading and transport
Urban planning	Governance, planning and reporting
Waste collection	Waste management and minimisation
Waste disposal	Waste management and minimisation
Water services strategies	Governance, planning and reporting
Zoological gardens	Community and recreational facilities

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Appendix B: Feedback table

Please return this form by **5pm 31 July 2026** to LGdata@mcert.govt.nz if you have feedback.

Specific examples are the most useful feedback for us to receive. For example, if you think an activity has been misplaced, please tell us where you think it should be instead. Or if there is a specific example that you would like guidance on, please let us know.

1	Feedback on the draft guidance
a)	Are there any activities missing from the list that should be added?
b)	Are there activities that you think have been mis-grouped/belong in another group from where they've been allocated?
c)	Is there further information that DIA could provide that would be helpful?
d)	Any other comments?
2	Reporting on recovery costs
	Should costs associated with the disposal of debris during emergency recovery be recorded against the 'adaptation and emergency management' category or as part of 'waste management'?

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#	Group of activities	Activities and description
1	Adaptation and emergency management	Adaptation actions, including flood protection, and emergency management. Implementation of National Adaptation Framework: coastal protection, flood protection and control works, other adaptation and climate-related planning and actions e.g. drought and fire protection; emergency planning and management. The adaptation and emergency management group should be reserved for expenses that do not directly align with other activities. For example: flood protection, slope stabilisation warning systems should be included in this category. Improvements or upgrades to accommodate climate impacts, such as road elevations, upsizing of stormwater pipes to accommodate deluges and water reservoirs to accommodate dryer periods, should be recorded against the activities to which they most directly relate.
2	Community and recreational facilities	Libraries, museums, galleries, other recreational and sport facilities, including swimming pools, community, heritage and village halls, community centres, stadia, marine recreational facilities. Cemeteries and crematoria, public toilets.
3	Governance, planning and reporting	Council, committees, and financial matters related to the elected council and community boards, corporate services. Includes long-term plans, annual plans and reports, infrastructure and management strategies, district and regional plans, urban planning, financial and funding strategies, reporting on CCOs community and economic development plans, water services strategies, iwi liaison, marketing and communications, and the development and review of bylaws and other council policies.
4	Parks and reserves	Parks and reserves and all associated land-based activities. This may include sports fields and changing rooms, mountain biking tracks, car parks, playgrounds, walking tracks, plant collections, and camping grounds. Community facilities located on reserve land for the purpose of using the reserve, for example: public toilets, clubrooms and pavilions, are included in this group. Community facilities, not part of the use of the reserve or park such as community centres, indoor sports centres, swimming pools, and crematoria, should be recorded as part of the 'community and recreational facilities' group.
5	Public regulatory services	Public services and activities related to the performance of regulatory functions, including environmental protection. Building control, resources consent/planning compliance, environmental health, animal and dog control, bylaw enforcement, alcohol licensing, hazardous substances/nuisance complaints, marine safety, LIMS and LGOIMA information requests.

		Air and water quality, pest and plant management, biodiversity and biosecurity, management of land for environmental protection purposes, partnerships with iwi Māori for land management decisions.
6	Roading and transport	Provision, management, renewal, and upkeep of the local road network, including roads, footpaths, bridges, traffic controls, and roadside drainage. Includes routine works, inspections, vegetation control, drainage cleaning, minor repairs, response to weather events. Planning, construction, maintenance, and management of roads and related transport infrastructure. Actual road operation handled by councils. Public transport: rail, bus, ferry, tram. On-road parking and council-owned carparks and carparking buildings (including those managed by others). Abandoned vehicles.
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8	Other activities	Community and economic development, grants (not related directly to another activity), sustainability, international relations, events and festivals, forestry, social housing, commercial and heritage property, community safety, tourism.

8. Whakataunga kia noho tūmatanui kore / Resolution to Exclude the Public

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

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1. Risk and Assurance Committee held on 24 August 2026 2. Quarterly Cybersecurity Report	Good reason to withhold exists under Section 7.	That the public conduct of the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists. Section 48(1)(a)

This resolution is made in reliance on sections 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 7 of that Act, which would be prejudiced by the holding of the relevant part of the proceedings of the meeting in public are as follows:

Item No	Interest
1	Maintain the effective conduct of public affairs through the protection of members or officers or employees of the Council, and persons to whom Section 2(5) of the Local Government Official Information and Meetings Act 1987 applies in the course of their duty, from improper pressure or harassment (Schedule 7(2)(f)(ii)).
1	To carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) (Schedule 7(2)(i))
2	To prevent the disclosure or use of official information for improper gain or advantage (Schedule 7(2)(j)).



Karakia

9. Karakia

Ruruku Whakakapi – Closing Prayer

Unuhia, unuhia

Unuhia ki te uru tapu nui

Kia wātea, kia māmā te ngākau, te
tinana, te wairua i te ara takatū

Kia wātea, ka wātea, āe rā, kua wātea
Rire rire hau pai marire!

Draw on, draw on,

Draw on the supreme sacredness

*To clear, to free the heart, the body and the
spirit of mankind*

*To be clear, will be clear, yes is cleared.
Deeply in peace!*