TE KAUNIHERA Ā-ROHE O ŌTOROHANGA DISTRICT COUNCIL

Risk and Assurance Committee

Open Agenda

Date: 17 August 2026

Time: 10.00am

Location: Council Chambers, 17 Maniapoto Street, Ōtorohanga

Meeting type: Ordinary

Public access: Open to the public

Livestream and recording: Livestreamed and recorded on YouTube

An ordinary meeting of Ōtorohanga District Council's Risk and Assurance Committee will be held in Waikōwhitiwhiti (Council Chambers), 17 Maniapoto Street, Ōtorohanga, on Monday, 17 August commencing at 10.00am.

Tany Winter, Chief Executive 11 August 2026

Committee membership

Independent Chairperson	Peter Stubbs	
Deputy Chairperson	Kit Jeffries	
Councillor	Andrew Barker	
Councillor	Jo Butcher	Apology
Councillor	Shane Carr	Apology
Ex-officio member	Mayor Rodney Dow	

Workshops **Hui awheawhe**

There are no workshops scheduled including the quarterly discussion with the Chief Executive, as she has tendered an apology.

Commencement of meeting — Te tīmatanga o te hui

The Chairperson will confirm the meeting is quorate, advise whether the meeting is being livestreamed/recorded, and declare the meeting open.

Apologies — Ngā hōnea

Members may submit apologies for absence. The meeting will resolve whether to accept them.

That the Risk and Assurance Committee receive and accept the apologies from Councillors Jo Butcher and Shane Carr, and Chief Executive Tanya Winter, for non-attendance, and grant leave of absence where required under standing orders.

Late items — Ngā take tōmuri

Late items may only be considered in accordance with section 46A of the Local Government Official Information and Meetings Act 1987. A resolution is required, and the Chairperson must explain why the item was not included and why it cannot be delayed.

If a late item is raised, staff recommend that: *That the Risk and Assurance Committee consider the late item titled [item title] pursuant to section 46A(7) of the Local Government Official Information and Meetings Act 1987 because [reason item was not on agenda] and because the item cannot be delayed until a subsequent meeting because [reason].*

Declaration of conflict of interest — Te whakapuakanga pānga taharua

Members must declare any actual, potential, or perceived conflicts of interest. A member with a conflict must not participate in the item unless permitted under law or standing orders.

If a conflict is declared, use wording such as: *That the Risk and Assurance Committee receive the declaration of interest from [member name] in relation to item [x], note that [member name] [will remain / will not participate / will leave the table] for that item, and record the declaration in the conflicts register.*

Confirmation of minutes — Te whakaū i ngā meneti

The unconfirmed open minutes of the ordinary meeting held on 18 May 2026 are attached for confirmation.

Staff recommendation

That the Risk and Assurance Committee confirm the open minutes of the ordinary meeting held on 18 May 2026 as a true and correct record, subject to any amendments resolved by the meeting.

Note: The confirmed minutes will be kept as the official record of the meeting in accordance with the Public Records Act 2005.

TE KAUNIHERA Ā-ROHE O ŌTOROHANGA DISTRICT COUNCIL

Open Minutes

RISK AND ASSURANCE COMMITTEE

18 May 2026

Open Minutes of an ordinary meeting of the Risk and Assurance Committee held in Waikōwhitiwhiti (Council Chambers), Ōtorohanga District Council, 17 Maniapoto Street, Ōtorohanga on Monday, 18 May 2026 commencing at 10.00am.

Tanya Winter, Chief Executive 20 May 2026

Risk and Assurance Committee attendance

Independent Chairperson	Peter Stubbs	Attended
Deputy Chairperson and Kāwhia-Tihiroa Councillor	Kit Jeffries	Apology
Kio Kio / Korakonui Councillor	Andrew Barker	Attended
Ōtorohanga Councillor	Jo Butcher	Attended
Wharepūhunga Councillor	Shane Carr	Apology
Ex-officio Member	Mayor Rodney Dow	Attended

ŌDC senior staff in attendance

Chief Executive	Tanya Winter	Attended
Group Manager Business Enablement	Graham Bunn	Attended
Group Manager Engineering & Assets	Mark Lewis	Attended
Group Manager Regulatory & Growth	Tony Quickfall	Apology
Group Manager Strategy & Community	Nardia Gower	Attended

Chairperson's Certification

These minutes of the meeting of the Risk and Assurance Committee held on 18 May 2026 are confirmed as a true and correct record of the proceedings of that meeting.

________________________________Chairperson ________________________________Date:

Commencement of meeting — Te tīmatanga o te hui

Chairperson Stubbs declared the meeting open at 10.01am.

Apologies — Ngā hōnea

Resolved R8: That the Risk and Assurance Committee receive and accept the apologies for non-attendance from Councillors Shane Carr and Kit Jeffries.

Chairperson Stubbs | Councillor Barker

Late items — Ngā take tōmuri

There were no late items.

Declaration of conflict of interest — Te whakapuakanga pānga taharua

There were no declarations made.

Confirmation of minutes — Te whakaū i ngā meneti

Resolved R9: That the Risk and Assurance Committee **CONFIRM** as a true and correct record, the open Minutes of the meeting held on 30 March 2026.

Chairperson Stubbs | Councillor Butcher

Matters arising:

1. Chairperson Stubbs sought clarification in relation to the reference on page 11 regarding a small debt write-off, which was identified as one of the lines in the debtors report.
2. Chairperson Stubbs also sought clarification that two outstanding management letter matters were no longer proposed to be completed, following a decision not to proceed with those actions.

Decision reports Ngā pūrongo whakatau

Item 8: Debt Recovery Policy

The Committee discussed the timing of debt recovery, including the treatment of doubtful debts and the 120-day threshold for non-rates debts, and noted that legislative and practical considerations often determine the relevant timeframes. It was also noted that the debt recovery process is largely managed by one staff member and that Council is recruiting an additional rates officer to support this work until the current Rates Officer retires.

Resolved R10: That the Risk & Assurance Committee **APPROVE** the updated Debt Recovery Policy

Chairperson Stubbs | Mayor Dow

Item 9: Fair Value vs Carrying Value Assessment

The Committee confirmed that the carrying values of Council's land, buildings and roading assets are not materially different from their fair values. Discussion also covered the upcoming three waters revaluation and the uncertainty around whether the future water entities will adopt a cost-less-depreciation valuation model.

Resolved R11: That the Risk and Assurance Committee **CONFIRM** that the carrying values of the Council's Land and Buildings, and Roading assets are not materially different from the fair value of those assets.

Chairperson Stubbs | Councillor Barker

Information only reports Ngā pūrongo mōhiohio anake

Item 10: Health, Safety and Wellbeing quarterly report

The Committee received an update on health, safety and wellbeing. It was noted that incident reporting had increased following the introduction of a new reporting system. The Committee reviewed serious incidents currently under investigation, noted that the incidents were not notifiable, and discussed the planned programme of work for critical risks in the next financial year, including contractor management and chemical risks.

The Committee also discussed lone worker protocols and the use of the Eroad system to monitor vehicle over-speeding. It was noted that the data assists with identifying unsafe driving patterns and can also be used to respond to complaints received from the community. Post-incident drug testing requirements under Council policy were also noted.

Item 11: Outstanding Debtors Report

The Committee received an update on debt collection trends. It was noted that there continues to be a high level of property sales and land-related enquiries, and that we have just completed an abandoned land sale and a number of rating sales are underway. Members requested that future commentary continue to include both factual reporting and management's perspective on emerging trends.

The Committee discussed the transition of water rates to the future water entity and the potential for confusion among ratepayers about outstanding balances owed to Council. It was also noted that Council is taking a firmer approach to debt recovery, including repeat offenders and the use of rating sales where required.

Item 12: Outstanding Management Letter Points from 2024/25 Annual Report

The Committee received an update on the outstanding management letter points from the 2024/25 Annual Report and noted the current status of the remaining actions.

Item 13: Mayoral Disaster Relief Fund Update

The Committee noted that administration of the Mayoral Disaster Relief Fund is compliant with legal requirements and that reporting will be provided to central government in relation to the $100,000 contribution, which has now been fully allocated within the required timeframe.

Item 14: Capital Projects report

The Committee received an update on capital delivery and programme progress. It was noted that the wastewater treatment plant investigation had concluded with no enforcement action against Council, and that the Council's work to improve systems had been acknowledged. An update was also provided on the Aotea seawall repair planning.

The Committee discussed the impact of recent flooding events on programme delivery and noted that, while some work had been deferred, the overall programme remained on track. Members also discussed the importance of completing pre-seal repairs in time to avoid delays to contract delivery.

The Committee also discussed the $3 million reseal programme and the risks of pushing work into Year 3 of the Long Term Plan. It was noted that contractors need to be on site by November to secure delivery and funding, and that cost pressures, including fluctuations in crude oil prices, may affect the total length of road that can be completed within budget.

Resolved R12: That the Risk and Assurance Committee **RECEIVE** the information reports provided in the agenda.

Chairperson Stubbs | Councillor Butcher

Public excluded — Take matatapu

There were no reports.

Meeting closure — Katinga o te hui

Chairperson Stubbs declared the meeting closed at 10.59am.

Workshops — Hui awheawhe

The workshops and briefings held are outlined on the following pages.

Item # 1	**Risk Pool update**			
Type	Briefing ☒	Discussion ☐		Pre-decision options ☐
Open?	Yes ☒	No ☐	If no: Section 9 clause (and public interest test)	
Presenter/s	Graham Bunn (Group Manager Business Enablement)			
Attendance	Committee	Independent Chairperson Peter Stubbs, Mayor Rodney Dow, Councillors Andrew Barker and Jo Butcher. Apologies: Councillors Shane Carr and Kit Jeffries.		
	ŌDC Staff	Tanya Winter (Chief Executive); Graham Bunn (Group Manager Business Enablement); Nardia Gower (Group Manager Strategy & Community); Mark Lewis (Group Manager Engineering & Assets). Apologies: Tony Quickfall (Group Manager Regulatory and Growth)		
	External			
Timing	Commenced	11.10am	Concluded	11.16am
Any declared interest?	Yes ☐	No ☒	Name	
Actions taken	*Noted ☐*	*Left the room ☐*	*Did not participate ☐*	*Other*
Next steps	Workshop ☐	Report ☐		No action ☒
Deferred?	Yes ☐	No ☒	Reason for deferral	
Presentation	Yes ☐	No ☒		

Item # **2**	**Strategic risks**			
Type	Briefing ☐	Discussion ☒	Pre-decision options ☐	
Open?	Yes ☒	No ☐	If no: Section 9 clause (and public interest test)	
Presenter/s	David Robson (AON)			
Attendance	Committee	Independent Chairperson Peter Stubbs, Mayor Rodney Dow, Councillors Andrew Barker and Jo Butcher. Apologies: Councillors Shane Carr and Kit Jeffries.		
	ŌDC Staff	Tanya Winter (Chief Executive); Graham Bunn (Group Manager Business Enablement); Nardia Gower (Group Manager Strategy & Community); Mark Lewis (Group Manager Engineering & Assets). Apologies: Tony Quickfall (Group Manager Regulatory and Growth)		
	External	David Robson (AON)		
Timing	Commenced	11.16am	Concluded	11.53am
Any declared interest?	Yes ☐	No ☒	Name	
Actions taken	*Noted ☐*	*Left the room ☐*	*Did not participate ☐*	*Other*
Next steps	Workshop ☐	Report ☐	No action ☒	
Deferred?	Yes ☐	No ☒	Reason for deferral	
Presentation	Yes ☐	No ☒		

Item # **3**	**Quarterly discussion with the Chief Executive**			
Type	Briefing ☐	Discussion ☒	Pre-decision options ☐	
Open?	Yes ☐ No ☒	If no: Section 9 clause (and public interest test)	s7(2)(f)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between members or officers and employees of any local authority in the course of their duty.	
Presenter/s	Graham Bunn (Group Manager Business Enablement)			
Attendance	Committee	Independent Chairperson Peter Stubbs, Mayor Rodney Dow, Councillors Andrew Barker and Jo Butcher. Apologies: Councillors Shane Carr and Kit Jeffries.		
	ŌDC Staff	Tanya Winter (Chief Executive)		
	External	David Robson (AON)		
Timing	Commenced	11.55am		Concluded
Any declared interest?	Yes ☐	No ☒ Name		
Actions taken	*Noted ☐* *Left the room ☐*	*Did not participate ☐*		*Other*
Next steps	Workshop ☐	Report ☐	No action ☒	
Deferred?	Yes ☐	No ☒	Reason for deferral	
Presentation	Yes ☐	No ☒	12.37pm	

Adoption of Minutes

That the Open Minutes of the **Risk and Assurance Committee** meeting held on **18 May 2026** be adopted as a true and correct record.

Moved: ___________________________ *Seconded:* ________________________

Version control

Version	Status	Date	Description
1.0	Draft	18 May 2026	Initial draft prepared following the meeting
2.0	Confirmed	[insert adoption date]	Minutes adopted by the Risk and Assurance Committee

Decision reports — Ngā pūrongo whakatau

There are no decision reports presented for consideration.

Information only reports — Ngā pūrongo mōhiohio anake

Reports in this section are provided for information only.

Item 15	Health, Safety and Wellbeing quarterly report
To	Risk and Assurance Committee
From	Noah Lockett-Turton, Manager People and Capability
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To provide an update on progress being made to improve health, safety and wellbeing, including matters previously raised by the Risk and Assurance Committee.

2. Executive summary | Whakarāpopoto matua

2.1. This report provides an update on key health, safety and wellbeing matters raised at the previous Risk and Assurance Committee meeting, together with current areas of focus for Ōtorohanga District Council. The main areas covered are the rollout of the new health and safety system, lone worker devices, overspeed reporting, contractor management, the reopening of the pound, and emerging risks relating to customer behaviour.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled 'Health, Safety and Wellbeing quarterly report' from Noah Lockett-Turton, Manager People and Capability.

4. Discussion | He kōrerorero

Progress updates from previous Committee matters

4.1. *Health and safety system rollout:* The implementation of the new health and safety system has now been completed. A staff survey is scheduled to be issued later this month to gather feedback on the rollout, ease of use, and how staff are adjusting to the move away from paper-based processes.

4.2. Early informal feedback has been positive. Staff appear to be finding the system practical and user-friendly, while also taking time to adjust to using an electronic system rather than paper forms.

4.3. *Lone worker devices:* Progress continues across key teams. The roading and library teams are actively engaged in the use of lone worker devices.

4.4. *Next steps for lone worker controls:* The remaining focus is to bring the waters and building control team fully into the process. Once this occurs, Council will be better placed to demonstrate consistent use of lone worker controls across the main teams that require them.

Overspeed reporting

4.5. Overspeed reporting continues to be reviewed through Council's vehicle monitoring system. Reports identify different levels of over speeding, including events where a vehicle is approximately 10km/h or 20km/h over the speed limit for a short, sustained period.

4.6. Events above 20km/h over the speed limit are rare. Overspeed reports continue to be provided to group managers as a sense check, with follow-up occurring where the information suggests driving behaviour needs to be discussed or addressed.

Notable Risks

4.7. Council is continuing to review its key health and safety risks to make sure they reflect the current operating environment. The following matters outline the higher-priority risks currently being managed, the controls in place, and the areas where further work is underway.

Contractors

4.8. Contractor management remains an important area of focus. Council has clarified when contractor pre-qualification is required and is compiling a complete list of contractors, which is expected to be completed by 18 August 2026. We will be able to use the list to check against the requirements of pre-qualification.

4.9. Council will contact contractors who need to complete approval or pre-qualification. This will help ensure expectations are clear and that contractors have appropriate health and safety arrangements in place before undertaking work for Council.

4.10. This work supports Council's duties under the Health and Safety at Work Act and provides a more consistent approach to contractor assurance across the organisation.

Pound reopening

4.11. Council is preparing to reopen the pound later this month. As the pound has not been operational, it has not recently been subject to the same level of inspection or review as other active work areas.

4.12. An initial inspection has been completed to identify what health and safety controls need to be in place before the site becomes operational again. Only minor hazards were identified, including the need to make low roof areas more visible.

4.13. The main focus is now to confirm appropriate safe operating procedures. Although the pound operates as part of a shared service, the facility is Council property, so Council will take an active role in making sure people working on site can do so safely.

Customer behaviour and aggression

4.14. Customer behaviour and aggression is being reviewed as an emerging risk. While this has not historically been a significant issue for Council, the wider local government environment is changing and there is potential for stronger public reaction to be directed towards our council.

4.15. Recent events across the country, including threats made to other councils, show the need to keep this risk under review.

4.16. Council already has processes for managing aggressive customers, trespass notices and duress alarms. Work is underway to improve how threatening or abusive information is managed.

4.17. Last month, we refreshed our library duress alarm approach ensuring a more robust alarm process.

Other Activities

4.18. The Government has introduced significant reforms to the Health and Safety at Work Act 2015, with amendments receiving Royal Assent in July 2026 and coming into force on 1 April 2027. AN overview of the changes are:

a) Larger businesses must continue to manage all risks but give priority to critical risks.

b) Directors’ and officers' duties have been clarified, with a stronger distinction between governance responsibilities and day-to-day operational management.

c) Incident notification requirements are being narrowed so only significant workplace events need to be reported to WorkSafe.

d) Approved Codes of Practice (ACOPs) will have greater legal certainty, with compliance providing a recognised pathway to meeting legal obligations.

e) Landowner duties have been reduced in some recreational activity situations, with responsibilities shifting more clearly to the activity operator.

4.19. The changes are a topic for discussion at the Waikato health and safety managers meeting on the 13 August, in which approaches of other Council’s in the Waikato will be considered as we shape how Ōtorohanga District Council best approach the changes by April 2027.

4.20. We aim to have reviewed and updated our critical risks by the end of December 2026 in time for the change in April 2027.

Clearhead Report

4.21. Our second quarter employee assistance programme report has shown an increase in sessions since quarter one of this year. The number of employees accessing the service also increased slightly, but the usage remains below 5% of staff.

4.22. All sessions provided were for personal reasons and not relating to work.

Summary

4.23. Council continues to make steady progress in strengthening its health, safety and wellbeing practices. The focus remains on practical improvement, clear processes, and making sure controls are understood and used by staff. Overall, the work completed and underway shows a positive direction of travel, with further assurance to be provided as survey feedback is received and current actions are completed.

Item 16	Mayoral Disaster Relief Fund Update
To	Risk and Assurance Committee
From	Rebecca Griffin – Recovery Office Co-Ordinator
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To provide an update of grants made under the Mayoral Disaster Relief Fund Policy.

2. Executive summary | Whakarāpopoto matua

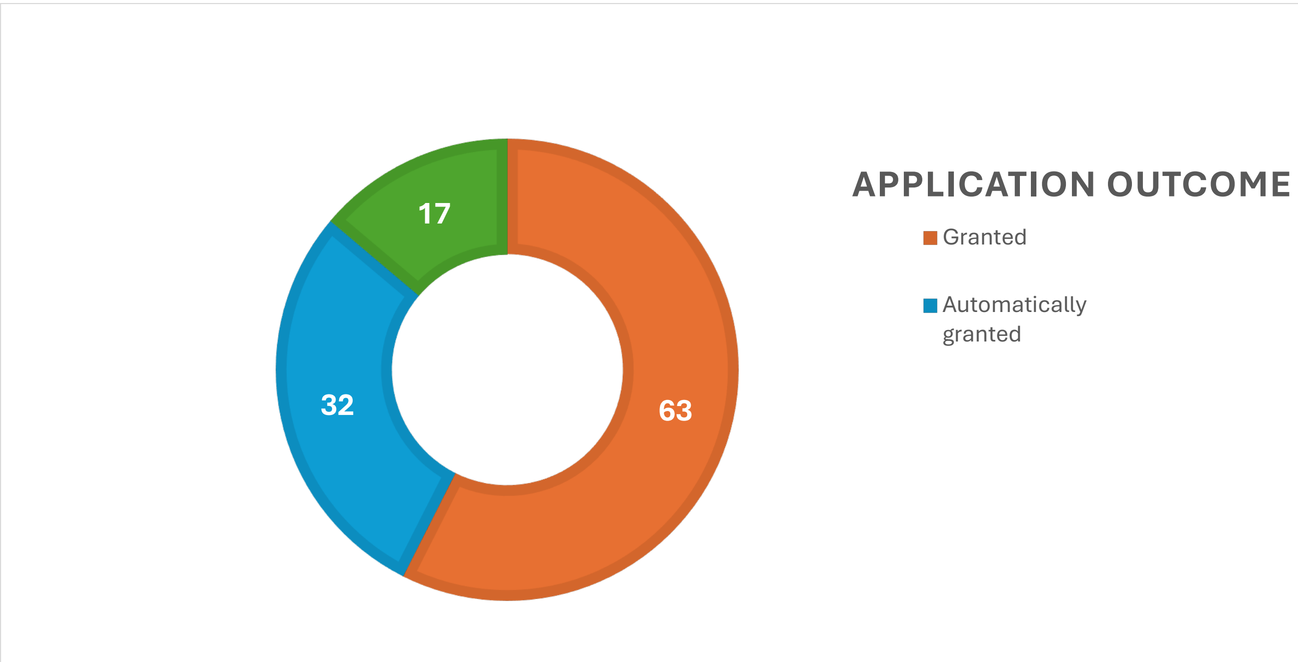
2.1. This report is an update to the Mayoral Disaster Relief Fund report delivered to the Risk and Assurance Committee at the 18 May 2026 meeting.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee **RECEIVE** the report titled ‘Mayoral Disaster Relief Fund update’.

4. Applications Summary

4.1. As at 5 August 2026 the Panel have considered 112 applications:



4.2. Total amount granted as at 5 August 2026 is $186,256.10.

Total amount granted by Category	**Sum of Amount approved**
Debris removal	$39,570.00
Yellow stickered	$34,000.00
Farming operation	$32,000.00
Household and personal item replacement	$15,918.10
Insurance excess	$14,018.00
Replacement of uninsured structures	$10,750.00
Red stickered	$10,000.00
Marae	$10,000.00
Lifestyle Block	$6,000.00
School	$5,000.00
Community organisations	$4,000.00
Establishment of permanent water supply	$2,000.00
Driveway repairs	$2,000.00
Small business cleanup expenses	$1,000.00
Grand Total	**$186,256.10**

5. Mayoral Disaster Relief Fund Status

5.1. Applications for the Mayoral Disaster Relief Fund were closed as at 7 August 2026.

5.2. The high-level report on the payments made from the fund was submitted to NEMA on 3 August 2026.

Item 17	Outstanding Debtors Report
To	Risk and Assurance Committee
From	Brendan O'Callaghan, Manager Finance
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To advise of the value of outstanding rates, water and sundry debtors as at 31 July 2026.

2. Executive summary | Whakarāpopoto matua

2.1. Overall outstanding debts at the end of July 2026 is $10.4M. This compares to $9.7M at the end of July 2025. Some longstanding rates issues are being progressed well, with progress made in collecting older debts, particularly in the rating area.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk & Assurance Committee **RECEIVE** the report titled 'Outstanding Debtors Report' by Brendan O'Callaghan, Project Accountant.

4. Discussion | He kōrerorero

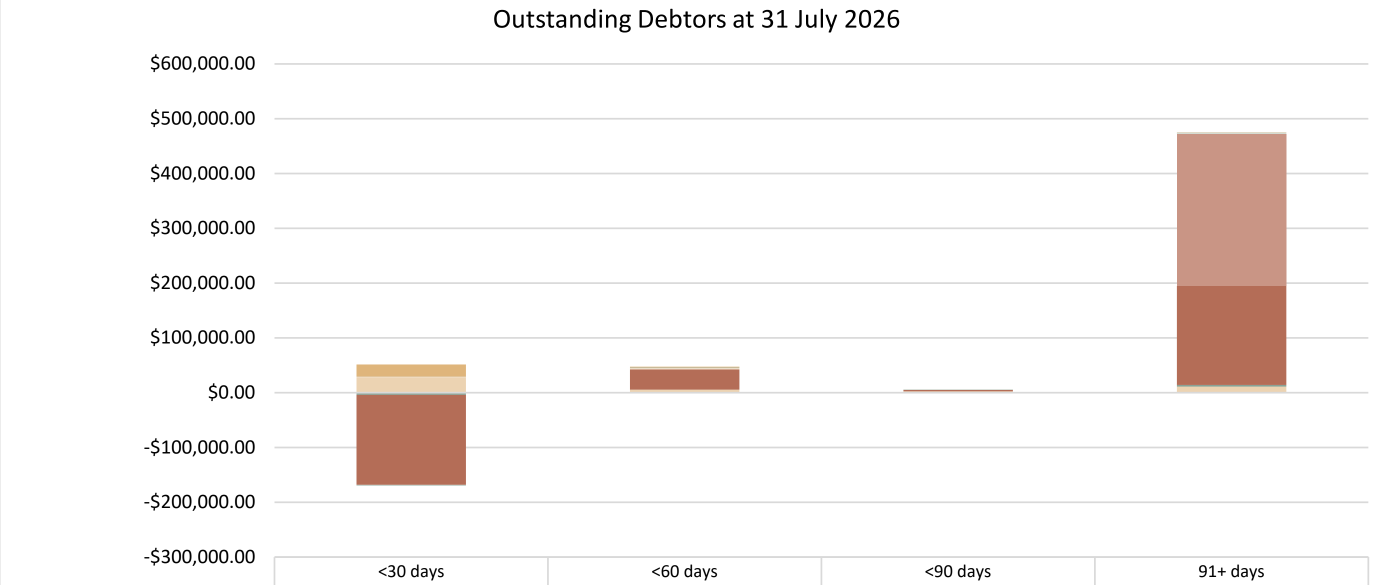
Overall Debtors Information

4.1. Overall debtors across the three debtor types (Debtors, Water and Rates) at the end of July is $10.4M. This compares to the same period the previous year of $9.7M. A large portion of this increase relates to rates debtors.

Debtors

4.2. This report details the level of debt relating to the following revenue streams:

- Trade Waste
- Leases and Rentals
- Library Charges
- Health Licences
- Development Contributions
- Resource Consents
- Building Consents
- Other Sundry Debtors



	<30 days	<60 days	<90 days	91+ days
Trade Waste	$22,242	$1,404	$-	$152
Lease & Rental	-$1,912	$1,130	$368	$-
Library	$311	$144	$20	$1,652
Health Licences	$979	$2,502	$394	$700
Development Contributions	$-	$-	$-	$277,299
Resource Consent	-$163,964	$36,800	$2,225	$180,613
Building Control	-$3,971	$-	$-	$3,396
Sundry Debtors	$28,111	$5,454	$2,661	$10,856

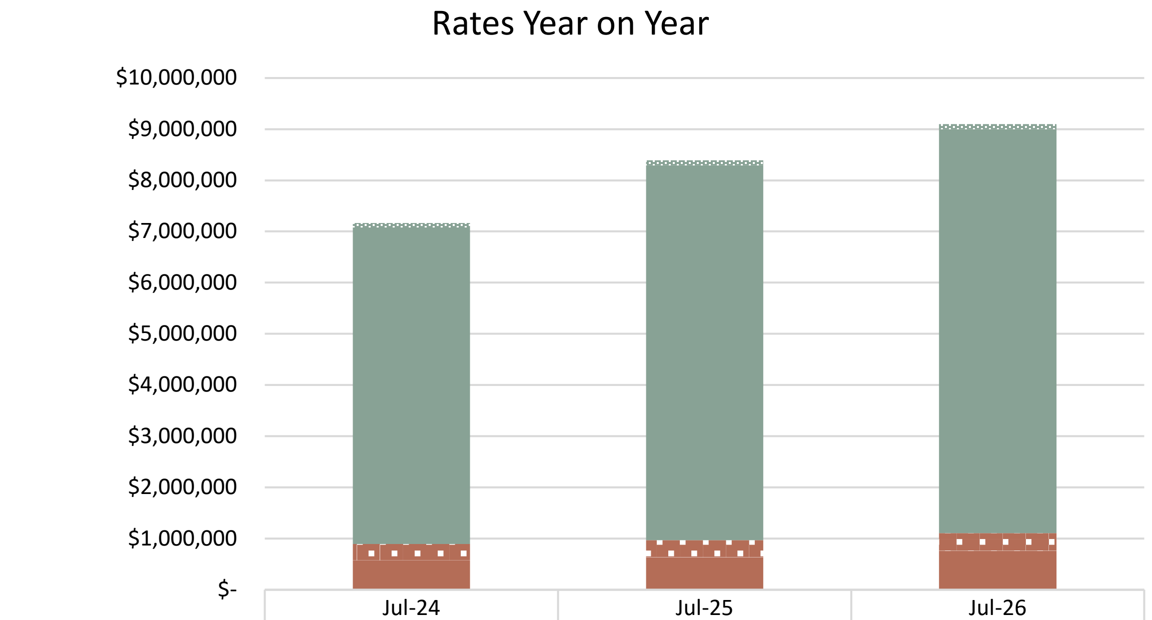
4.3. Overall outstanding debtors to the end of July are $409k. As seen in the graph above, a large portion of these relate to two areas, Development Contributions and Resource Consents, which make up about 79% of the amount owing (when removing the credit balances above).

4.4. The Development Contributions and Resource Consent figures relate to the Westridge development. At the time of writing a settlement has been agreed in principle, and further work is being carried out on the written agreement.

4.5. The large credit balance for Resource Consents relates to deposits paid for consent where the invoicing is either not yet done (due to the stage of the consent) or any invoicing done to date has not yet reached the level of the deposit paid. These credit balances will in most cases be used by the time the consent invoicing is finalised.

Rates

4.6. Overall rates debt has increased from the same time in the prior two years, as can be seen in the graph below.



	Jul-24	Jul-25	Jul-26
Current Year Penalties	$86,290.80	$99,876.70	$103,635.78
Current Year	$6,185,486.50	$7,325,487.47	$7,892,096.47
Arrears Penalties	$322,623.80	$332,035.06	$339,408.48
Arrears	$570,562.89	$634,407.12	$763,550.87

4.7. Arrears outstanding at the end of July is $1.1M, compared to $966k at the same time in the prior year. A total of 356 properties have arrears balances outstanding. Of these, 284 have arrears related to the 2026 financial year, and the remaining 72 having balances related to older financial years. Of these 72, 18 have balances older than 3 years, which are an area of focus at the moment.

4.8. Current year rates are sitting at $7.995M, compared to $7.425M in July 2025 and $6.272M in July 2024. Given that these rates are not due until 28 August, this is not unreasonable. In terms of current year rates paid by the end of July, in 2026 $1.60M had been paid, compared to $1.58M in the prior year, and $1.89M in 2024. This higher payment in 2024 explains the much lower current rates owing at the end of July 2024.

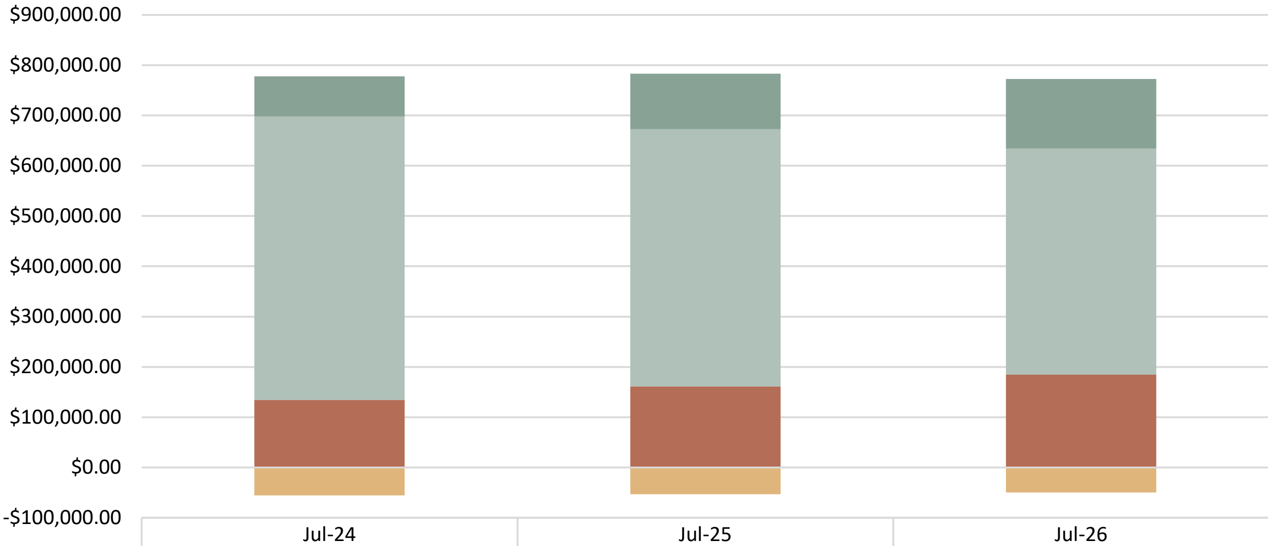
4.9. Of the $7.8M of outstanding current year rates, $1.0M are due to be paid on the due date by direct debit payments. This represents 13% of the outstanding balances and is excluding those who pay by regular fixed amounts by direct debit.

Water

4.10. Overall water debtors at the end of July total $723k, compared to $730k at the same time the previous year and $722k at the end of July 2024. This shows a consistent debtors balance across the prior 3 years.

4.11. The high balance in the <90 days relates to the May rural water charging, and the <60 days relates to the Ōtorohanga water charging in June. Both of these charges are not due to be paid until the 28th of August, to align with the rates due date.

Water Rates Year on Year



	Jul-24	Jul-25	Jul-26
91+ days	$80,012	$110,371	$138,492
<90 days	$562,914	$511,379	$449,481
<60 days	$134,562	$161,269	$184,707
Current (<30 days)	-$55,295	-$53,016	-$49,663

Item 18	Outstanding Management Letter Points from 2024/25 Annual Report
To	Risk and Assurance Committee
From	Brendan O'Callaghan, Manager Finance
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To provide an update on the actions, and their status, from the 2024/25 Annual Report (AR) audit.

2. Executive summary | Whakarāpopoto matua

2.1. Seven items were identified during the 2024/25 AR audit. Of these, four have been addressed with one still being finalised. The remaining two items are not going to be addressed at this time.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee receive the report titled 'Outstanding Management Letter Points from 2024/25 Annual Report' from Brendan O'Callaghan, Project Accountant.

4. Discussion | He kōrerorero

4.1. As part of the audit of the 2024/25 AR, our auditors issue an opinion and raised management report recommendations on items that require further action. This report provides management's response to those recommendations and the latest update on the status of the follow up action.

4.2. This report breaks the management recommendations down into three categories using a traffic light system.

- Green items are those that have been addressed since the previous report and should be removed, subject to approval from Deloitte as part of the 2025/26 Annual Report audit.
- Orange items are those that are currently being addressed and should be completed in time for the next audit.

4.3. Overall, a total of seven items were identified by Deloitte. Of these, staff believe that four have been addressed, one is in the process of being addressed and two are not likely to be addressed. The items not likely to be addressed relate to payments through online banking and found assets in the roading valuation.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
Items Completed Since last report (subject to Deloitte sign-off)				
Sensitive Expenditure	During our review of sensitive expenditure and credit card testing, we identified some instances where expenses of the process of submitting them was outside of Council's policy and not in line with our expectation. These related to the following: • An expense claim submitted in the financial year related to the 2024 financial year. • A single expense for a night's accommodation in Queenstown that may have been perceived as excessive • The late submission of expenses for one of the councillors	We recommend that a timeframe for expense claim submission is established within Council's policies. It would generally be expected for an expense claim to be submitted no later than one month after that expense has been incurred. For accommodation spend whilst we understand that there may be mitigating circumstances to the spend being incurred but is important that Council ensure that the principles of the sensitive expenditure policy are adhered to.	We agree with the finding. There is mention of timeframes for claiming in the sensitive expenditure policy. We will reiterate to staff and elected members to ensure they are all aware of their requirements. For accommodation, our policy does outline the need to be mindful of spend, however for last minute things sometimes this is not always possible, but staff should endeavour to do their best to keep spending to the minimum possible.	Staff and elected members have been reminded of the sensitive expenditure policies through staff meetings and induction training respectively. Policies have also been loaded onto the intranet for staff to refer to as required.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
Items Completed Since last report (subject to Deloitte sign-off)				
Maintenance of the Fixed Asset Register	During our testing of the fixed asset controls, the fixed asset register was not maintained and reviewed on a regular basis. The fixed asset systems which consist of AssetFinda and RAMM are only reconciled into MagiQ at year end. It was also identified that MagiQ's functions are not being fully utilised. When our interim audit was completed prior to year end, the fixed asset register was last reviewed and updated in December 2024. Meaning the FAR was six months behind schedule of monthly reviews.	We recommend that the fixed asset register is reconciled to the general ledger on a regular basis to ensure it is appropriately maintained as well as evidence of review of the reconciliation being retained. We also recommend management use MagiQ's functions where possible.	We agree with the recommendation and are currently working with our software provider and other contractors to establish the correct GL controls within the assets system to enable this regular review to be undertaken.	We have been working with a contractor to get the GL controls updated within MagiQ and have done some testing on it. This is now allowing us to easily run reconciliation reports and update general ledgers as assets are added/disposed of.
Errors identified within liability testing	As part of our audit procedures on year-end recorded liabilities and unrecorded liabilities (including testing payments made after year-end), we	Deloitte recommends that management closely monitors transactions occurring around year end to ensure that liabilities are recorded in the appropriate accounting period. We also	We agree with the recommendation and will work on improving year end processes around identifying invoices that cover different periods.	We now have a process in place for identifying prepayments throughout the year to ensure that they are correctly recorded.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
Items Completed Since last report (subject to Deloitte sign-off)				
	identified several issues. These primarily involved invoices received before year-end that pertained to future periods. Accordingly, recognising these amounts in FY25 is not appropriate. Additionally, we observed that, for one such transaction, a prepayment was recorded at year-end despite the invoice remaining unpaid and classified as a payable.	suggest that the prepayment account is used only after a payment has been made.		
Policies Overdue Review	During review of policies, it was noted three policies have not been reviewed and approved by the scheduled review date as outlined on each policy. The policies are: • Debt Policy: This policy was due for a review in April 2025.	It is recommended management ensures they are reviewing and adopting policies on a frequent basis, and if any policies exceed the predetermined review date, they are updated and amended in a timely manner.	We agree with the finding. This policy was overlooked and will be reviewed in the near future. Processes are also being developed to ensure this issue does not occur with future policy reviews.	August update: This policy was approved by the committee at the May 26 meeting.

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
Items Completed Since last report (subject to Deloitte sign-off)				
	• Fraud Policy: This policy was due for review in October 2021 (we note that this has now been reviewed as at the 29 September 2025 meeting). • Procurement Policy: This policy was due for a review in October 2021 (we note that this has now been reviewed as at the 29 July 2025 meeting).			

Matter	Observation	Recommendation	Ōtorohanga Response	Progress
Items in progress				
Loan Receivable Recoverability	Based on our assessment of the recoverability of the loan to Ōtorohanga Kiwi House, we have observed that the Kiwi House is currently operating as a loss, and there are indications of impairment relating to the loan receivable balance.	Deloitte recommends that management complete a thorough assessment on the recoverability of the loan receivable based on the current economic conditions to appropriately determine if the loan is impaired.	We acknowledge the recommendation, and Council will work on undertaking an assessment of the recoverability of the loan.	Council resolved at their February meeting to extend the Term of the Loan and Interest Free period by a year to allow OKH to slowly improve their financial position. August Update: Council is currently looking at options around the funding provided to the Kiwihouse.

Item 19	**Capital Projects quarterly report**
To	Risk and Assurance Committee
From	Mark Lewis, Group Manager Engineering & Assets
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To provide a year-end update on the delivery of the 2025/26 capital projects programme, including the final position as at 30 June 2026, material delivery risks, and the actions taken or planned to manage those risks.

2. Executive summary | Whakarāpopoto matua

2.1. This report provides a year-end update on delivery of the 2025/26 capital projects programme for the period ending 30 June 2026. The financial table reflects the current year-end position, including actual expenditure, budgets not proceeding, and potential carry forwards into 2026/27. These figures should be treated as indicative at this stage, with the final position to be confirmed through the carryover report to Council in September.

2.2. At year end, the capital programme is assessed as Amber. This reflects a generally successful delivery year, with most programme areas substantially progressed or completed, while recognising that some works have been deferred or carried forward into 2026/27 due to timing, resourcing, and weather-related impacts.

2.3. The main pressures throughout the year related to the need to deliver unplanned or emergency works alongside the approved capital programme.

2.4. The Land Transport programme remains a key area of focus for 2026/27. Deferred reseal works will increase the size of the forward programme and place additional pressure on seasonal delivery windows. In addition, three mini bridges expected to be completed from the March reporting position were not completed by year end and will need to be managed through the forward programme.

2.5. Water, wastewater, and related contract works were generally well managed through the year, with post-weather event works and maintenance activities continuing at a reduced level.

2.6. However, Council is still determining whether the remaining water and wastewater budgets can be delivered this financial year, given reduced project team capacity and the transition to Waikato Waters Ltd. This area is now assessed as Amber due to delivery timing risk and the potential need to report any material change from the LTP to Waikato Waters Ltd.

2.7. The Coastal Structures programme remains the most significant area of delivery and financial risk. The Aotea seawall risk remains Red, with current engineering estimates indicating that the available budget is unlikely to complete the full remaining 100 metres and may only fund approximately half of the intended length. The report notes that, while Council is dealing with the same type of coastal protection structure, the remaining works are in a different and more complex construction environment.

2.8. Other programme areas, including contracts, community facilities, and resource consents, remained broadly stable. Some projects affected by earlier weather events or delivery timing are expected to carry forward into 2026/27, with final carryover values to be confirmed through the year-end financial close process.

2.9. Overall, the year-end programme position is positive, noting the following matters for ongoing monitoring and transition into 2026/27:

- Ongoing cost escalation (particularly fuel and materials)
- Delivery pressure from overlapping emergency and planned works
- Financial and strategic uncertainty relating to coastal assets

2.10. The current year-end financial position shows a total capital programme budget of $15.087 million, with actual expenditure of $11.781 million at 30 June 2026. The remaining unspent balance is $3.306 million, with the majority sitting in water, wastewater and Land Transport. This is made up of $1.006 million not proceeding and $2.300 million of potential carry forwards into 2026/27. These figures are not conclusive and will be refined through the September carryover report to Council.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

That the Risk and Assurance Committee **RECEIVE** the report titled 'Capital Projects Report for the Year Ending 30 June 2026' from Mark Lewis, Group Manager Engineering and Assets.

4. Discussion

4.1. The following table provides a summary of the current key risks across the capital programme and the actions in place to manage them.

4.2. The accompanying graph and table show the 2025/26 capital budgets, actual expenditure to 30 June 2026, unspent budget, budgets not proceeding, and potential carry forwards into 2026/27.

4.3. The figures should not be treated as the final carryover position. The September carryover report to Council will provide a more accurate position once final adjustments, project status reviews, and carryover recommendations have been completed.

4.4. For reporting purposes, the Land Transport budget includes a combination of operational and capital expenditure to provide a consolidated view of delivery. This does not materially change the overall programme position, with Three Waters and Community Facilities budgets comprising capital expenditure only.

4.5. The capital programme for 2025/26 totalled $15.087 million. Actual expenditure to 30 June 2026 was $11.781 million, leaving $3.306 million unspent at year end. These year-end figures are the current position and remain subject to further review through the September carryover report to Council.

4.6. The $1.006 million shown as Not Proceeding is made up of projects that were either cancelled, sundry budgets that were not utilised, and savings from completed projects. These amounts are not proposed to be carried forward into 2026/27.

4.7. The $2.300 million shown as Potential Carry Forwards relates to projects that were either delayed or remain work in progress at year end. This includes 3 Waters work that has been extended into August 2026, together with other works that will continue into 2026/27.

4.8. Overall, the year-end position indicates that most planned capital investment has progressed. The remaining unspent budget is mainly explained by projects not proceeding and works that are delayed or still in progress and therefore expected to carry forward.

4.9. 3 waters budgets are still being reviewed to determine whether the remaining works can be delivered within the current financial year. The projects area is slightly under resourced, with the team manager currently only able to provide limited coverage across the team. Where possible, staff are looking at whether additional 3 waters projects can be added to an existing contract; however, timing may not support this approach before year end.

4.10. If the remaining 3 waters budget cannot be delivered, this will need to be managed transparently with Waikato Waters Ltd. Depending on the scale of any undelivered works, a significant change report will be required to explain the programme position, the reasons for delay, and the proposed treatment of the remaining budget.

Roading Capital Programme Delivery

4.11. The approved 2026/27 roading capital programme totals $11.364 million, supplemented by a further $1.017 million of storm recovery works, resulting in a combined programme value of approximately $12.38 million.

4.12. Several projects have been carried forward from 2025/26. These carry-over projects are not expected to negatively impact delivery of the 2026/27 programme and have been incorporated into the current year’s work programme and delivery planning. This includes an increase in the reseal programme from approximately $2.0 million to $2.8 million, together with three mini bridge/culvert projects that were not completed by year end: Wooster Culvert on Rangiatea Road, which is two lanes wide; Loop Road woodstave culvert, which is one lane wide; and Newman Road twin culverts, which are one lane wide.

4.13. Storm recovery works on Otewa Road and Bailey Road are also included in the forward programme, with delivery arrangements already in place.

4.14. Staff remain confident that the combined programme can be delivered by 30 June 2027, based on current planning, contractor availability, and programme scheduling.

4.15. Key risks that could impact delivery continue to be monitored and include significant weather events requiring reprioritisation of resources, and challenges associated with delivering works on geotechnically complex sites such as Otewa Road. At this stage, these risks are considered manageable and do not materially affect confidence in achieving the Year 3 Long Term Plan programme.

4.16. Currently there is no indication that the carry-over projects will compromise delivery of the planned 2026/27 capital works programme. Management will continue to monitor programme progress and provide early warning should any material risks emerge that may affect programme delivery.

Aotea seawall

4.17. The Aotea seawall remains the highest risk item within the Coastal Structures programme. As the engineering estimates are finalised, current advice indicates that the available budget is unlikely to complete the full remaining 100 metres of wall. At this stage, it appears more likely that the budget will only be sufficient to complete approximately half of that length.

4.18. The key distinction is that Council is not proposing to repeat the earlier seawall works under the same site conditions. While the asset type is similar, the remaining Aotea section is subject to a materially different coastal and construction environment. Concentrated tidal flows around the tight harbour bend are placing greater erosion pressure on the seawall, and progressive channel deepening has changed the physical conditions from those assumed in the original design.

4.19. These changed conditions increase the complexity of the remaining works. The deeper channel has increased the effective wall depth and steepened the seawall batter, which reduces stability and increases the likelihood of future structural deterioration if the works are not designed and constructed to reflect the current harbour conditions. This is expected to increase construction risk, methodology requirements, quality assurance oversight, and contract administration effort.

4.20. Going to public tender is also expected to introduce additional quality assurance costs when compared with the earlier emergency works approach. However, given the value of the remaining works, a public tender is the procurement pathway that best aligns with Council's procurement policy.

4.21. Recommended improvements are expected to require higher-specification rock armour materials to withstand the changed hydraulic conditions. This creates additional cost and procurement challenges, particularly where suitable material specifications, supply availability, and placement methodology need to be confirmed through design and market testing.

4.22. Ongoing scour of the mudstone harbour bed remains a residual risk to seawall performance. Recent rock bag installations are expected to help mitigate this risk; however, the long-term performance of the seawall will need to continue to be monitored as harbour channel conditions evolve.

Kawhia seawall condition assessment

4.23. The preliminary review of the Tonkin & Taylor Kawhia seawall condition report identifies Kawhia's primary challenge as the deterioration and future performance of an extensive, ageing seawall network within a relatively sheltered harbour environment. The report has also highlighted high, medium, and long-term priorities to support future planning, investment decisions, and staged asset management responses.

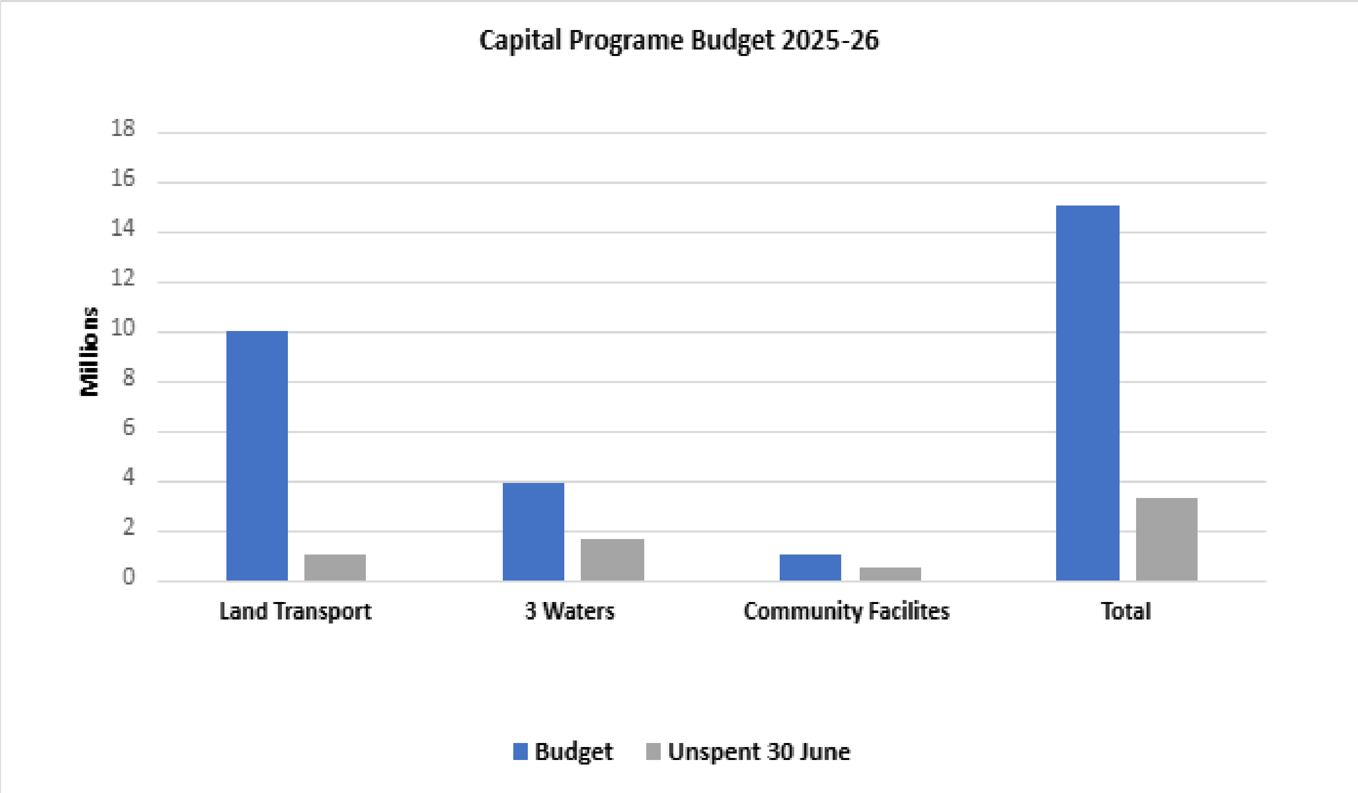
4.24. Although the Kawhia and Aotea seawalls sit within the same coastal structures asset class, they should not be treated as presenting the same risk or requiring the same management response. Kawhia is primarily a condition and renewal planning issue, whereas Aotea is driven by a more dynamic coastal environment.

4.25. Aotea is subject to these different coastal drivers, including harbour entrance dynamics, tidal channel behaviour, sediment movement, shoreline response, and greater exposure to open ocean processes. This distinction is important for future risk treatment, investment planning, and adaptation responses.

Area	Status	What has changed (since last update)	Current key issue / risk	Mitigations / actions underway
Overall Programme	🟠	Year-end position to be confirmed once June financials are finalised. Sound overall delivery given the challenges of the year, in particular the February Flood Event. Several carry overs expected, but no significant concern at this stage.	Fuel and material cost pressures remain a factor, although the market is currently managing these increases. Carry-over projects across financial years create some delivery pressure.	Staff remain focused on deliverable projects, with early contractor engagement where appropriate.
Land Transport	🟠	Some reseal works are expected to carry forward into 2026/27. Final value to be confirmed through the June year-end financial update. Mini bridges are programmed to be installed in the first quarter.	Carry-over reseals increase the 2026/27 programme to approximately $2.8 million, placing pressure on seasonal delivery. Bridge projects are currently assessed as manageable.	Contractor engagement is in place to support an early seasonal start.
3 Waters	🟠	Status now Amber. Remaining 3 waters budgets are being reviewed to determine whether additional work can be delivered this financial year.	Amber delivery timing risk due to limited project resourcing and uncertainty over whether remaining wastewater budgets can be committed before year end.	Review project lists and add suitable works to the existing contract where timing and risk allow. If remaining budget cannot be delivered, prepare a significant change report to Waikato Waters Ltd outlining the cause of delay and proposed budget treatment.
Water Treatment Plant (Weir)	🟢	Weir reports have been provided to WRC, and ownership confirmation has been requested.	WRC is reviewing the reports. Council's capital share for repairs has not yet been confirmed.	Maintain dialogue with WRC, continue design work, and ensure future budget requirements are reflected in the LTP.

Area	Status	What has changed (since last update)	Current key issue / risk	Mitigations / actions underway
Wastewater Treatment		No material change.	Recent improvements are supporting compliance performance.	Maintain compliance monitoring and reporting. WRC has visited the plant and observed the improvements; removal of the abatement notice remains pending.
3 Waters Contract		Project delivery is ongoing. Pipe prices have increased, but the contractor is holding tendered rates. A contract time extension has been granted to the end of August.	Material availability has stabilised. The project is approximately two months behind schedule due to the February flood event.	Continue contract governance and monitor delivery through to completion.
Coastal Structures		Engineering estimates are being finalised for the Aotea seawall. Current indications are that the available budget is unlikely to complete the full remaining 100m and may only fund approximately half of the intended length.	Risk remains Red. The remaining wall section is deeper and more complex to construct, and final cost certainty will not be known until tested through the market. If tender prices exceed budget, the project may need to be reconsidered before commencement.	Proceed to public tender and reassess project viability following tender evaluation.
Community Facilities		No material change.	Some projects were affected by the February event and are expected to carry forward into 2026/27.	Confirm carry-forward requirements for the affected projects through the year-end process.

Area	Status	What has changed (since last update)	Current key issue / risk	Mitigations / actions underway
Resource Consents	●	No material change	Operating under existing conditions while final reports are completed. This is not currently assessed as a high-priority risk.	Refocus on consent requirements once final reports are received. No immediate risk to Council is identified, although future improvement costs may increase once requirements are confirmed.



Activity	Budget	Actuals 30 June	Unspent 30 June	Not Proceeding	Potential Carry Forwards
Land Transport	10,016,982	8,943,423	1,073,559		1,073,559
3 Waters	3,965,350	2,252,285	1,713,065	774,899	938,167
Community Facilities	1,105,020	585,576	519,444	231,011	288,433
Total	**15,087,352**	**11,781,283**	**3,306,069**	**1,005,910**	**2,300,159**

Item 20	**Quarterly Risk Report August 2026**
To	Risk and Assurance Committee
From	Rebecca Griffin – Business Improvement Analyst
Type	**INFORMATION REPORT**
Date	17 August 2026

1. Purpose | Te kaupapa

1.1. To present the Quarterly Risk Report, including an updated Emerging Risk Register for Ōtorohanga District Council (ŌDC) based on Aon's July 2026 NZ Local Government Emerging Risk Horizon Scan.

2. Executive summary | Whakarāpopoto matua

2.1. Since the previous report to the Risk and Assurance Committee, ŌDC has continued to progress the 2025/26 Risk Management Work Programme.

2.2. This report changes the format of the emerging risk update. Rather than attaching Aon's Emerging Risk Horizon Scan as an appendix, the nine risks identified in the July 2026 scan have been brought into the body of this report, with an ŌDC-specific context and mitigation paragraph added against each. This is intended to give the Committee a clearer view of how each sector-wide risk applies to ŌDC specifically, and to prompt discussion on where further mitigation or assurance work is needed.

2.3. The most significant emerging risks for ŌDC in the coming 12–24 months are the interaction between Head Start reorganisation, Local Water Done Well implementation, RMA reforms, and organisational delivery capacity. These programmes draw on the same leadership, governance, specialist workforce and financial resources, creating a heightened risk of delivery pressure and organisational change fatigue.

3. Staff recommendation | Tūtohutanga a ngā kaimahi

> That the Risk and Assurance Committee **RECEIVE** the report titled 'Quarterly Risk Report August 2026 by Rebecca Griffin – Business Improvement Analyst.

4. Discussion | He kōrerorero

Risk Management Work Programme update

4.1. A desktop review of the ŌDC Business Continuity Plan is scheduled for the Crisis Management Team meeting on 27 August 2026. The review will provide an opportunity to assess the plan's currency, confirm roles and responsibilities, identify any gaps or required updates, and ensure the Plan remains fit for purpose in supporting Council's response and recovery arrangements during significant business disruption events.

4.2. To strengthen organisational risk maturity, risk management resources have been made available to staff through the Council intranet. These resources provide practical guidance on identifying, assessing, escalating, and managing risks, while promoting a consistent approach across the organisation. The initiative aims to build staff awareness of their role in risk management, support informed decision-making, and further embed risk thinking into day-to-day operations, project delivery, and strategic planning processes.

Emerging risk register – summary

4.3. Aon, ŌDC's insurance broker, has provided its July 2026 NZ Local Government Emerging Risk Horizon Scan. The table below summarises the nine risks identified, ranked by Aon on a sector-wide basis. A recurring theme across the emerging risk register is delivery capacity. While presented as a standalone risk, workforce and programme capacity is also a key driver of residual risk across climate adaptation, Head Start, water reform, RMA reform, cybersecurity and digital transformation activities.

Rank	Risk title	Inherent	Residual
1	Local Government Reform & Head Start Reorganisation	Extreme	High
2	Climate Adaptation & Natural Hazard Exposure	Extreme	High
3	Water Services Viability & Transition (Local Water Done Well)	High	Medium
4	Financial Sustainability, Insurance & Integrity	High	Med–High
5	Cybersecurity, Data Breach & Digital Resilience	High	Medium
6	Generative / Frontier AI in Council Operations	High	Low
7	Workforce, Capability & Delivery Capacity	Extreme	High
8	Misinformation, Polarisation & Trust in Local Institutions	High	Medium
9	Governance Complexity & Role Creep	High	Medium

Emerging risk register – detail

4.4. For each risk, the descriptions are drawn from Aon's July 2026 scan. The ratings, ŌDC context and ŌDC mitigation paragraphs have been drafted based on current known workstreams.

1. Local Government Reform & Head Start Reorganisation

Inherent risk	Extreme
Residual risk	High
Leadership Lead	Tanya Winter

Risk description

1.1. Local government reform presents significant strategic uncertainty for ŌDC. Potential outcomes could result in reduced local representation, diminished community influence, and decision-making being concentrated within a larger authority with different priorities. This risk is compounded by concurrent reforms across local government, including resource management reform, emergency management reform, water services reform, and wider public sector expectations, creating significant uncertainty regarding future governance structures, responsibilities, and service delivery models.

ŌDC context

1.2. This risk has progressed materially since the last report. Following resolutions by both councils on 4 August 2026, the joint Head Start project team submitted *Our King Country Future: Head Start Outline Proposal* to the Ministry for Cities, Environment, Regions and Transport. The proposal is being considered alongside broader local government, resource management, emergency management and water sector reforms, all of which have the potential to significantly reshape governance, service delivery and organisational capability requirements across the district.

ŌDC mitigation:

1.3. With the Head Start outline proposal submitted, the immediate focus has shifted from proposal development to responding to the Government decision process and preparing for detailed design.

1.4. Strengthened strategic partnerships and shared service arrangements with Waitomo District Council and other regional agencies to increase organisational resilience, capability and readiness for change.

Next steps

1.5. Maintain a standing "Reform Radar" for the Risk & Assurance Committee tracking key milestones.

1.6. The outline proposal identifies key deliverability risks. These risks will be monitored through the Head Start programme and cross-referenced in ŌDC's enterprise risk register to avoid duplication.

1.7. If successful, a transition plan will be created with the appropriate governance structure and project team in place to deliver it. This approach aligns with Aon's recommendation to treat Head Start as a standalone transformation programme with dedicated governance and implementation resources.

1.8. Develop an enterprise view of reform-related risks and interdependencies, including alignment with Local Water Done Well and other concurrent transformation programmes.

1.9. Monitor organisational capacity and resource requirements to ensure business-as-usual service delivery remains sustainable alongside transition planning.

2. Climate Adaptation & Natural Hazard Exposure

Inherent risk	Extreme
Residual risk	High
Leadership Lead	Tony Quickfall

Risk description

2.1. Intensifying climate-related hazards (flooding, storms, coastal erosion, landslides, heat/drought), combined with the Government's National Adaptation Framework and imminent Climate Adaptation legislation, are increasing expectations on local government for adaptation planning, risk-based land use, resilience investment and emergency response.

ŌDC context

2.2. This risk has materialised directly for ŌDC through the severe weather events across early 2026. Recent weather events demonstrate this is an active rather than emerging threat. Adaptation obligations, infrastructure exposure and community expectations remain significant.

2.3. Natural hazard management an integrated whole of system approach with climate adaptation and land use planning being the “Reduce” and “Ready” components of the “four “Rs”, and emergency management being the “Response” and “Recovery” components. Government has reconfirmed climate adaptation planning and emergency management as core Council functions.

ŌDC climate adaptation

2.4. Adapting to the effect ***of*** climate change:

a) Climate adaptation and natural hazard risks are embedded within Council's strategic planning, asset management, infrastructure, emergency management, and integrated into statutory land use planning processes.

b) Council continues to improve its understanding of hazard exposure through flood modelling, hazard mapping, and risk assessment work, supporting evidence-based planning and investment decisions.

c) Infrastructure planning and renewal programmes incorporate consideration of natural hazard exposure, service resilience, and whole-of-life asset risks.

d) Adaptation priorities are being considered through the Long-Term Plan, Infrastructure Strategy, Asset Management Plans, and future capital investment decision-making processes.

e) Emergency management, response, recovery, and business continuity arrangements are regularly reviewed and maintained to support community resilience during hazard events.

2.5. Mitigating Council’s effects ***on*** climate change:

a) Council continues to implement opportunities to reduce our corporate discharges of greenhouse gases. Examples of this include the recent solar array on the council building and transitioning for hybrid vehicles for the majority of our fleet. Rather than a legislative mandate, these measures are driven by long term economic and financial efficiency, while reducing our overall emissions.

Next steps

2.6. Implement the key priorities from Council's first Climate Change Response Plan.

2.7. Maintain Climate Adaptation and Natural Hazard Exposure as a Strategic Risk, with clear linkages to the Long-Term Plan, Infrastructure Strategy, Asset Management Plans, and hazard resilience investment decisions.

2.8. Continue adopting regional and national hazard mapping and progressing local hazard mapping as budget and opportunity allow, community engagement on identified risks, and refinement of the current climate adaptation programme aligned with future funding, legislation and infrastructure planning requirements.

3. Water Services Viability & Transition (Local Water Done Well)

Inherent risk	High
Residual risk	Medium
Leadership Lead	Mark Lewis

Risk description

3.1. Delivering safe, reliable and financially sustainable water services under evolving frameworks (Local Water Done Well and potential wider local government reform) remains a core systemic risk, interacting with climate, financial and workforce pressures.

ŌDC context

3.2. ŌDC has confirmed its delivery model. Council's Water Services Delivery Plan (WSDP) confirms ŌDC will transfer drinking water and wastewater services to Waikato Waters Ltd. ŌDC's transfer date is 1 July 2027, the final tranche alongside Hauraki District Council. Stormwater is not part of this transfer and will continue to be delivered by ŌDC directly.

ŌDC mitigation and next steps

3.3. The WSDP's financial sustainability position is supported by detailed financial modelling and an independent review by Infometrics, which found the WWDW model meets Government requirements and is more cost-effective through pooled scale and negotiating power. Stormwater, which remains with ŌDC, has been separately assessed as financially sustainable by 30 June 2028.

3.4. The WSDP itself identifies establishment risks for Waikato Waters, with mitigations already in train at a WWDW level; ŌDC's own risk register should track these as an early-warning indicator ahead of its own 1 July 2027 transfer rather than duplicate them.

Next steps

3.5. Track Waikato Waters' progress toward Day 1 readiness for the first transfer tranche (1 July 2026) as an early indicator ahead of ŌDC's own 1 July 2027 transfer.

3.6. Confirm the stormwater asset management and financial position continues to track against the sustainability assessment confirmed in the WSDP.

4. Financial Sustainability, Insurance & Integrity

Inherent risk	High
Residual risk	Med–High
Leadership Lead	Graham Bunn

Risk description

4.1. Persistent operating and capital cost pressures (fuel, freight, construction, wages), combined with mandated investment (water, climate, digital) and possible shifts in the funding model, threaten financial sustainability and heighten integrity risks in major programmes.

ŌDC context

4.2. This risk compounds the others above – Head Start, water reform and climate adaptation all carry cost and funding implications that flow into ŌDC's Long Term Plan and Annual Plan settings.

ŌDC mitigation

4.3. Council maintains prudent financial management through its Long Term Plan, Annual Plan, Financial Strategy, Treasury Management Policy, and ongoing budget monitoring processes.

4.4. Financial forecasting, asset management planning, and capital prioritisation are used to balance affordability, service delivery expectations, regulatory compliance requirements, and long-term infrastructure investment needs.

4.5. Procurement, delegations, financial controls, audit oversight, and fraud prevention measures are maintained to reduce integrity, conflict of interest, and financial management risks.

4.6. Council actively monitors central government reform programmes, funding opportunities, legislative change, and sector-wide financial pressures to inform future planning and investment decisions.

Next steps

4.7. Continue integrating financial sustainability, affordability, and resilience considerations into the Long Term Plan, Infrastructure Strategy, and Asset Management Plans.

4.8. Review insurance coverage, risk-financing approaches, and asset protection strategies to ensure they remain appropriate for increasingly climate-exposed infrastructure and community assets.

4.9. Maintain governance and assurance arrangements for significant transformation and capital programmes, including water services, digital initiatives, and major infrastructure investments.

4.10. Maintain strong procurement, fraud prevention, and conflict-of-interest controls to manage integrity risks associated with increasingly complex and high-value programmes.

5. Cybersecurity, Data Breach & Digital Resilience

Inherent risk	High
Residual risk	Med–High
Leadership Lead	Graham Bunn

Risk description

5.1. Councils, CCOs and water entities remain exposed to cyber threats (including state-linked espionage and cybercrime) targeting IT and OT systems. Rapid system change for reform and increasing use of cloud and AI services add complexity and expand the attack surface.

ŌDC context

5.2. Relevant to ŌDC given the pace of change already under way (Head Start, water transition, AI adoption – see Risk 6) – each involves system and data changes that need security built in from the start.

ŌDC mitigation

5.3. Council maintains a cybersecurity and information management programme that includes multi-factor authentication, security monitoring, user awareness training, system patching, access controls, and regular review of cyber risks across key business systems.

5.4. As Council continues to adopt cloud-hosted and Software-as-a-Service (SaaS) platforms, cyber risk management increasingly focuses on vendor assurance, contractual security requirements, data protection obligations, third-party risk assessments, and ongoing monitoring of critical service providers.

5.5. Business continuity and disaster recovery arrangements are maintained to support continued service delivery in the event of a cyber incident, system outage, or disruption to critical technology services.

5.6. Council utilises SAM4C (Sam for Compliance - Compliance Assistant and Manager) and SSS Scouter monitoring services to monitor and support cybersecurity compliance obligations, identify gaps, and provide visibility of cyber-related risks and assurance activities across the organisation.

Next steps

5.7. Continue strengthening vendor and cloud security assurance processes, recognising the increasing shift of cyber risk from on-premise systems to third-party hosted and SaaS environments.

5.8. Expand cyber resilience planning to include critical suppliers, shared service arrangements, operational technology, and recovery dependencies associated with major reform programmes.

5.9. Regularly test incident response, disaster recovery, and business continuity arrangements to validate Council's preparedness for cyber events and prolonged technology disruptions.

5.10. Renew training and awareness programs to inform staff of individual risks, responsibilities and mitigations during daily activities.

6. Generative / Frontier AI in Council Operations

Inherent risk	Medium
Residual risk	Low
Leadership Lead	Graham Bunn

Risk description

6.1. Rapid adoption of generative AI for drafting, analysis, customer service and automation, without mature governance, creates risks around privacy, data sovereignty, legal compliance, quality, bias and public trust.

ŌDC context

6.2. ŌDC staff are using AI to support a range of Council functions, including drafting and summarising reports and correspondence, analysing data, preparing meeting notes and action items, improving document quality, and streamlining research and administrative tasks.

ŌDC mitigation

6.3. Council has an approved Policy for the Use of Artificial Intelligence, effective from June 2025, which establishes expectations for the safe, ethical, and responsible use of AI technologies across the organisation.

6.4. AI use is subject to existing governance requirements relating to privacy, information management, security, records management, procurement, and legislative compliance.

6.5. Council monitors emerging guidance, legislation, and sector good practice relating to AI, including the GCDO Responsible AI Guidance for the Public Service, to ensure its approach remains aligned with evolving expectations.

6.6. AI risks are considered within Council's broader risk management, information management, cybersecurity, and digital governance frameworks.

Next steps

6.7. From late August 2026, staff capability and awareness are to be supported through MARVIN, the Palmerston North City Council-developed AI specific training platform, which will be used to deliver learning modules, promote responsible technology use, and build organisational awareness of emerging AI risks.

6.8. Council continues to encourage the responsible use of AI to improve productivity and service delivery while balancing opportunities against risks relating to accuracy, bias, legal compliance, public trust, and information security.

6.9. Review the policy to include clear positions on data sovereignty, offshore hosting, vendor data retention and deletion requirements, intellectual property considerations, and management of vendor lock-in risks.

7. Workforce, Capability & Delivery Capacity

Inherent risk	Extreme
Residual risk	High
Leadership Lead	Tanya Winter

Risk description

7.1. Persistent difficulties attracting, retaining and developing key skills (engineering, water, climate, digital/cyber, AI, project delivery, finance/governance) undermine councils' ability to deliver on climate, water, reform and digital agendas.

ŌDC context

7.2. Head Start, water reform, climate adaptation and AI/digital uplift are all drawing on the same limited capability pool within ŌDC at the same time, increasing delivery and burnout risk.

ŌDC mitigation

7.3. ŌDC is strengthening regional collaboration to address workforce and capability constraints through shared services, specialist resource sharing, and joint programme delivery.

7.4. Key initiatives include:

a) Shared Building Control leadership with Waitomo DC

b) Regulatory shared services with Waipā and Waitomo

c) Collaborative policy and CDEM work across the region

d) Exploration of future shared service opportunities across Finance, IT and Roading

e) Increased focused on Learning & Development ensuring staff have access to upskilling

f) Refreshed recruitment process with assistance from technology reducing recruitment timeframes from 6 - 7 weeks to a minimum of 3.5 weeks.

7.5. These arrangements increase access to specialist expertise, improve organisational resilience, and support delivery of concurrent strategic priorities.

Next steps

7.6. Expand regional and shared service arrangements to improve access to specialist skills and increase organisational resilience.

7.7. Progress opportunities for shared capability across regulatory, finance, IT, infrastructure and strategic planning functions.

7.8. Continue strengthening partnerships with neighbouring councils and regional agencies to support programme delivery and service continuity.

7.9. Incorporate workforce capacity considerations into major programme planning to ensure strategic initiatives are appropriately resourced and sequenced.

7.10. Regularly monitor workforce sustainability, capability gaps and organisational capacity as reform, water, climate and digital programmes progress.

8. Misinformation, Polarisation & Trust in Local Institutions

Inherent risk	High
Residual risk	Medium
Leadership Lead	Nardia Gower

Risk description

8.1. Misinformation and polarised narratives around Head Start, water, rates, climate adaptation and AI undermine trust, complicate consultation, and increase safety risks for staff and elected members.

ŌDC context

8.2. Head Start and Local Water Done Well are both live, potentially contentious topics for ŌDC over the coming months.

ŌDC mitigation

8.3. Monitoring community sentiment and emerging misinformation to enable timely and accurate responses.

8.4. Maintaining staff and elected member safety and wellbeing procedures, including support for managing online abuse, harassment, or threats.

Next steps

8.5. Review and strengthen safety, wellbeing, and escalation protocols for staff and elected members facing abuse or threats related to Council decisions.

8.6. Ensure consistent, evidence-based communications are embedded into major change programmes and consultation processes.

8.7. Regularly assess misinformation trends and adapt engagement approaches to maintain public confidence and informed participation.

9. Governance Complexity & Role Creep

Inherent risk	High
Residual risk	Medium
Leadership Lead	Tanya Winter

Risk description

9.1. Overlapping reforms, digital transformation and heightened community expectations that councils will fill social and wellbeing gaps increase governance workload and the risk of role creep, diluting focus on core statutory obligations.

ŌDC context

9.2. With multiple major reform workstreams now running concurrently at ŌDC, there is a risk that Council and Committee time becomes spread thinly across process rather than the most material long-term risks.

ŌDC mitigation

9.3. Using structured transition planning covering workforce planning, systems integration, governance arrangements, and shared services rather than relying on ad hoc project delivery.

9.4. Monitoring interactions between reform programmes and incorporating other legislative and sector reforms into planning processes to ensure Council remains focused on strategic priorities.

9.5. Considering workforce sustainability, capability gaps, and organisational capacity as part of major programme planning and sequencing.

Next steps

9.6. Incorporate capacity, wellbeing, and prioritisation checkpoints into governance reporting for major change programmes.

9.7. Use Long Term Plan, Annual Plan, and strategic planning processes to test new initiatives against statutory responsibilities, community outcomes, and organisational capacity.

Appendices | Ngā āpitihanga

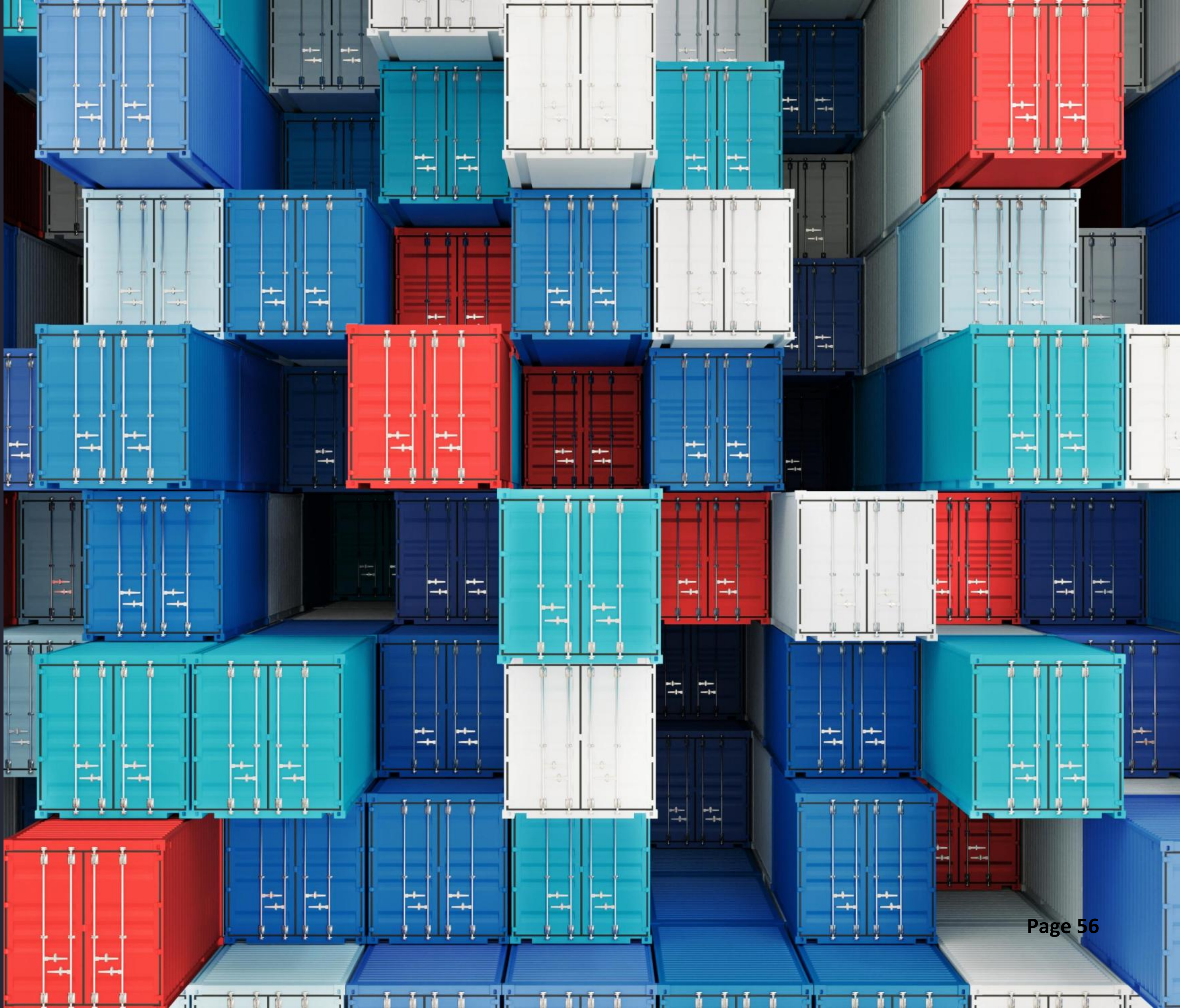
Number	Title
1	Aon NZ Local Government Emerging Risk Horizon Scan – June/July 2026

AON

NZ Local Government

Emerging Risk Horizon Scan

June/July 2026



July 2026

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Context and continuity

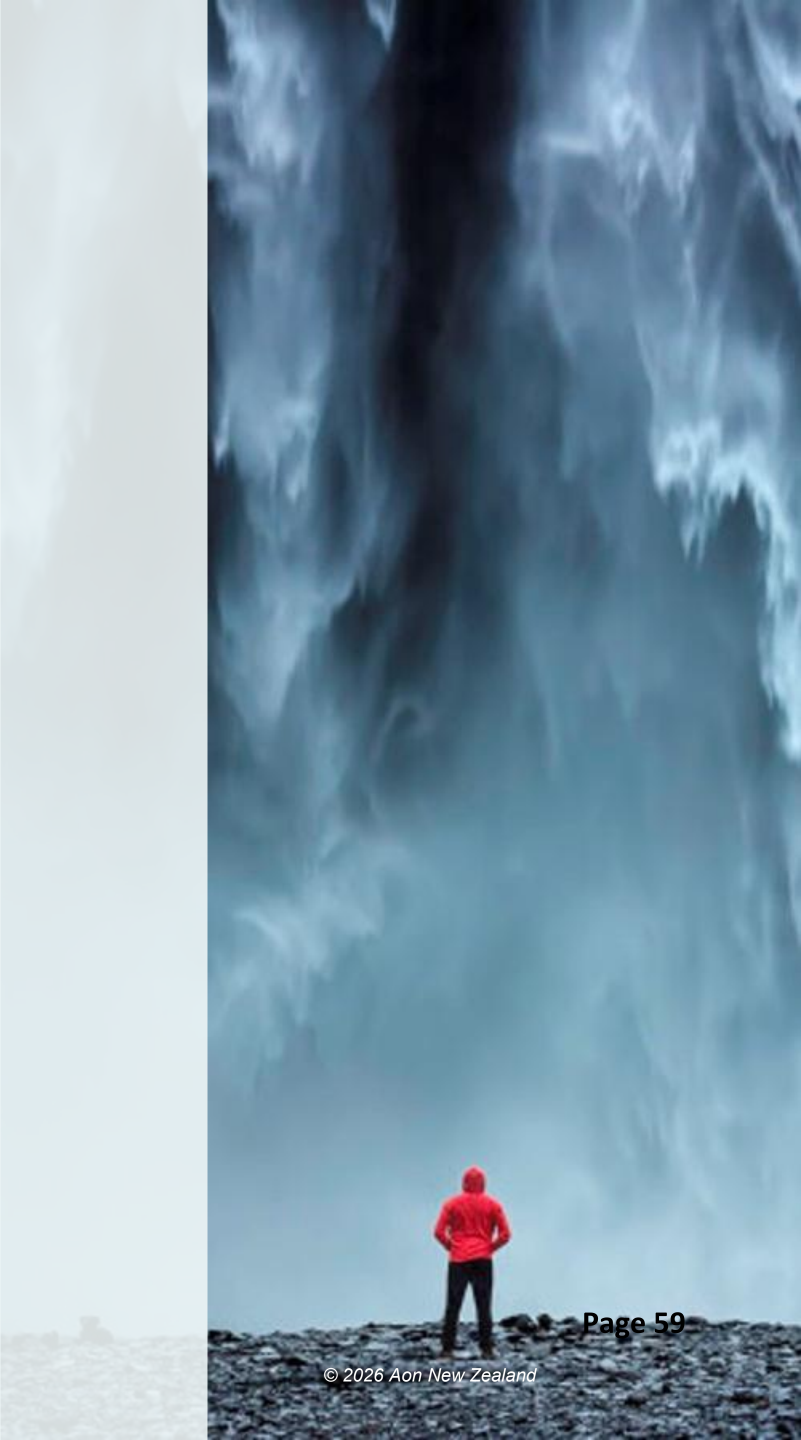
This June/July 2026 scan:

- Builds on the Earlier 2026 reports.
- Introduces an explicit reform focused risk reflecting emerging local government reform initiatives (e.g., changes to roles, funding, regulatory expectations, and local–central relationships).
- Treats this as an update to existing risk register entries and adjusts narratives and rankings where conditions have evolved.

Ratings are on a sector level H/M/L basis which you can adjust to your council's own scale.

AON

Contents



What's changed since earlier 2026 scans

Compared with your earlier reports (Jan–Feb through May/June):

Continuing

Local government reform (now with the concrete Head Start / Simplifying Local Government pathway) (boprc.govt.nz).

Climate adaptation and natural hazards under the National Adaptation Framework (environment.govt.nz).

Water services viability and transition under Local Water Done Well (rotorualakescouncil.nz)

Financial sustainability and integrity

Cyber/digital resilience

Workforce and delivery capacity

New for June–July 2026:

Generative / frontier AI in councils
Now explicitly supported by central government Responsible AI Guidance for the Public Service: GenAI, signalling mainstream public-sector use rather than experimentation only. (digital.govt.nz)

Head Start structural reorganisation risk
Climate adaptation and natural hazards under the National Adaptation Framework (environment.govt.nz).

De-emphasised as stand-alone:

Geopolitical/fuel volatility: still important, but now treated as a driver within financial sustainability and service-delivery risks, as higher fuel/freight costs become largely built into budgets and contracts.

1

Local Government Reform & Head Start Reorganisation

AON

Risk description:

The Government’s Simplifying Local Government programme – including the Head Start pathway for early voluntary reorganisation – may significantly change council mandates, structures, funding models and accountability frameworks, creating strategic uncertainty and transition risk.

Changes Over Time

June vs July

Current context (June/July 2026)

The Sixth National Government’s policy is to “simplify” local government, including encouraging amalgamations into larger territorial or unitary authorities. (rnz.co.nz)

On 5 May 2026, Ministers announced the Head Start pathway: councils have around three months (to early August 2026) to submit outline amalgamation proposals, ahead of a more directive “back-stop” process from 2028. (qldc.govt.nz)

Regional councils and TAs across the country are now actively considering options, including unitary proposals and regional approaches. (boprc.govt.nz)

Indicative rating

Inherent risk: High	Changes could fundamentally reshape local roles, funding and representation.
Residual risk: Medium–High	councils can plan and influence but not control final reform design.

Risk description:

The Government's Simplifying Local Government programme – including the Head Start pathway for early voluntary reorganisation – may significantly change council mandates, structures, funding models and accountability frameworks, creating strategic uncertainty and transition risk.

Emerging Issues and Suggested Actions

June vs July

Key emerging issues

Structural and regional-coordination risk – if some councils pursue Head Start amalgamations and neighbours do not, there is a risk of fragmented structures for water, CDEM, transport and regional planning. (ashburtondc.govt.nz)

Transition risk – where reorganisation proceeds (under Head Start or later), there are material risks around governance continuity, asset and liability transfer, staff change, IT/system integration and community representation. (horowhenua.govt.nz)

Investment hesitation – councils may delay or scale back major infrastructure, climate or digital investments "until reform is clearer", which could exacerbate underlying resilience and service risks.

Suggested actions (next 6–12 months)

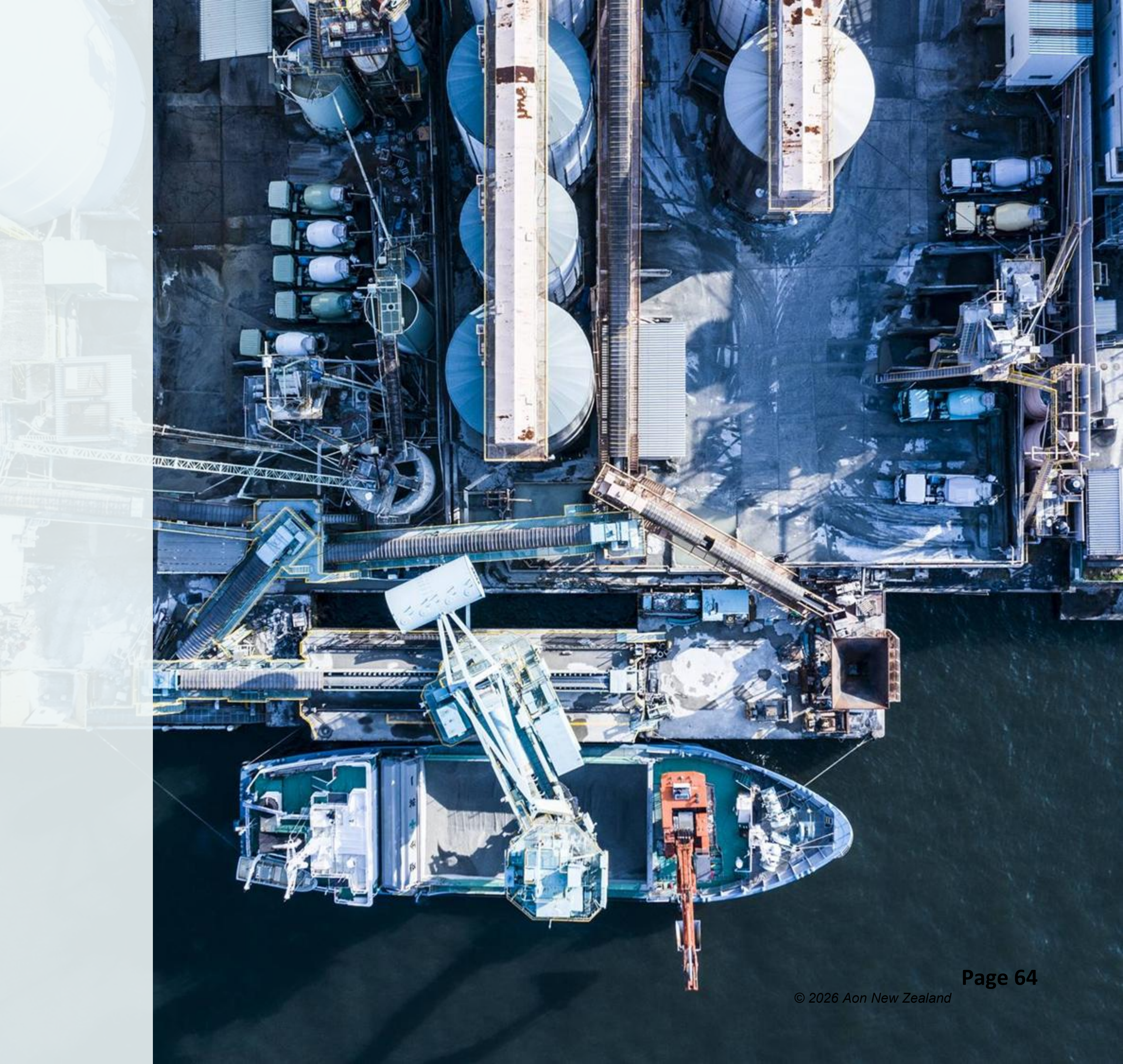
Maintain a "Reform & Head Start radar" summarising what is known, key dates (e.g., August 2026 outline proposal deadline), and implications for your region. (qldc.govt.nz)

If your council may pursue Head Start, treat it as a major transformation programme with its own risk register, governance and assurance – not a side-project

Run reform scenarios (no Head Start, Head Start amalgamation including your area, post-2028 imposed change) and test major commitments (water entities, adaptation programmes, digital platforms) against each. (boprc.govt.nz)

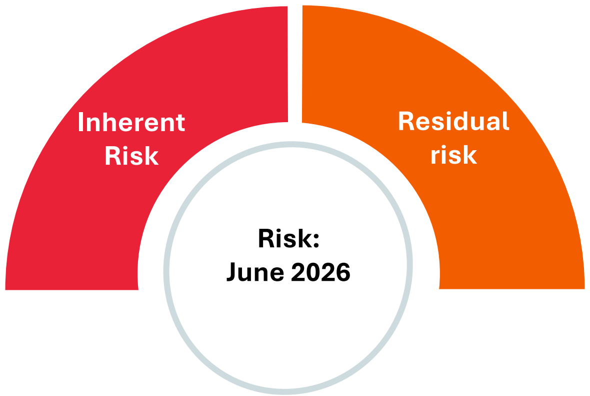
2

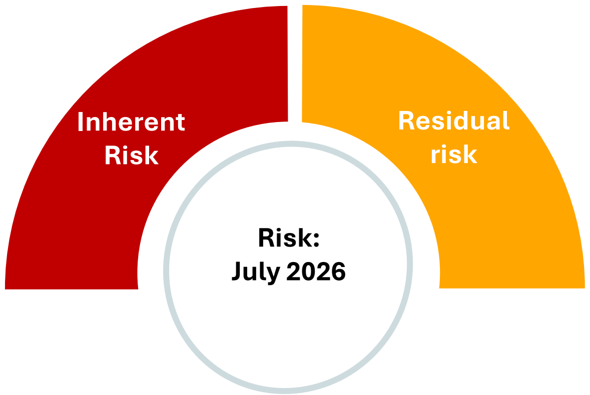
Climate Adaptation & Natural Hazard Exposure *(within the National Adaptation Framework)*



Changes Over Time

June vs July





Current context (June/July 2026)

The updated National Adaptation Framework sets out a long-term approach and includes a key action to amend the Climate Change Response Act to require adaptation plans in priority areas, explicitly clarifying local government responsibilities. (environment.govt.nz)

Councils are being directed to use recommended climate scenarios and national direction (e.g., via the National Planning Framework and NZ Coastal Policy Statement) in planning and policy decisions. (marlborough.govt.nz)

Publicly accessible hazard and climate-risk information is improving, raising community expectations and potential liability if councils ignore available risk information.

Indicative rating

Inherent risk: High	Physical risk is structural and worsening.
Residual risk: High to Medium	Depends on whether councils have funded, multi year adaptation programmes moving into implementation.

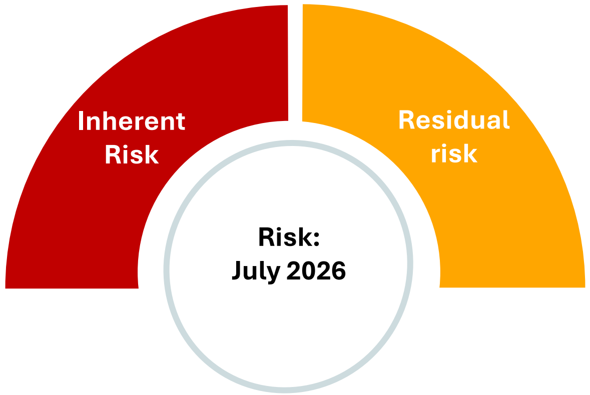
Risk Description

Intensifying climate-related hazards (flooding, storms, coastal erosion, landslides, heat/drought), combined with the Government's National Adaptation Framework, are increasing expectations on local government for adaptation planning, risk-based land use and resilience investment. (environment.govt.nz)

AON

Implications for councils & Priority Actions

June vs July



Key emerging issues

Legacy exposure – infrastructure and communities already located in high-risk flood/coastal zones, where adaptation or retreat will be costly and contested. (marlborough.govt.nz)

Distributional impacts – who bears adaptation costs (ratepayers, property owners, central government, insurers) and implications for lower-income and Māori communities. (marlborough.govt.nz)

Decision-making risk – resource consents, plan changes and capital projects that do not adequately incorporate new hazard/climate information and national guidance.

Suggested actions (next 6–12 months)

Keep adaptation and natural hazards as a top-tier enterprise risk, directly linked to LTP, Infrastructure Strategy and planning instruments, aligned with the National Adaptation Framework. (environment.govt.nz)

Progress place-based adaptation programmes (phasing, funding options, iwi/Māori partnership) rather than only high-level strategies. (environment.govt.nz)

Systematically bake climate-risk tests into major investment and consent decisions.

Risk Description

Intensifying climate-related hazards (flooding, storms, coastal erosion, landslides, heat/drought), combined with the Government's National Adaptation Framework, are increasing expectations on local government for adaptation planning, risk-based land use and resilience investment. (environment.govt.nz)

AON

3

Water Services Viability & Reform (Local Water Done Well Context)

Changes Over Time

June vs July

Current context (June/July 2026)

Under the Local Government (Water Services Preliminary Arrangements) Act 2024 and subsequent policy, councils were required to produce Water Services Delivery Plans (WSDPs) by September 2025, demonstrating how they will provide financially sustainable water services. (mcert.govt.nz)

Reports in late 2025 indicate that spending under councils' WSDPs is projected to be significantly higher (c. NZ$9b sector-wide) than previously estimated, underscoring the scale of the investment task. (rnz.co.nz)

Implementation is now live or imminent in several regions (e.g., Tiaki Wai WSO in Wellington from July 2026; staged transitions in Northland and others). (rotorualakescouncil.nz)

Indicative rating

Inherent risk: High	Infrastructure deficits, tighter regulatory expectations, affordability constraints.
Residual risk: Medium to high	Highest where councils are in early transition phases or have large backlogs.

Risk Description

Delivering safe, reliable and financially sustainable three waters services under evolving frameworks (Local Water Done Well and potential wider local government reform) remains a core systemic risk, interacting with climate, financial and workforce pressures.

AON

Changes Over Time

June vs July

Key emerging issues

Transition risk – asset and data migration, staff transfer, governance hand-overs and maintaining service continuity during shifts to WSOs/WS-CCOs. (rotorualakescouncil.nz)

Financial strain – WSDPs reveal large capex/opex requirements that will push rates, user charges or debt unless alternative funding is secured. (rnz.co.nz)

Interaction with wider reform (Head Start): if territorial boundaries change, water entity designs and funding arrangements may also need to be revisited. (rnz.co.nz)

Suggested actions (next 6–12 months)

Ensure water-related risks explicitly reference Local Water Done Well / WSDPs in your enterprise risk register (compliance, funding, transition, service reliability). (rotorualakescouncil.nz)

Treat any WSO/WS-CCO creation as a major transformation programme with strong governance, assurance and stakeholder engagement. (rotorualakescouncil.nz)

Transparently communicate local water investment needs and trade-offs, using sector examples to support messaging. (rnz.co.nz)

Risk Description

Delivering safe, reliable and financially sustainable three waters services under evolving frameworks (Local Water Done Well and potential wider local government reform) remains a core systemic risk, interacting with climate, financial and workforce pressures.

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4

Financial Sustainability, Insurance & Integrity
(with structural cost/energy pressures)

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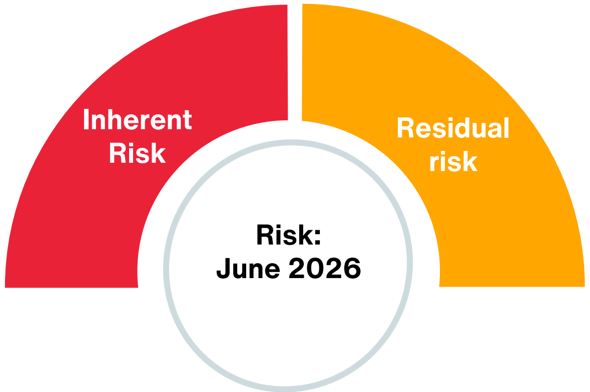
Changes Over Time

June vs July



Current context (June/July 2026)

Government and sector commentary on Local Water Done Well has highlighted that water investment needs are larger than prior estimates, adding pressure on rates and debt settings. (rnz.co.nz)

Global tensions (including in the Middle East) keep fuel and freight costs elevated and volatile; councils experience this through higher roading, waste, construction and fleet costs. (Multiple international and NZ economic outlooks highlight sustained energy and shipping volatility; councils see the downstream effects.)

Simplifying Local Government may eventually change funding levers and economies of scale, but details and timing are uncertain. (mpdc.govt.nz)

Indicative rating

Inherent risk: High	Multi driver and structural.
Residual risk: Medium to high	Highest where councils have limited headroom and large water/climate backlogs.

Risk Description

Persistent operating and capital cost pressures (fuel, freight, construction, wages), combined with mandated investment (water, climate, digital) and possible shifts in the funding model, threaten financial sustainability and heighten integrity risks in major programmes.

AON

Changes Over Time

June vs July

Key emerging issues

Risk of structural operating deficits or deferred renewals, storing up failures in pipes, roads and facilities.

Insurance pressures for high-risk assets (higher premiums/deductibles or limited cover), requiring more sophisticated risk-financing strategies. (Signalled repeatedly in insurer and central-government climate risk commentary, and reflected in local adaptation guidance). (environment.govt.nz)

Integrity risk (fraud, conflicts, poor value) in large capital or transformation programmes under intense time and budget pressure, with recent high-profile central-government project failures increasing public and audit scrutiny. (dns.govt.nz)

Suggested actions (next 6–12 months)

Embed robust business continuity planning, scenario and stress testing into the LTP and financial strategy (fuel/energy, construction, interest rates, insurance, reform variants). (dns.govt.nz)

Re-examine insurance and risk-financing strategies for climate-exposed assets, linking these to adaptation pathways. (environment.govt.nz)

Strengthen project governance and independent assurance for major water, digital and structural-reform programmes.

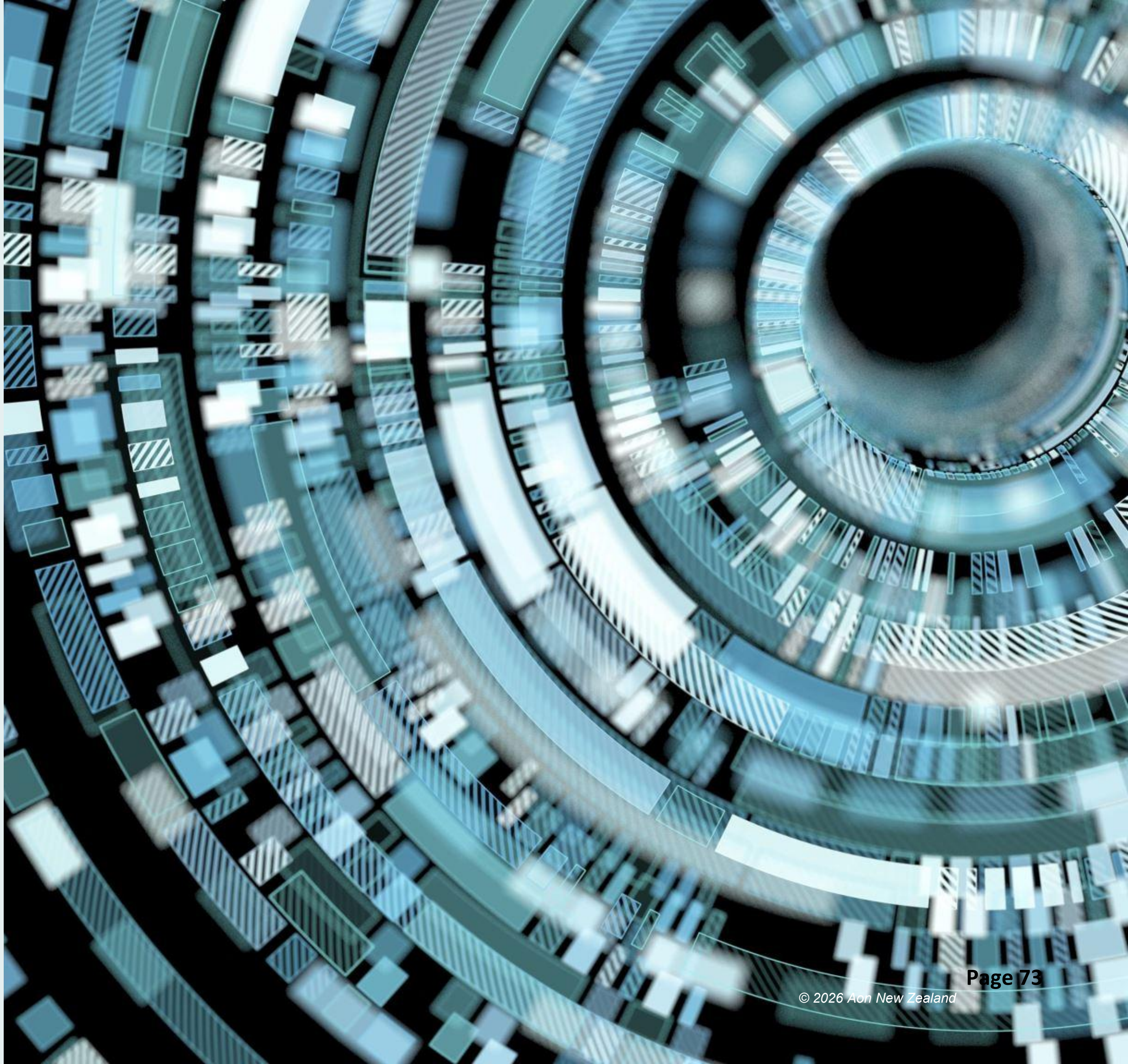
Risk Description

Delivering safe, reliable and financially sustainable three waters services under evolving frameworks (Local Water Done Well and potential wider local government reform) remains a core systemic risk, interacting with climate, financial and workforce pressures.

AON

5

Cybersecurity, Data Breach & Digital/AI Resilience



Risk Description

Councils, CCOs and water entities remain exposed to cyber threats (including state linked espionage and cybercrime) targeting IT and OT systems. Rapid system change for reform and the increasing use of cloud and AI services add complexity and expand the attack surface.

Changes Over Time

June vs July

Key May 2026 Developments

- National security and digital-government updates continue to stress that cyber exploitation is a primary vector for foreign interference and serious crime against public agencies and critical infrastructure. (dns.govt.nz)
- Several high-profile NZ public-sector data breaches in recent years have increased public expectations for security, breach notification and redress.
- Many councils are mid-uplift (MFA, awareness training, system upgrades), but OT (water plants, traffic systems, buildings) and shared/vendor systems often lag behind core IT.

Risk Description

Councils, CCOs and water entities remain exposed to cyber threats (including state linked espionage and cybercrime) targeting IT and OT systems. Rapid system change for reform and the increasing use of cloud and AI services add complexity and expand the attack surface.

Implications for councils & Priority Actions

Effects and Response

Key emerging issues

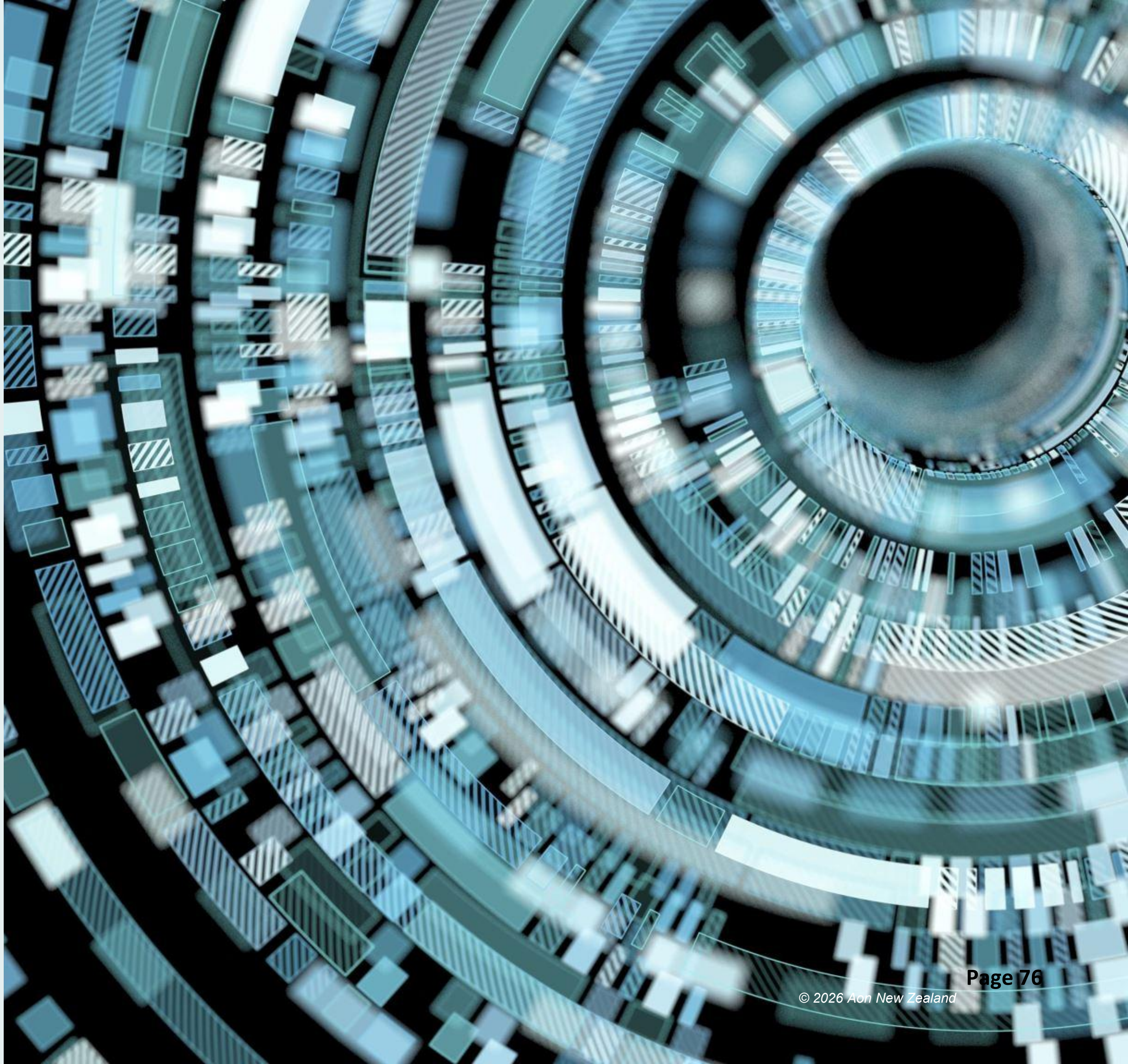
- Ransomware and data exfiltration affecting personal data, internal documents and operational continuity.
- Concentration of risk in shared platforms and vendor-hosted systems used by many councils and WSOs. (dns.govt.nz)
- System changes for Head Start reorganisation, water transitions or new reporting requirements rushed without security-by-design.

Suggested actions (next 6–12 months)

- Keep cyber/IT/OT as a top-tier enterprise risk with executive-level ownership and regular risk-committee reporting.
- Extend cyber risk assessments and controls to OT and vendor environments (S CADA, BMS, cloud platforms).
- Make security and privacy requirements explicit in all reform/digital business cases and procurement.

6

Generative / Frontier AI in Council Operations (NEW)



Changes Over Time

June vs July

Indicative rating

Inherent risk: High	Multi driver and structural.
Residual risk: Medium to high	Highest where councils have limited headroom and large water/climate backlogs.

Current context (June/July 2026)

In June 2026, the Government Chief Digital Officer released updated Responsible AI Guidance for the Public Service: GenAI, with principles, patterns and a toolkit for safe, transparent use across agencies. (digital.govt.nz)

Central government is promoting wider digital transformation and AI-enabled service delivery, positioning AI as part of the "digitising government" programme. (dns.govt.nz)

Local authorities are not all directly bound by central-agency mandates, but are expected to follow similar good-practice standards where they share infrastructure, data or functions.

Risk Description

Rapid adoption of generative AI (GenAI) for drafting, analysis, customer service and automation, without mature governance, creates risks around privacy, data sovereignty, legal compliance, quality, bias and public trust.

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Changes Over Time

June vs July

Key emerging issues

Privacy & information management – risk of staff pasting personal or confidential data into third-party AI tools; uncertainty over data storage, jurisdiction and deletion. (digital.govt.nz)

Data sovereignty & vendor lock-in – reliance on offshore platforms with evolving terms and pricing; risk of dependence on a small set of proprietary models. (docref.digital.govt.nz)

Integrity, bias & explainability – over-reliance on AI-generated content in policies, assessments or enforcement decisions; difficulty explaining or auditing the basis of decisions. (arxiv.org)

Suggested actions (next 6–12 months)

Develop or adopt a council AI governance framework aligned to the GCDO Responsible AI guidance (purpose, risk assessment, human oversight, approved tools, prohibited uses, transparency). (digital.govt.nz)

Integrate AI risks into privacy, cyber and information-management risk entries, and treat “GenAI in operations” as a discrete enterprise risk where use is material.

Educate staff on responsible AI use and clearly communicate to the public when AI is used in services that affect them.

Risk Description

Rapid adoption of generative AI (GenAI) for drafting, analysis, customer service and automation, without mature governance, creates risks around privacy, data sovereignty, legal compliance, quality, bias and public trust.

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7

Workforce, Capability & Delivery Capacity

Changes Over Time & Implications

June vs July

Current context (June/July 2026)

- Local Water Done Well, climate adaptation planning, Head Start reorganisation and AI/digital uplift all draw from overlapping capability pools at the same time. (environment.govt.nz)
- Councils and regions (e.g., Bay of Plenty, Wellington) are signalling the need for strong regional collaboration and shared capability to manage reform and delivery. (boprc.govt.nz)

Suggested actions (next 6–12 months)

- Align workforce and capability planning explicitly to the top 5–7 risks and reform priorities (climate, water, reform, digital/AI, financial strategy, engagement).
- Build regional/shared capability hubs (for water, climate, digital/AI, project management) where feasible. (boprc.govt.nz)
- Incorporate wellbeing and realistic resourcing into major programme design to reduce burnout and turnover.

Risk Description:

Persistent difficulties attracting, retaining and developing key skills (engineering, water, climate, digital/cyber, AI, Te Ao Māori, project delivery, finance/governance) undermine councils' ability to deliver on climate, water, reform and digital agendas.

8

Misinformation, Polarisation & Trust

Risk Description:

Misinformation and polarised narratives around Head Start, water, rates, climate adaptation, and AI undermine trust, complicate consultation, and increase safety risks for staff and elected members.

Changes Over Time & Priority Actions

June vs July

Current context (June/July 2026)

- Public debate on Simplifying Local Government (including Combined Territories Boards vs Head Start) and on Local Water Done Well is active and often polarised, including on social media and community forums. (mpdc.govt.nz)
- NZ-focused online discussions show concern about democratic impacts of amalgamation and about government AI use, feeding scepticism towards local and central institutions. (reddit.com)

Suggested actions (next 6–12 months)

- Maintain a misinformation / social licence risk entry explicitly covering reform, water, climate and AI decisions.
- Use plain-language explainers and myth-busting (for CTB vs Head Start, WSDPs, adaptation obligations, AI uses). (mpdc.govt.nz)
- Ensure robust safety and wellbeing protocols for staff and elected members dealing with online abuse, protests and direct threats.

9

Governance Complexity & Role Creep

Changes Over Time & Priority Actions

June vs July

Suggested actions (next 6–12 months)

- Use the enterprise risk register and LTP/Infrastructure Strategy as filters for new activities, especially in the reform context.
- Provide targeted governance development on risk-informed decision-making under reform and digital/AI change. (dns.govt.nz)
- Regularly review committee workloads to keep focus on the most material long-term risks (climate, water, reform, digital, financial sustainability).

Risk Description

Overlapping reforms (Head Start, Local Water Done Well, adaptation), digital transformation and heightened community expectations that councils will fill social/wellbeing gaps increase governance workload and the risk of role creep, diluting focus on core statutory obligations.

Summary

Rank	Risk Title	Inherent	Residual
1	Local Government Reform & Head Start Reorganisation	High	Med–High
2	Climate Adaptation & Natural Hazard Exposure	High	High/Med
3	Water Services Viability & Transition (Local Water Done Well)	High	Med–High
4	Financial Sustainability, Insurance & Integrity	High	Med–High
5	Cybersecurity, Data Breach & Digital Resilience	High	Med–High
6	Generative / Frontier AI in Council Operations	High	Med–High
7	Workforce, Capability & Delivery Capacity	High	Med–High
8	Misinformation, Polarisation & Trust in Local Institutions	High	Medium
9	Governance Complexity & Role Creep	Med–High	Medium

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Public excluded — Take matatapu

Public excluded items must be supported by a resolution in accordance with section 48 of the Local Government Official Information and Meetings Act 1987. Information considered in public excluded must be reviewed for release as soon as practicable in accordance with the Local Government Official Information and Meetings Act 1987.

#	Decision date	Resolution	Release date

Meeting closure — Katinga o te hui

The Chairperson will declare the meeting closed.

Workshops — Hui awheawhe

There are no scheduled workshops.