

# Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee



## Kaupapataka Wātea | Open Agenda



Notice is hereby given that an ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee will be held on:

**Ko te rā | Date:** Tuesday 24 February 2026  
**Wā | Time:** 9:00  
**Wāhi | Venue:** Council Chambers  
35 Kenrick Street  
TE AROHA

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### NGĀ MEMA | MEMBERSHIP

**He mema tūtahi | Independent Member**

**Tiamana | Chairperson:** Jaydene Kana

**Mema | Members:** He mema tūtahi | Independent Member

*To be confirmed*

**Koromatua | Mayor**

Ash Tanner

**Koromatua Tautoko | Deputy Mayor**

James Sainsbury

**Kaunihera ā-Rohe | District Councillors**

Bruce Dewhurst

Andrew McGiven

James Thomas

**Waea | Phone:** 07-884-0060

**Wāhitau | Address:** PO Box 266, Te Aroha 3342

**Īmēra | Email:** [governance@mpdc.govt.nz](mailto:governance@mpdc.govt.nz)

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**1 Whakatūwheratanga o te hui | Meeting Opening**

The Tiamana | Chairperson is to open the meeting.

**2 Karakia | Prayer**

The karakia is to be performed.

**3 Ngā whakapāha/Tono whakawātea | Apologies/Leave of Absence**

An apology from Councillor James Sainsbury has been received.

**4 Pānui take ohorere | Notification of Urgent Business**

Section 46A(7) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“An item that is not on the agenda for a meeting may be dealt with at that meeting if-

- (a) The local authority by resolution so decides; and
- (b) The presiding member explains at the meeting, at a time when it is open to the public,-
  - (i) The reason why the item is not on the agenda; and
  - (ii) The reason why the discussion of the item cannot be delayed until a subsequent meeting.”

Section 46A(7A) of the Local Government Official Information and Meetings Act 1987 (as amended) states:

“Where an item is not on the agenda for a meeting,-

- (a) That item may be discussed at that meeting if-
  - (i) That item is a minor matter relating to the general business of the local authority; and
  - (ii) the presiding member explains at the beginning of the meeting, at a time when it is open to the public, that the item will be discussed at the meeting; but
- (b) no resolution, decision or recommendation may be made in respect of that item except to refer that item to a subsequent meeting of the local authority for further discussion.”

**5 Whākī pānga | Declaration of Interest**

Members are reminded of their obligation to declare any conflicts of interest they might have in respect of the items on this Agenda.

**6 Whakaaetanga Mēneti | Confirmation of Minutes**

Minutes, as circulated, of the Ordinary meeting of Komiti o te Mōrearea me te Tūmaru | Risk & Assurance Committee, held on 9 December 2025

## 7 Pūrongo me whakatau | Decision Reports

# 7.1 Review of Risk and Assurance Charter

CM No.: 3141408

### Te Kaupapa | Purpose

The purpose of this report is to provide opportunity for the Risk and Assurance Committee to review and provide comment on the Risk and Assurance Charter, post-election for the 2025-2028 triennium.

### Rāpopotonga Matua | Executive Summary

In line with the establishment of the Risk and Assurance Committee in November 2022, for the 2022-2025 triennium the Committee undertook a full review in February 2023 of the previous Audit and Risk Committee's Charter.

The Office of the Auditor General (OAG) guidance recommends that the Risk and Assurance Committee Charter be reviewed annually and approved by the governing body.

The Charter (attached) was last reviewed on 30 September 2025 (pre-election) with no changes recommended. The Committee Chair would like to provide the new Committee the opportunity to review the Charter.

### Tūtohunga | Recommendation

That:

1. The information is received.
2. The Committee provide feedback to Council on the Charter *[feedback to be specified]*.

### Horopaki | Background

In February 2023, the Risk and Assurance Committee undertook a full review of the previous Audit and Risk Committee's Charter where amendments to the title, objectives, authority, composition, meetings and responsibilities were suggested and approved by Council.

The Office of the Auditor General guidance is that a Charter should formally document the accountability, authority, duties, membership, role, and responsibilities of the Audit Committee. The Charter should be approved by the governing body and reviewed and confirmed each year.

The Charter should include the Committee's:

- objective (its role or purpose, the governance framework/context within which it operates, and how it relates to other governance mechanisms/Committees)
- authority (the power or authority it has to fulfil its objectives)
- composition and tenure of members (the size of the Audit Committee, the sort of members it has, how new members are appointed and reappointed, how long members remain on the Audit Committee, and how members (including the Chairperson) are removed in the event of non-performance)
- responsibilities

- administrative arrangements (meetings, attendance and quorums, decision-making and voting, secretariat, conflict of interest provisions, induction)
- performance assessment arrangements
- systems and schedules for reviewing the Charter.

### Ngā Take/Kōrerorero | Issues/Discussion

The Charter (attached) was last reviewed on 30 September 2025 (pre-election) with no changes recommended. The Committee Chair would like to provide the new Committee the opportunity to review the Charter.

### Ngā Tāpiritanga | Attachments

[A↓](#) Risk and Assurance Committee Charter - ADOPTED 22 March 2023



### Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins <b>Kaitohu Mātāmua Kāwana   Senior Governance Advisor</b>	
Approved by	Tamara Kingi <b>Kaiārahi Kāwana   Governance Team Leader</b>	
	Sandra Harris <b>Pou Kaupapahere, Rāngai Mahitahi me te Kāwana   Policy, Partnerships and Governance Manager</b>	
	Kelly Reith <b>Hautū Rangatōpū, Tāngata me ngā Hononga   Group Manager Corporate, People &amp; Relationships</b>	

**Matamata-Piako District Council**

**Risk and Assurance Committee**

**Charter**

**Reviewed by the Risk and Assurance Committee February 2023**

**1. Objectives**

The primary objective of the Risk and Assurance Committee (Committee) is to assist the Matamata-Piako District Council (Council) in fulfilling its overall responsibilities relating to financial reporting, external audit, internal audit, compliance reporting and risk reporting, and report any areas of concern to Council.

The Committee will review:

- 1.1 The integrity of Council's financial management and reporting processes.
- 1.2 The scope, timeliness and effectiveness of Council's internal audit programme.
- 1.3 The scope and timeliness of Council's external audit activity.
- 1.4 Council's process for monitoring compliance with laws and regulations.
- 1.5 Council's risk management activities and their effectiveness.

**2. Authority**

The Council authorises the Committee within the scope of this Charter, through the Chairperson, to:

- 2.1 Seek any information it requires from any employee of Council
- 2.2 Obtain outside legal or other professional advice from within Council allocated resources or with the approval of Council should additional unfunded resource be needed.

**3. Composition**

The Chairperson must be suitably qualified and shall be an independent appointment with skills and experience, including governance and leadership, to provide value for Council. The Committee size will be determined by Council and must include members who have appropriate skills and experience, may include a second independent member.

**4. Term of Membership**

The Committee membership may be reviewed by Council but otherwise will be appointed for the term of Council.

**5. Meetings**

- 5.1 The Committee will meet at least four times per year, and such additional meetings as the Chairperson shall decide to fulfil its duties. In addition, the Chairperson is required to

call a meeting of the Committee if requested to do so by a majority of Committee Members, Council or the external auditors.

- 5.2 The Committee will be supported by Council's Governance Support Officer who shall be responsible, in conjunction with the Chairperson, for compiling the agenda and circulating it, supported by explanatory documentation to Committee Members prior to each meeting.
- 5.3 The Governance Support Officer will also be responsible for keeping the minutes of meetings of the Committee and circulating them to Committee Members and to the other members of Council.
- 5.4 A quorum shall consist of a majority of the Members.
- 5.5 The Committee will adopt Standing Orders to support its objectives and responsibilities.

## **6. Responsibilities**

The responsibilities of the Committee aligned to the Committee's objectives are:

### **6.1 Financial Reporting**

- 6.1.1 Review the performance of Council's financial and non-financial activities against the Long-Term Plan and Annual Plan.
- 6.1.2 Review the accuracy and completeness of Council's interim and annual financial statements and Annual Report in accordance with Council's policies, relevant accounting principles and relevant accounting standards.
- 6.1.3 Review all significant changes in accounting policy or activities that could have a material impact on Council's financial statements or Annual Report.
- 6.1.4 Recommend the adoption of the Annual Report to Council.

### **6.2 External Audit**

- 6.2.1 Recommend the appointment or reappointment of external auditors to Council.
- 6.2.2 Review and recommend the proposed external audit scope, plan, and fees to Council.
- 6.2.3 Monitor the performance of the external auditor, including enabling Council to meet statutory reporting deadlines.
- 6.2.4 Review the external audit recommendations and the appropriateness of management's response and monitor the timeliness and effectiveness of management's implementation of these recommendations.

6.2.5 As required, meet with management and/or the external auditors to discuss the audit arrangements, audit process, audit opinion or audit report.

### **6.3 Internal Audit**

6.3.1 Review and approve the proposed internal audit programme and the terms of reference for each internal audit within that programme.

6.3.2 Monitor the delivery of the internal audit programme.

6.3.3 Review the internal audit recommendations and the appropriateness of management's response and monitor the timeliness and effectiveness of management's implementation of these recommendations.

### **6.4 Compliance with Laws and Regulations**

6.4.1 Review the effectiveness of Council's system for monitoring compliance with laws and regulations, including management's report on any non-compliance and actions taken to address this non-compliance.

6.4.2 Review reports from regulatory agencies independently assessing Council's compliance with laws and regulations.

### **6.5 Risk and Internal Controls**

6.5.1 Review the effectiveness of Council's framework to identify, treat, monitor, and report on risks to Council's activities, Annual Plan and Long-Term Plan.

6.5.2 Review the effectiveness of Council's system to implement the Safety and Wellness Charter and achieve the mission of "Home Safe Every Day".

6.5.3 Review the effectiveness of Council's control environment, including Council employees understanding the importance of internal controls and their role in identifying and reporting on risks.

6.5.4 Review the effectiveness of Council's framework for business continuity, including the vulnerability of Council's information technology systems to threats.

6.5.5 Review the effectiveness of Council's insurance arrangements to mitigate insurable risks.

### **7 Other Responsibilities**

7.1 Regularly update and make recommendations to Council on Committee activities within the scope of this Charter.

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- 7.2 Perform other Risk and Assurance responsibilities as requested by Council.
  - 7.3 Review all Council policies within the scope of this Charter.
  - 7.4 Review and recommend the Committee's Charter to Council for approval.
  - 7.5 Annually review the performance of this Committee against this Charter, including recommendations to management on improved content or presentation of reports.
  - 7.6 Council's external auditors or Risk Manager will have independent access to the Committee Chairperson at any time.

8 Ngā Pūrongo Whakamārama | Information Reports

## 8.1 Chair's Update

CM No.: 3141486

### Te Kaupapa | Purpose

The purpose of this report is for the Chairperson to update the committee on activities following the last committee meeting.

### Rāpopotonga Matua | Executive Summary

Risk and Assurance Committee Chairperson, Jaydene Kana, in attendance to present the Chair's Update report (circulated separately).

### Tūtohunga | Recommendation

That:

1. The information be received.

### Ngā Tāpiritanga | Attachments

There are no attachments for this report.

### Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins <b>Kaitohu Mātāmua Kāwana   Senior Governance Advisor</b>	
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Approved by	Tamara Kingi <b>Kaiārahi Kāwana   Governance Team Leader</b>	
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8 Ngā Pūrongo Whakamārama | Information Reports

## 8.2 Chief Executive's Update

CM No.: 3141484

### Te Kaupapa | Purpose

The purpose of this report is for the Chief Executive to update the Committee on organisational matters relevant to the Risk and Assurance Committee's Terms of Reference.

### Rāpopotonga Matua | Executive Summary

Chief Executive, Manaia Te Wiata, in attendance to present the Chief Executive's Update which is attached to the agenda.

### Tūtohunga | Recommendation

That:

1. The information be received.

### Ngā Tāpiritanga | Attachments

[A↓](#) CEO Update February 2026



### Ngā waitohu | Signatories

Author(s)	Manaia Te Wiata <b>Tumu Whakarae   Chief Executive Officer</b>	
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Approved by	Manaia Te Wiata <b>Tumu Whakarae   Chief Executive Officer</b>	
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## Chief Executive Report – February 2026

### 1. Storm Event January 2026

The storm event in January 2026 had devastating impacts across the upper North Island—tragically including loss of life from landslides in Mt Maunganui and Pāpāmoa, and local states of emergency in Hauraki and Thames-Coromandel districts.

For Matamata-Piako, our team activated response protocols and maintained close monitoring throughout the event. The main impacts we managed were power outages (at one point over 7,000 properties did not have power), keeping water and wastewater services running and ensuring local roads and public spaces were safe. Our teams—both office-based and in the field—worked through challenging conditions to keep essential services going and communities informed. We came through with no injuries, services restored, and local road closures cleared.

I want to acknowledge the efforts of all the staff, agencies companies who worked tirelessly to keep our communities safe and functioning.

There has also been a significant effort in dealing with storm debris. We are grateful to the many individuals, community groups and businesses who volunteered their time and resources and helped us with the clean-up.

The Bay of Plenty landslides have sharpened our focus on land instability risk across our district. We're looking at how we're using our hazard information—particularly where it intersects with buildings and critical assets—and whether it's good enough, or whether we need better data and analysis. Regional CDEM is also taking a lead to strengthen knowledge and capabilities in this area.

A full report on the event is being prepared for Council.

### 2. Financial Position Overview – November 2025

This summary is based on the November 2025 financial report presented to Council on 11 February 2026.

#### Overall Position

Council's financial position is stable. We're meeting our obligations and tracking within budgets overall. Key variances by activity:



### Revenue and Activity Performance

*Community Facilities* – Revenue is below budget due to lower visitor numbers at pools and spas. This is partly planned (pool liner work at Matamata) and partly seasonal. We're managing costs tightly and have secured external grant funding which helps offset the shortfall.

*Water* – Metered water income is \$300k (19%) below budget. This reflects both the new staggered meter reading approach across the three wards and lower consumption from a major industrial customer. The industrial variation appears seasonal and may recover, but we're watching this closely.

*Wastewater and Water Capital* – Both programmes are behind budget, but this is timing rather than a delivery issue. Construction is seasonal, and the Matamata WWTP upgrade is progressing (\$5.7m spent against a combined annual and carried-forward budget of \$42.3m).

*Roading* – Both subsidies and expenditure are below budget due to weather delays affecting maintenance work and the timing of NZTA subsidy claims. This pattern is typical at this point in the year.

*Consents and Licensing* – Revenue is \$1.1m ahead of budget, driven by higher building consent, resource consent, and licensing activity, plus the timing of annual dog registration fees.

The recent storm event has resulted in additional unplanned costs related mainly to tree damage. We will report on these costs once all relevant work is completed.

### Waikato Waters Transition

Costs associated with the October 2026 transfer to Waikato Waters Ltd are being tracked separately. These will form part of the asset and liability transfer to the new entity.

### Treasury and Debt Management

Council is compliant with borrowing limits and debt affordability settings. Interest rate exposure is being managed within policy.

There is one intentional policy exception: we're operating outside our standard funding risk limits during the transition to Waikato Waters. Council approved this approach in September





2025. The rationale is straightforward – debt that will transfer to the new entity in October 2026 is being funded over shorter maturities to simplify the handover. This is a temporary position and will resolve on transfer.

### Financial Reporting Timeliness

Financial reporting to Council is running behind schedule. This has been caused by the delayed adoption of the 2024/25 Annual Report and the resource demands of the Waikato Waters transition.

Financial controls and budget monitoring remain in place, but the reporting delay does reduce Governance oversight. We're working to bring this back on track.

The Half-year report incorporating budget forecasts to 30 June 2026 is being finalised.

### 3. 2026/2027 Annual Plan

At its meeting on 11 February 2026, Council considered the draft Annual Plan 2026/27 and supporting analysis, including the assessment of significance and materiality. Council approved the preliminary Draft Annual Plan 2026/27 budget and confirmed there are no significant or material differences from year three of the Long Term Plan (LTP) 2024–34.

As a result formal consultation on the Plan is not required. Council has instead requested that an information campaign is developed.

#### Key Features of the Draft Annual Plan

The Annual Plan represents year three of the LTP 2024–34 and largely delivers what the community was consulted on through that process.

#### Rates and Financial Position

- The total proposed rates increase for 2026/27 is within LTP limits, less than 1% higher than the 5.1% LTP forecast.
- Three waters rates are at the upper end of the LTP forecast but within limits, reflecting compliance, monitoring, depreciation, and transition costs associated with water reform.
- Overall debt and debt-to-revenue ratios remain within the Financial Strategy parameters, and total borrowing is slightly lower than forecast in the LTP Capital Programme.
- There are no significant or material changes to the capital programme approved through the LTP.
- Key projects such as the Matamata Wastewater Treatment Plant upgrade proceed in 2026/27 after earlier deferral.
- Other changes are primarily timing deferrals, not removals (e.g. Te Aroha Library delivery moved to 2027/28; Te Aroha Spa deferred pending further investigation).





- Waters Reform Transition
- The Plan incorporates the transition of water and wastewater services to Waikato Waters Ltd from 1 October 2026, including transitional funding, governance, and administrative arrangements.
  - Legislative amendments mean this transfer does not trigger an LTP amendment, and delivery obligations under the Water Services Delivery Plan continue.

#### Key Risks

- The usual Annual Plan risks apply: affordability pressures, inflation on contracts and capital, uncertainty around revenue streams that are variable or based on demand.
- The new risk is the Waters transition. Shifting water and wastewater services to Waikato Waters Ltd on 1 October introduces operational, financial, and governance complexity we haven't managed before. Transitional funding flows, service continuity, and accountability arrangements will need close oversight through the remainder of this year.

Council's decision meets statutory requirements and known risks are being managed. The issue of whether our organisation is adequately prepared for a rate-capped future will need to be addressed during the 2027 LTP process.

#### 4. Organisational Review

The Executive Team is working through a structured organisational review to position ourselves for the water services transition to Waikato Waters on 1 October 2026, and to respond to ongoing legislative change across local government.

We're using a single five-stage framework for this work and any future organisational change: Define → Organise → Plan → Execute → Monitor. The intent is to reduce change risk, engage staff and unions appropriately, and be clear about decision-making and accountability.

Right now we're in the early Define stage. We're mapping what's confirmed and what's uncertain, assessing early impacts from Waikato Waters, and developing a high-level organisational design. No decisions have been made on detailed structures or individual roles yet. The Executive Team will complete the draft high-level design by late February, then move into detailed design work in March.

Formal staff consultation won't start until we have detailed proposals ready – that's not expected until later in the process, likely late May. We've been explicit with staff that timeframes may shift as national direction becomes clearer.

#### Key Risks





The key risks we're managing are workforce uncertainty, change fatigue, potential loss of critical capability, and reputational risk. We're mitigating these through staged and transparent decision-making, leadership support, and appropriate engagement.

I will provide updates to Council and this Committee through the process.

#### **5. Te Ohu Takatū Anamata | Future Ready Update**

Te Ohu Takatū Anamata has met twice since the last Risk and Assurance Committee meeting and has continued to closely monitor proposed legislative changes impacting local government.

The group oversees the organisation's response to these changes. Over the past two months this has included preparing local submissions on behalf of MPDC, as well as contributing to regional-level submissions.

A summary of the key legislative changes and the status of submissions is included in the quarterly risk report within the agenda.

The Policy team is currently undertaking a detailed assessment of the potential impacts of these legislative changes, including implications for activity, revenue and costs, organisational capability, and governance. Further information from this assessment will be reported to the next Risk and Assurance Committee meeting.

#### **6. Waikato Waters Limited – Transfer of Water and Wastewater Services**

The Waikato Waters transition to transfer water and wastewater staff and assets to the Council-Controlled Organisation on 1 October 2026.

The internal transition team meets fortnightly to coordinate eight active workstreams: governance and legal, people, finance, operations, assets, iwi engagement, technology and communications. The team handles information requests from Waikato Waters, reviewing transfer drafts, and supporting staff during this organisational change.

Neil Brennan has been appointed as the Interim CEO of Waikato Waters Limited, taking over the leadership of the transition team from Vaughan Payne.

#### **Debt Guarantee**

Council committed to guaranteeing Waikato Waters' debt when we approved and signed the Shareholders Agreement in July 2025. We are now working through two related matters: LGFA's specific requirements for its lending to Waikato Waters, and the framework for guarantee arrangements should Waikato Waters borrow from commercial lenders.





LGFA's requirements trigger some structural and technical changes to shareholder arrangements. The six transferring councils are working collectively on these matters, supported by joint legal advice from Simpson Grierson.

Waikato Waters is seeking delegation of signing authority for all Shareholder Councils this month. Council has had one briefing on the issue and will formally consider the matter on 25 February.

For assurance purposes, while the guarantee will be joint and several, it is intended to operate as follows:

- Debt to establish Waikato Waters to be proportionate based on shareholding
- Transferred debt to be proportionate based on Shareholder debt amounts.

### Timelines

As we move through the transition, practical choices are being made because of the amount of work involved. This means some timelines are shifting, but key milestones will remain unchanged.

### Transfer agreements

The Transfer Agreement between Council and Waikato Waters Limited sets the legal and operational framework for the transfer of Council's water and wastewater services. It covers:

- The transfer of assets, liabilities and associated debt
- Staff transition arrangements
- Acceptance of the capital programme, property and land interests
- The things that must be in place before Council can legally complete the transfer to Waikato Waters Ltd
- Obligations that continue after the legal transfer (e.g post-completion service and support arrangements to ensure service continuity through the transition period)

The first three transferring Councils are scheduled to sign their transfer agreements in March. We will be signing in June.

### Key risks

The risk register (developed in September 2025, due for February review) continues to show very high residual risks around:

- Staff wellbeing and organisational culture
- Achievement of strategic objectives
- Information security





- Executive capacity
- Relationships with mana whenua

These haven't changed materially. This is a major organisational change and has caused uncertainty for affected staff.

Additional resources have been or are being engaged to help manage the impact of this programme of work.

Waikato Waters Ltd has released the organisation structure which is a major milestone and will help provide certainty for transferring staff.

In summary, this remains a complex transition. For this Committee's purposes:

- The Debt Security arrangements is an important issue for all parties and agreement on the details of this matter is critical to the project
- People risks are persistent and are expected to lessen to an extent with the release of the Waikato Waters organisation structure
- The details of transitional arrangements will become clearer this month as the agreements are finalised for the first three Councils that transfer.

We're managing what we can control. The collaborative work with six other councils has been extremely beneficial as we share knowledge and expertise.

Manaia Te Wiata

**Chief Executive Officer**



8 Ngā Pūrongo Whakamārama | Information Reports

## 8.3 Insurance Renewals

CM No.: 3142916

### Te Kaupapa | Purpose

The purpose of this report is to advise the Risk and Assurance Committee of the Matamata-Piako District Council Insurance Premiums for the 12 months commencing 1<sup>st</sup> November 2025. It also advises of changes made to policy conditions.

### Rāpopotonga Matua | Executive Summary

Matamata-Piako District Council currently carries 11 different insurance policies. The insurance year runs from 1st November to 31st October of the following year.

Allowing for changes and additions during the 2024/25 year the total premium for 12 months was \$1,554,395.

For the year commencing 1 November 2025 this has dropped to \$1,395,470.  
(10.22% saving).

The key drivers that have resulted in this saving are a softening market, a collective approach by the Waikato Co-lab, targeting of new markets (London and Singapore).

Various appendices to this report inform the committee of the structure around the negotiations and the collaborative approach by the Waikato Councils.

### Tūtohunga | Recommendation

That:

1. The information be received.

### Horopaki | Background

Asset values increase most years particularly from an insurance valuation point of view. Council's infrastructure Insurance Policy have sub-limits. Since 2018 these sub-limits remained static however the Total Declared Value (TDV) has increased from \$211,400,000 to \$410,553,936 by 2025/26 year.

The current claim limit for MPDC on any one event was increased to \$70,000,000 in 2024 (due to insurance valuation of Morrinsville Wastewater Treatment Plant) and for the Waikato Co-lab a combined limit of \$300,000,000.

MPDC work in collaboration through the Waikato Insurance Advisory Group (IAG) which is associated with Co-lab.

Recent questions asked how this works and its robustness are addressed in Appendix A.

### Ngā Take/Kōrerorero | Issues/Discussion

The Insurance Policies that council hold cover:

- Material Damage and Business Interruption (MDBI)
- Infrastructure
- Commercial Motor (CMV)
- Employers Liability
- Statutory Liability
- Fidelity/Crime
- Cyber Liability
- Aviation Hull
- Airport Owners and Operators Liability
- Professional Indemnity
- Public Liability

Key points worthy of note:

- MDBI premium has dropped by 20.54% but covering a 10.8% increase in value, this equates to a reduction of 28% in premium against insured value.
- Infrastructure premium has dropped by 19.42% but covering a 5.66% increase in value, this equates to a premium reduction of 23.75% against insured value.
- CMV premium has increased by 6.95% but covering a 16.2% increase in value, this equates to a reduction of 8% against insured value. However, it includes \$0.6mill worth of Telehandlers (For Refuse Transfer Stations).
- The increase in Professional Indemnity premium has been driven by national claims against regulatory decisions.

Refer to Appendix B for other policy premium changes.

### **Mōrearea | Risk**

With the current loss limits there is minimal risk of under insurance on assets.

There is an increased risk of unplanned operational expenditure should a claim be made against our Statutory Liability Policy, the ability to insure against fines imposed has been removed by Statute. (August 2025)

Appendix C gives a summary of the Collective Insurance Procurement and Market Presentations from a Co-lab perspective.

Appendix D outlines the Shared Procurement Benefits managed through our Co-lab Broker (AON)

Insurances for Water and Waste Water assets will be the responsibility of Waikato Waters Ltd from 1 October 2026.

### **Ngā Whiringa | Options**

The option to insure or not has previously been considered by this committee and the status quo was agreed.

Partial or full self-insurance is an option; however, it does come with financial and reputational risks. If there is a desire for this to be investigated, then a scoping document can be drawn up for consideration.

### **Recommended option**

No options are being recommended. Report for information only.

### Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations

None.

### Ngā take ā-lhinga | Consent issues









None.

### Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source

The premiums are recorded as prepayment insurance costs and journaled across all departments on a monthly cycle.

The total cost of premiums for the year commencing 1 November 2025 is \$1,395,470.00 GST is recoverable in part dependant on country of placement.

### Ngā Tāpiritanga | Attachments

- A.  Responses to Specific Questions  

- B.  2025 Renewal Premiums  

- C.  Co-lab Collective Procurement Presentation  

- D.  AON - Benefits of Shared Procurement  


### Ngā waitohu | Signatories

Author(s)	Roger Lamberth <b>Property and Insurance Manager</b>	
Approved by	Fiona Vessey <b>Hautū Hanganga Rawa me ngā Whakahaere   Group Manager Infrastructure, Assets &amp; Operations</b>	

Appendix A – Responses to specific questions:

1. **Premium Changes:**

- How do the 2025/26 premiums compare to last year's?

The attached word table (Appendix B) indicates changes both in dollar terms and percentages. Percentage changes are also indicated where the revaluation of assets has increased but the premium/\$ has been reduced. AON report Co-Lab benefits of shared procurement show a true underlying premium change picture for the Waikato. (Sec 2 of this appendix). The Consultant Risk and Business Excellence Advisor has provided a copy of his report for the year 2024, (Appendix C) indicating significant savings for the Waikato (This was when he was chair of the Waikato Insurance Advisory Group - Co-lab). The 2024/25 underlying premium rate saving was 18.5% so over the past two years MPDC has achieved huge reductions in the infrastructure insurance space.

- What are the key drivers behind any increases or decreases?

With regard to the decreases, these have largely been achieved through a softening market, however this has been maximised via our collective (Co-Lab) approach (economies of scale, diversification of risk, smoothing of claims impact), target of new markets (e.g. MDBI now marketed and achieved in London, Infrastructure in Singapore), and maximisation of relationship and competitive tension in existing markets – AON's paper (Appendix D) is an excellent explanation of how this works which should be helpful. Professional Indemnity has increased (6%) – driven by claims in the consenting area (RMA / compliance with Building Code). The fact that any NZ Council can secure insurance in that distressed liability market is a tribute to some very hard work by AON. Motor vehicles are also up but due to increase in value of the fleet – the rate in the \$ is down.

2. **Market Competitiveness:**

- Were alternative quotes sought from other brokers or insurers? If not, what factors influenced continuing with AON exclusively?

Regarding appointing a Broker, we go to market as a collective periodically. The current AON contract is a 3+2+2, awarded after a robust / contestable process carried out late 2019 / early 2020. Council's current Consultant Risk and Business Excellence Advisor was personally involved as an evaluator in that process and can vouch to its robustness. Although it was an open tender, only two responses were submitted and realistically that is where the local government sits currently due to size and complexity. The Consultant Risk and Business Excellence Advisor's recollection is that AON were assessed as superior over the competitor on all the price/quality attributes and were considered well-ahead regarding their market reach and strategic approach. The ultimate expiry of that contract is 30/6/27 at which point the market will be tested again. Brokerage is remunerated on a fixed fee basis, so there is no commission-based incentive favouritism of insurers.

In regard to Insurers, for the bigger policies, Material Damage Business Interruption (MDBI) and Infrastructure, there is significant competitive tension in the annual renewal process. The collective programme is insured on a tower-like basis with multiple insurer syndicates competitively bidding for percentage shares in the ‘tower’.

For the Infrastructure programme those bids come from up to 21 Lloyds of London syndicates, four Singaporean market syndicates, as well as two or three NZ insurance companies and some Australian insurers. It is the expert Broker’s job to assess each percentage bid and price and build a ‘tower’ at best overall pricing, recognizing the need for ongoing sustainability and cover security.

The MDBI programme was marketed to multiple syndicates in London this year, alongside the NZ and Australian markets that have traditionally covered it.

Our Liability programme (Professional Indemnity and Public Liability) is being actively marketed to multiple syndicates in London with good results achieved in what is widely considered a distressed market.

The collective approach via Co-Lab is incredibly important and in staff opinion it would be unrealistic and uneconomic for MPDC to go it alone. A point well made by AON’s paper.

- How do our premiums benchmark against similar councils or organisations?

We do not have readily available information on this however, the Consultant Risk and Business Excellence Advisor has seen some benchmarking data previously and we could ask AON for it if that was required. Benchmark comparison however has significant limitations for many of our policies given key drivers of premium rates are not always apples for apples, for example natural hazard risk in the MDBI and Infrastructure space and claims history in the Liability and Motor Vehicle spaces. This is an important point to consider. Given this factor, in the staff view, it is better to place confidence in the robustness and contestability of a renewal process, than in benchmarking.

The extract below from the Consultant Risk and Business Excellence Advisor 2024/25 Co-Lab Board report (Appendix C) gives a view of how our premium pricing change compares against other NZ Local Government collectives – which is very favourable.

**The Infrastructure Renewal Outcome**

We've had an outstanding result in this space. The key line to note in the table below is the second line which shows the premium rate change and look at the Co-Lab Waikato Collective ... an 18.47% reduction!

Group Renewal Outcomes	NZ Collective 1	NZ Collective 2	Co-Lab	NZ Collective 3	NZ Collective 4
Premium rate change	-10.49%	-6.48%	-18.47%	-15.56%	-13.38%
Values change	16.74%	1.3%	13.4%	4.9%	10.8%
Premium change	6.25%	-5.18%	-5.07%	-10.66%	-2.60%

It is a softening market, however that's a far better than anticipated result and as the table shows that's the best reduction of the 5 NZ Council collectives with 1 November renewals. This builds nicely on last year when our 5% increase in premium rate was the lowest increase of these same collectives.

**3. Coverage Adjustments:**

- Have there been any material changes in coverage terms, exclusions, or limits compared to last year?

Only the Statutory Liability Policy where fines under the RMA are no longer covered by insurance. Costs and legal fees are still covered. The premium has remained fairly static as insurers consider that Councils are more likely to defend cases rather than plead guilty

- What additional risks (e.g., cyber, infrastructure) have been factored into this renewal?

Low value building assets removed from insurance schedule, the excess doesn't justify premium.

**Matamata-Piako District Council Insurance Premium changes from 2024/25 year to 2025/26 year  
– anniversary date 1 November**

Policy	2024 Total Premium	2025 Total Premium	%age change	2024 Asset Value/#	2025 Asset Value/#	%age change against Valuation
Material Damage & Business Interruption	\$845,870.42	\$672,144.14	-20.54%	\$100,876,222.00	\$111,775,945.00	-28%
Infrastructure Cover	\$85,191.35	\$68,649.87	-19.42%	\$388,556,666.00	\$410,553,936.00	-23.75%
Commercial Motor	\$93,477.28	\$99,981.75	+6.95%	\$6,205,192.00	\$7,208,527.00	-8%
Employers Liability	\$1,650.25	\$1,690.50				
Statutory Liability	\$9,083.85	\$9,124.10				
Fidelity/Crime	\$29,430.80	\$29,434.83				
General Liability (Public)	\$19,339.06	\$16,587.01	-14.23%			
Professional Indemnity	\$437,164.45	\$464,571.25	+6.27%			
Cyber Liability	\$28,853.50	\$28,893.75				
Aviation Hull/Drone	\$1,731.16	\$1,746.21				
Airport Owners & Operators Liability	\$2,602.95	\$2,646.98				
<b>Totals</b>	<b>\$1,554,395.07</b>	<b>\$1,395,470.39</b>	<b>-10.22%</b>			



### Collective Insurance Procurement and International Market Presentations, 2024

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<b>To</b>	Co-Lab Board
<b>From</b>	Ken Morris, Co-Lab Insurance Advisory Group Chair
<b>Date</b>	21 February 2025
<b>Report Title</b>	Collective Insurance Procurement and International Market Presentations, 2024

#### 1. PURPOSE

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To update the Board on elements of the 2024 Co-Lab Waikato Councils Collective insurance renewal approach and outcomes, including the international market presentations for the infrastructure programme and liability insurance placements.

#### 2. RECOMMENDATIONS

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That the Board:

- **Receives** the paper; and
- **Notes** the approach and outcomes, including the benefit secured through the market presentations, as highlighted throughout this report.

#### 3. BACKGROUND

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The Waikato Councils Collective insurance arrangements were renewed effective 1 November 2024.

In regard to both the

- infrastructure programme placement, which includes \$8.2 billion dollars of asset value across the water and wastewater networks, stop banks and bridges of the 10 participating Council's, and
- the liability programme excess layer placement

a key part of the placement strategy was presentation to the London insurance markets, given large parts of the placements are sought from the London markets.



## Collective Insurance Procurement and International Market Presentations, 2024

Those presentations took place in September 2024, with the author of this report presenting on behalf of the Co-Lab Waikato Collective, alongside fellow presenters representing BOPLASS and MWLASS. With regard to the infrastructure placement, these three Council collectives also presented to the Singapore markets on the way up to London and to the New Zealand markets, in Auckland, on return. Also, in London with us, but presenting separately from us, were a South Island Council Collective, and the Local Authority Protection Programme (LAPP) Collective, which Hauraki District Council is part of.

This renewal was the eleventh year that the Waikato Collective has sought infrastructure insurance cover in the London markets. It is a key part of our strategy, opening up far greater capacity than we could secure simply via the NZ markets, this provides very important security and diversification particularly as capital availability tightens, as it does on a cyclical basis.

Due to a significantly distressed market for liability cover (Professional Indemnity and Public Liability), significant focus also went into presenting to the liability markets in London this year, with great results.

### **4. DISCUSSION**

Salient information that may be of interest to the Board is set out below:

#### **Reach of the contact**

The Waikato/Bay of Plenty/Manawatu-Wanganui infrastructure placement presentation sessions in London in 2024 consisted of four separate 45-minute presentations, each followed by 15-minutes of questions, to a total of 22 underwriters from 21 different syndicates. The Singapore sessions were in the same format with two sessions involving 5 underwriters from 4 different syndicates. The two New Zealand sessions involved 7 underwriters.

We had four presentation sessions with the Liability markets in London involving 6 syndicates.

The underwriter's key role is to evaluate, price and ultimately accept or reject the risks being presented to them. The market visits enable direct contact between us as a client seeking insurance, and the underwriter performing that role. It's an opportunity to build



### **Collective Insurance Procurement and International Market Presentations, 2024**

up relationship and trust which pays ‘big dividends’ as far as these underwriter’s assessment of the risk goes, and therefore their receptiveness to providing well sought after capacity and the price that this capacity is made available for. We’ve been told directly by the underwriters how important the trip to London is, and the value of the ‘handshakes’ that take place.

#### **The focus of our infrastructure placement presentations**

Key focus areas in our infrastructure placement presentations this year were:

- Investment in supporting Climate Change resilience
- New funding and finance mechanisms to enable ongoing investment in infrastructure (the author of this report presented this part)
- Continuing comprehensive work programmes to upgrade flood protection schemes to safeguard assets and communities

The underwriters continued to show strong interest in the risks associated with storms and flooding.

The underwriters indicated that in general they have confidence in our insured values and our risk management practices. New Zealand is generally seen as a mature market and is better regarded than many other parts of the world.

#### **Alternative Risk Transfer Mechanisms**

We continue to engage with SwissRE who are a well-recognised provider of alternative risk transfer mechanisms such as parametrics. We had a meeting with them while in Singapore to continue the engagement from the previous year, and a session we had with them in Wellington early last year. They are back in New Zealand again this month and we will meet with them again. If we were to consider parametric options this would most likely be alongside and in supplementation of traditional insurance products. This approach will be an important consideration if we see either capacity constraints and/or significant pricing and affordability concerns. Council’s will be provided with information and education on these alternative products as they become more of a possibility.

#### **Liability Insurance**

There has been significant distress in the liability insurance market in relation to cover for New Zealand Council’s particularly in the wake of the outcome of the Riskpool v Napier City Council case which Riskpool lost in the Supreme Court in 2023.



**Collective Insurance Procurement and International Market Presentations, 2024**

A number of Councils serviced by another broker lost their cover in June 2024 when markets refused to offer renewal cover. Aon was able to replace most of that cover for the 19 Councils involved while continuing to maintain ours. Our primary layer cover comes from the New Zealand market, while the Excess layers are covered by the London and Australian markets. New syndicates have come on board for this placement and we are advised that this is to large degree due to our visit to London.

Limits were able to be maintained and premium increases held to reasonable levels which is a great result in the circumstances.

**The Infrastructure Renewal Outcome**

We've had an outstanding result in this space. The key line to note in the table below is the second line which shows the premium rate change and look at the Co-Lab Waikato Collective ... an 18.47% reduction!

Group Renewal Outcomes	NZ Collective 1	NZ Collective 2	Co-Lab	NZ Collective 3	NZ Collective 4
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Premium change	6.25%	-5.18%	-5.07%	-10.66%	-2.60%

It is a softening market, however that's a far better than anticipated result and as the table shows that's the best reduction of the 5 NZ Council collectives with 1 November renewals. This builds nicely on last year when our 5% increase in premium rate was the lowest increase of these same collectives.

We succeeded in obtaining capacity from Singapore for this year's renewal, this was our third visit there and the first time we have secured capacity. We now have capacity from London, Bermuda, Singapore and New Zealand on these placements. This gives us further diversification going forward.

We managed some improvements in sub-limits and increased additional limits together with improved policy wording. This has been a great result all around.

**Loss modelling**

Aon has suggested that the Waikato Collective updates its loss modelling given the significantly advanced loss modelling practice now available to us. This would greatly assist confirming the most appropriate level to set programme limits and sub-limits which assists in ensuring we are neither over or under-insured. The Insurance Advisory Group however, has recently made the decision to not progress this work in the current year. It was anticipated to cost an average of \$32,000 per Council and had not been built into Council



### Collective Insurance Procurement and International Market Presentations, 2024

Long Term Plans. It would involve significant people resource in Council's too. A further consideration was that with the likelihood of two separate Water Service Entity CCO's forming in the Waikato, that this exercise might best be done by those entities when they are stood up in 2026.



Ken Morris  
**CHAIR, CO-LAB INSURANCE ADVISORY GROUP**  
**DEPUTY CHIEF EXECUTIVE / GROUP MANAGER BUSINESS SUPPORT, WAIPĀ DISTRICT COUNCIL**



# Benefits of Shared Procurement

13 November 2025



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There is no cost to you to ask FSCL to independently review your complaint however you must contact FSCL within 3 months from the date of our final response (or within 9 months in exceptional circumstances).

If you do not contact FSCL within this time, they will be unable to assist you. Full details on the FSCL Scheme can be obtained on their website [www.fscl.org.nz](http://www.fscl.org.nz).

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## Overview

This paper is designed to give an overview of the benefits available to member Councils from shared insurance programme purchases. Whilst there are direct cost benefits, there are also several other benefits.

Aon, as Risk Advisor and Insurance Broker to over 70 New Zealand Councils, acknowledge the need for Councils to recognise the change in how risk is recognised within their organisations.

The past few years in the insurance market have seen continually hardening terms and conditions, with the cost to insure increasing, and availability of capacity reducing, the change in how insurance is purchased has shifted.

However, in late 2024 we saw the market starting to soften, and in 2025 we have seen a significant change in market conditions, whereby capacity and competitive edge from local and global markets has increased, even for some previously difficult to insure risks, where markets are wishing to diversify their portfolios.

Cost-effective risk retention and transfer within a robust governance framework are critical in the public sector, and we recognise this.

We understand the pressures in a highly regulated and complex environment, and the increasing demand for government services is offset by decreasing budgets and strained resource.

The following policies represent the largest portion of the Councils' insurance programme premium spend. The benefits of collective purchasing are most evident in these areas:

- Infrastructure Cover
- Material Damage and Business Interruption
- Commercial Motor
- Liability

For each of these policies, we will illustrate how a collective approach has influenced marketing and procurement outcomes.



## General Market Condition

Over the past seven years, the insurance market has experienced a 'hard' cycle. Contributing factors include:

- Economic downturn following Covid-19
- Restrictions on available market capacity
- Increased frequency and severity of natural catastrophes
- Social inflation (rising insurance costs, increased litigation, more plaintiff-friendly decisions, and larger compensatory awards)
- Historically low or lower interest yields

During a hard market cycle, the collective approach allows Aon to minimise the impacts of this market and continue to secure capacity in global markets. Conversely, during the current soft market cycle the collective Co-Lab approach allows Aon to maximise the savings for Councils.

As we have now entered a “soft” market cycle the previous comments around collective purchasing equally apply. The ability to go to the market with a collective placement with greater declared values and spread of risk helps attract new markets to the placements, which further increases the competitive tension in a “soft” market

## Advantages of Utilising a LASS Arrangement

There are several benefits to be had by utilising a collective approach as a marketing tool and the shared procurement arrangement.

- Benefits from Economies of Scale
- Access to additional markets both domestically and offshore
- Greater ability to negotiate specialist covers / policy enhancements
- Mitigation of claims impacts on pricing

The following will highlight how these advantages have been used.

- **Infrastructure Insurance**  
(Economies of Scale and Access to Offshore Markets)

One of the largest policies purchased by Co-Lab Councils is the infrastructure large scale natural disaster programme. Historically, this type of insurance has not been available to councils. Infrastructure risk transfer was not available to individual Councils on a stand-alone basis.

By approaching the markets as a LASS, we were able to gain traction in the markets because of the collective values being declared. Individually, each Council's asset base, would not have been sufficiently large enough to attract interest from offshore markets. Even if it would have been possible to place a stand-alone cover for an individual council, the placement would have been subject to minimum premiums being imposed and make risk transfer unaffordable.

Additionally, pooling Councils in geographic regions allows individual Councils to share the insurance and the cost of similar Councils with similar risk profiles.

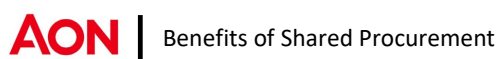
This shared procurement approach will also provide benefits to the Councils if Central Government reduces its current 60% participation in the future.

Whilst this approach was able to mitigate the impacts of the previous hard market cycle, it also has positive impacts during the "soft" market cycle as new markets can be brought into the placement, which increases the competitive tension in the overall market. This means if incumbent insurers wish to retain their position on the placement they have to meet the market conditions.

To highlight this point if we look at the expiring placement the total declared values for 2024 and the renewal premium were,

- 2024 - TDV \$8,205,831,501
- 2024 - Total Premium \$2,447,474

This gives an effective rate for the group of 0.0298%





For 2025 the Total Declared Values and Premium are,

- 2025 TDV \$10,836,981,756
- 2025 Premium \$2,419,000

This gives an effective rate of 0.0223%

This is an effective rating decrease of ~25%

This level of rating decrease has been generated because of the competitive tension that Aon was able to introduce to the market by approaching markets in London, New Zealand, Singapore and Australia. The involvement of some of these markets would not be possible if it were not for the shared procurement approach.

- **Material Damage and Business Interruption Cover  
(Economies of Scale and access to offshore markets)**

Shared procurement in a soft market has historically produced significant premium savings and enhancements to cover. In a soft market, having a larger property programme to place, allows for reductions in premiums to be maximised and increased policy sublimits to be negotiated.

This also avoids the minimum premium issues that are often experienced by entities in a soft market, where an insurer will have a minimum amount they are prepared to charge.

One of the previous barriers to using offshore markets for the Material Damage and Business Interruption placement has been the high level of deductibles that the offshore markets have wanted compared to local markets.

Because of the collective approach and the softening of the markets we have been able to negotiate lower levels of deductibles with offshore markets, which means they have been able to provide capacity for this placement. Again this then introduces more competitive tension into the placement which in turn means that we can replace the more expensive capacity on the programmes to maximise the premium savings available.

The 2024 Total Declared Value and Premium were,

- Total Declared Value \$4,795,227,697
- Premium \$5,946,082

This is an effective rate of 0.124%



The 2025 Total Declared Values and Premium are,

- Total Declared Values \$5,946,082
- Total Premium \$4,720,400

This is an effective rate of 0.0950%

Which is an effective rating reduction of 23%. This initial market indications prior to renewal were of a 20% rating reduction, but by utilising the offshore markets we were able to increase this to the 23% figure

As stated previously by placing the risk on a LASS basis the wide geographic spread of risk and higher combined total declared values the risk is more attractive to markets, and we are able to fill the required capacity by using multiple insurers each only having a small percentage of the overall exposure

- **Commercial Motor Insurance**  
**(Economies of Scale and Mitigation of Claims impact)**

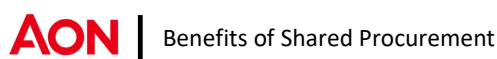
Commercial Motor placements are largely rated on their claims performance (Loss Ratio), total value of the fleet of vehicles and total number of units in the fleet. Again, by utilising the collective approach Co-Lab member Councils gain advantages through economies of scale.

Insurers look at the overall Loss Ratio, and in simplistic terms this is the total claims incurred divided by the total premium paid. This ratio is used as part of the premium calculation process. By pooling all the Co-Lab Group of Councils members together, the impact of high value claims is mitigated across the whole group.

If a Council had a stand-alone policy and suffered a bad claims year, because the total of the claims incurred would only be compared to their premium, the Loss Ratio would be very high and there would be a significant premium increase. By purchasing as a group, the volatility is taken out of the premium costs.

As such, the rating achieved is normally ahead of the market for accounts that have performed, from a claims perspective, in a similar fashion.

Insurers look to price an account based on a loss ratio of 70%, anything over this is costing them money, as they not only have to consider the direct cost of the claim, but also the indirect costs of handling the claim (staffing costs etc. If there were a couple of councils in a period who had particularly bad claims experience, the impact of these bad years would be “smoothed” across the whole group, thus reducing the volatility of pricing that can be experienced in the motor market due to poor claims histories.



The 2024 Total Declared Fleet Value and Premiums were

- Total Fleet Value of \$49,266,902
- Premium \$679,883.

This is an effective rate of 1.380%

The 2025 Total Declared Fleet Value and Premiums are

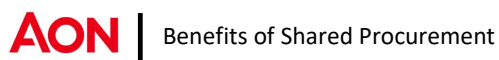
- Total Fleet Value \$52,799,324
- Premium \$661,991.

This is an effective rate of 1.254%

Which equates to an effective rating reduction of ~9%.

- **Liability Insurance**  
**(Economies of Scale and Access to Offshore Markets)**

Liability insurance remains challenging for local government. While each council is rated based on its own claims history, insurer appetite for this class is limited. However, by approaching the market on a 'portfolio' basis, we are able to keep insurers engaged and access additional offshore capacity, including markets in London and Australia.





## Summary

As detailed in this paper there are many benefits to the member councils by taking the shared procurement approach to the purchase of insurance. The principal benefits are:

- **Benefits from Economies of Scale**

Pricing for policies purchased collectively produces results that are better than standard market pricing.

- **Access to additional markets both domestically and offshore**
- **Greater ability to negotiate specialist covers / policy enhancements**

Numerous examples of enhanced policy sublimits are available only due to the collective approach.

- **Smoothing of claims impact**

This benefit could be seen across all classes of cover provided, but is most evident in the Motor placement.



## Conclusion

The collective approach to marketing through the Co-Lab Group of Councils can only bring benefits to the members.

It can allow for markets to be accessed and capacity in these markets secured, that would not have been available to individual councils.

It can allow for competitive tension to be introduced in the market during soft market cycles which can maximise premium savings, and conversely in hard market cycles, because of the value of premiums being placed, can allow for the impact of these increases to be minimised.

Through the collective buying power of a Co-Lab Group of Councils, and Aon's position as the pre-eminent broker to Councils, policy enhancements have been achieved.

By mitigating the impacts of claims across all the member councils, can lead to less volatility in pricing allowing for more accurate budgeting to be provided.



### Aon Risk Management Services

Aon are more than just insurance. We are the only insurance broker in New Zealand that offers fully integrated, holistic risk management services to help clients identify, assess and manage existing and emerging risks. We assist with the selection and implementation of appropriate risk transfer, risk retention and risk mitigation strategies and provide the right advice following a major claim. Aon Risk Management Services is a specialised consulting division of highly qualified and accredited personnel including accountants, risk and fire engineers and certified valuers. We add distinctive, long-term value to optimise your overall insurance programme and enhance your risk management.

### Local Government Insurance and Risk Management

Aon, New Zealand's leading insurance broker



8 Ngā Pūrongo Whakamārama | Information Reports

## 8.4 Procurement Biannual Report FY2025/26

CM No.: 3138905

### Te Kaupapa | Purpose

The report provides an update on the procurement activities for quarters one and two, financial year 2025/26.

### Rāpopotonga Matua | Executive Summary

The procurement audit identified minor procedural non-compliance in purchasing transactions; however, these issues present a low risk to Council and can be effectively addressed. Overall, the report confirms that procurement activities are adding value to the organisation.

#### Summary of findings:

**Compliance** – Of the procurements reviewed, 82% complied with the requirements of MPDC's Procurement Manual. The non-compliance rate increased by 15% compared to the previous two quarters; however, this is not considered a major risk, as the issues identified were procedural in nature. These matters can be mitigated through enhanced communication and targeted training.

**Top 10 Suppliers** – analysis shows that MPDC has active contracts with the top ten suppliers with the highest number of transactions during the reporting period. Contracted suppliers often go through competitive processes, which means pricing and service terms are more likely to represent value for money.

**Tenders** – one tender was awarded within the period and complied with procurement requirements. The award was made to a contractor based within the Waikato region.

**The Tender Board Committee** - began operating in November 2025, and has held two meetings, and endorsed five tenders. Following approval from the Chief Executive, the tenders were published on the Government Electronic Tendering Portal in December and closed in January for evaluation.

**Contracts Management in Authority** – the contracts register module in Authority has 100 active contracts, values at \$110m. 52% of the contracts relate to Water and Wastewater.

**New Building Consenting Services Panel (BCSP)** – MPDC jointly with a number of other Waikato Councils (through Co-Lab) established a building consenting panel on the 1 December 2025 that covers all building functions undertaken by Council. This is a shared contract for an initial term of two years with two rights of renewal: a term for two years and final term for one year subject to performance. MPDC's procurement policy supports this.

### Tūtohunga | Recommendation

That:

1. The Committee receives the report.

## Ngā Tāpiritanga | Attachments

[A↓](#). Quarters One & two, 2025/26 - Procurement Quarterly Report



## Ngā waitohu | Signatories

Author(s)	Sangeeta Singh <b>Mātanga Hokohoko   Procurement Specialist</b>	
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Approved by	Larnia Rushbrooke <b>Pou Pūtea, Ratonga Pakihi   Finance &amp; Business Services Manager</b>	
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# Procurement Quarterly Report

QUARTERS ONE & TWO, 2025/26

CONFIDENTIAL



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## 8 Ngā Pūrongo Whakamārama | Information Reports

# 8.5 Risk Update and Quarterly Risk Report - February 2026

CM No.: 3142088

### Te Kaupapa | Purpose

The purpose of this report is to provide a risk management update and a quarterly risk report for the information of the Committee.

### Rāpopotonga Matua | Executive Summary

Robust risk management is essential to Council achieving its strategic objectives and this Committee has responsibility for the oversight of enterprise risk management at Matamata-Piako District Council and the effectiveness of Council's risk management framework.

The Quarterly Risk Report has been developed to aid the Committee in its work. It provides a progress update on the 2026 Risk Management Work Plan. It also notes the proposed sessions and timeline for the annual reset of Top Risks, addresses questions raised at the December meeting and provides a Top Risks update and an emerging risks commentary.

The Top Risks update includes Key Risk Indicator (KRI) information, and a status update on the implementation of the additional mitigating controls set out in the 2025/26 Top Risks document. The KRI reporting will continue to develop over time and we trust the Committee will see this information as valuable in its oversight work.

Management believe that good progress is being made in strengthening Council's risk management culture.

### Tūtohunga | Recommendation

That:

1. **The report is received;**
2. **The Quarterly Risk Report February 2026 is received.**

### Horopaki | Background

The Quarterly Risk Report has been developed to aid the Committee in its work.

The intention is this report will continue to be further developed in future quarters as the key reporting mechanism on enterprise risk for the Committee and Council. For instance, with the KRIs, only some of the indicators are reported on at this stage, as reporting continues to be developed for the others.

### Ngā Tāpiritanga | Attachments

[A↓. Quarterly Risk Report February 2026](#)



**Ngā waitohu | Signatories**

Author(s)	Ken Morris <b>Mōrearea, Kai-whakahaere ā Pakihi hoki   Risk and Business Excellence Advisor</b>	
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Approved by	Kelly Reith <b>Hautū Rangatōpū, Tāngata me ngā Hononga   Group Manager Corporate, People &amp; Relationships</b>	
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8 Ngā Pūrongo Whakamārama | Information Reports

# 8.6 Top Risks Deep Dive: Legal Non-Compliance

CM No.: 3137475

## Te Kaupapa | Purpose

Over the last year, Council has identified the tops risks to the organisation as a whole. The Risk and Assurance Committee have requested that we undertake a deep dive into the top risks. This item explores risk #5: Legislative non-compliance and discusses the controls in place to reduce this risk.

## Rāpopotonga Matua | Executive Summary

Legislative non-compliance has been identified as one of Council’s top organisational risks. The inherent risk rating is very high, reflecting the breadth of legislation Council operates under and the potential consequences of non-compliance. After considering current controls, the residual risk rating reduces to high.

For practical reasons, this deep dive scopes the risk specifically through a legislative compliance lens. Other forms of compliance risk, including operational service delivery and physical asset compliance (for example, compliance with resource consents and other regulatory requirements), are managed through Top Risk #2 – Disruption to Essential Service Delivery, avoiding duplication within the risk framework.

Council’s risk appetite for legislative non-compliance is low, creating a recognised gap with the current residual risk rating of high. Risk ratings and appetite settings are scheduled for review later this year, at which time this gap will be reconsidered.

This report provides further detail on the risk, the effectiveness of existing controls, and planned improvement actions, and reflects increasing organisational maturity in the management of legislative compliance risk.

## Tūtohunga | Recommendation

That:

- The information be received.

## Ngā Take/Kōrerorero | Issues/Discussion

RISK #5	Risk Owner and Risk Description	Inherent Risk Rating	What are we already doing?	Key Risk Indicators	Status of Risk		
					Residual Risk Rating	Risk Appetite	
LEGISLATIVE NON-COMPLIANCE	GM Growth & Regulation	Very High	<ul style="list-style-type: none"> <li>Knowledge of well qualified, professional staff</li> <li>Annual compliance attestation using a spreadsheet tool developed by Legal Counsel</li> <li>Specific delegations in place for various decision-making actions</li> <li>Horizon scanning for change via Legal Counsel and via established relationships with external legal providers, professional memberships and sector knowledge forums such as Taihuara</li> <li>Te Ohiu Takahi Anamata (Future Ready Group) reviews impact of proposed legislative changes assists with submissions, etc</li> <li>Identified changes incorporated into SOPs, policies, strategies, plans and processes</li> <li>Legal issues arising or already actioned reported to E Team on a bi-monthly schedule</li> <li>Training and development of our staff</li> <li>Established performance measures monitor compliance with some of our key legislative requirements</li> <li>Internal and external reporting such as NMS, consent monitoring, etc</li> </ul>	Annual compliance attestation outcomes  Issues identified from various compliance audits: Building Act, Waters, etc  Number of legal claims made against Council, adverse findings by the Ombudsman  Negative media attention to specific breach/incident	High	Low	Council is currently operating outside of assessed appetite.  Achieving appetite is challenging given the wide ambit of legislation that Council is subject to and the reliance on key staff to ensure compliance. It is however considered achievable over time if the following mitigations are successfully introduced: <ul style="list-style-type: none"> <li>Investigation into and possible introduction of a more developed, systemised tool for comprehensively identifying key legislative requirements (including new legislative changes) and running and reporting on an annual attestation of whether or not they've been complied with. One possible tool in that regard that is well-utilised in NZ local government is 'Comply Work'. A tool like this would draw on a fuller and wider sector knowledge-base than what could be built in-house.</li> <li>Continued education programmes on the importance of legislative compliance. These could include, for example, education on privacy requirements and the consequences of these being breached. Another example where general staff education would be valuable is in the LG/IMA space and the requirements for openness and transparency that this drives.</li> </ul>

What is the risk and are its consequences fully understood?

The risk description for this risk is:

*The potential for Council to fall short of meeting its legal obligations, leading to fines, penalties, damages, personal liability, or, in extreme cases, imprisonment. These risks may arise from misunderstandings of legislative requirements, inadequate internal controls, or failures in monitoring and enforcement.*

While this risk is identified as a single risk, it spans all departments across Council and intersects with several other organisational risks. It is therefore broad in scope and impact.

Potential consequences of legislative non-compliance include:

- Legal liability and enforcement action
- Loss of public trust and reputational damage
- Financial impacts, including investigations, fines, and compensation
- Loss of key Council functions (for example, national programmes or building consent authority status)
- Strained relationships with mana whenua where Council does not meet Treaty settlement or statutory obligations

Due to the severity and breadth of these potential consequences, the inherent risk rating remains very high.

To avoid duplication across the risk framework, this risk has been scoped specifically through a legal and regulatory lens. Other forms of non-compliance, such as physical asset failures or operational service delivery issues (e.g. wastewater discharges), are captured under Risk #2 – Disruption to Essential Service Delivery.

### **What is the gap between the residual risk rating and risk appetite?**

Council's current risk appetite for legislative non-compliance is low. Upon review, staff consider that achieving a low residual risk may not be feasible in practice, given the scale and complexity of Council's legislative environment.

Council operates under a very broad range of legislation, and even with strong systems and controls, there remains a residual likelihood of non-compliance due to factors such as human error, system limitations, or asset failure. As a result, there is a recognised gap between the current residual risk rating (high) and the stated risk appetite (low).

This highlights the importance of ensuring that risk appetite settings remain realistic and aligned with Council's operating environment. The Risk & Assurance Committee is scheduled to review risk ratings and appetites later this year, at which time this matter can be considered further.

### **Recent changes to risk context**

Recent legislative reform activity, often progressed under urgency, has increased the complexity of maintaining compliance. The pace of change can limit the time available for staff to identify, interpret, and implement new requirements, particularly where changes have unbudgeted cost implications.

In addition, staff are experiencing an increase in customers requesting Council intervention in matters that may sit outside Council's legal obligations, sometimes accompanied by threats of legal action. This broader societal shift increases exposure if incorrect advice is given or inappropriate action is taken.

### What are the controls in place, and how do they mitigate the risk?

The controls outlined below include both preventative and detective measures. Control effectiveness ratings are deliberately conservative and provide a baseline from which improvements are being prioritised.

Control	Why is this control in place and how does it mitigate the risk (preventative or corrective)	Level of effectiveness 1 = low and 5 = High (noting this is a subjective rating and has been used to indicate the level of effectiveness of the control)
Knowledge of well qualified, professional staff	Staff maintain legislative knowledge through professional networks and learning opportunities.	3
Annual compliance attestation	High-level attestation provides visibility but lacks detailed obligation tracking. A systemised solution is being explored.	2
Delegations framework (LocoDelegations)	Preventative control ensuring decisions are made by authorised roles. Now supported by six-monthly external legal review.	3
Horizon scanning for legislative change	Supported by Legal Counsel, external advisors, and sector forums, though volume of change limits effectiveness.	1
Te Ohu Takatū Anamata (Future Ready Group)	Cross-organisation oversight of upcoming legislative change and coordinated response.	3
SOPs, policies, and process updates	Promapp enables updates, though relies on individual action.	1
Bi-monthly legal reporting to Executive Team	Provides early oversight of emerging legal issues and supports early intervention.	4
Staff training and development	Targeted legislative training programmes underway (e.g. Privacy, LGOIMA).	3
Performance measures monitoring compliance	Strong control enabling early identification of non-compliance.	5
Internal and external compliance reporting	Supports identification of issues and corrective actions.	3

### Have any incidents occurred that have stress tested the rigor of the above controls?

Any legal claim received by Council, whether substantiated or not, provides a real-world test of legislative compliance controls. These include matters before the Ombudsman, Disputes Tribunal, and Courts.

While only a limited subset of Council activity has been directly stress-tested, the implementation of LocoDelegations has enabled a comprehensive review of delegations and improved assurance over decision-making authority.

### **Trends in the Key Risk Indicators**

Four key risk indicators are currently used to monitor this risk:

- Annual compliance attestation outcomes
- Issues identified through compliance audits (e.g. Building Act, Waters)
- Number of legal claims, Ombudsman findings, and judicial reviews
- Negative media attention relating to breaches or incidents

The Executive Team now receives bi-monthly reporting on Council's legal liabilities, including insurance notifications, active claims, Tribunal matters, Ombudsman complaints, employment issues, and judicial reviews. A summary of this information is reported to Council through the CEO Report.

Staff are currently reviewing the usefulness of "negative media attention" as an indicator, recognising its subjectivity and the need for indicators that better reflect true compliance risk.

### **What additional controls are planned to further reduce the risk level?**

While Council may not eliminate this risk entirely, the focus is on progressively reducing likelihood and impact over time.

Planned actions include:

- Investigation into a systemised legislative compliance tool, such as ComplyWith, to improve obligation tracking and reporting.
- Assessment of ComplyWith through the SEBS process, where it received a rating of 7, indicating merit but constrained implementation timing.
- Presentation of the SEBS outcome and proposed next steps to the Executive Team.
- Continued staff education programmes on key legislative obligations, including Privacy and LGOIMA.
- Ongoing enhancement of LocoDelegations, supported by external legal review and sector-wide knowledge.

### **Questions from the committee**

Staff will be present to answer questions and receive feedback from the Risk & Assurance Committee.

### **Ngā take ā-ture, ā-Kaupapahere hoki | Legal and policy considerations**

Council operates under a wide range of legislation. Legislative compliance is currently captured through the annual compliance attestation reported to the Risk & Assurance Committee and Council.

### **Pānga ki te pūtea, me te puna pūtea | Financial Cost and Funding Source**

Existing legal compliance activities are provided for within current budgets. Any future investment in systems such as ComplyWith would require confirmation of funding for implementation and ongoing licensing.

### **Ngā Tāpiritanga | Attachments**

[A↓](#). Legislative non-compliance Risk



### **Ngā waitohu | Signatories**

Author(s)	Ellie Mackintosh <b>Rōia   Legal Counsel</b>	
Approved by	Ally van Kuijk <b>Hautū Tipu me te Whakamatua   Group Manager Growth &amp; Regulation</b>	



8 Ngā Pūrongo Whakamārama | Information Reports

## 8.7 Top Risks Deep Dive: Disruption to Essential Service Delivery (Risk #2)

CM No.: 3142558

### Te Kaupapa | Purpose

Over the last year, Council has identified the top risks to the organisation as a whole. The Risk and Assurance Committee have requested that we undertake a deep dive into the top risks on a cyclical scheduled basis. This item explores Risk #2 Disruption to Essential Service Delivery and discusses the controls in place to reduce this risk.

### Rāpopotonga Matua | Executive Summary

Disruption to Essential Service Delivery has been identified as one of Council's top risks.

The information in this report provides further detail on the risk and the risk controls. The purpose of this item is to provide the committee the opportunity to understand the risk in more depth and to provide an opportunity to ask questions, or make suggestions to improve Council's response to the risk.

A full extract of the Top Risk document in relation to this risk is provided in Attachment 1.

Water Services continues to represent a very high risk exposure for Council and will remain a prominent feature of the organisational risk profile until the formal transition to Waikato Waters Ltd (WWL) is completed.

The current risk drivers relate to:

- Service continuity during transition,
- Retention of critical capability and institutional knowledge,
- Asset integrity and compliance obligations,
- Public health and environmental performance.

Until transition is complete and operational accountability transfers to WWL, Council retains full statutory responsibility for delivery of safe and compliant water services. Accordingly, this risk remains very high.

Post-transition, the risk profile will recalibrate. While water-related risks will transfer to WWL, Council's residual exposure will shift toward potential failure of remaining essential services — particularly:

- Roading infrastructure,
- Stormwater systems,
- Solid Waste operations,
- Supporting assets and operational systems.

This reflects a natural rebalancing of organisational risk as service scope changes.

Continued monitoring and recalibration of risk ratings will be required through and beyond the transition period.

## Tūtohunga | Recommendation

That:

1. The information be received.

## Ngā Take/Kōrerorero | Issues/Discussion

Refer attachment for full Deep Dive information.

## Ngā Tāpiritanga | Attachments

[A↓](#) Risk Deep Dive Attachment - Risk #2, February 2026



## Ngā waitohu | Signatories

Author(s)	Darren Teulon <b>Pou Whakahaere o ngā wai me ngā waipara   Water and Wastewater Manager</b>	
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Approved by	Fiona Vessey <b>Hautū Hanganga Rawa me ngā Whakahaere   Group Manager Infrastructure, Assets &amp; Operations</b>	
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8 Ngā Pūrongo Whakamārama | Information Reports

## 8.8 Audit New Zealand - Report to Council - Annual Report 2024/25

CM No.: 3140990

### Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with the Audit New Zealand 'Report to Council' on the Annual Report 2024/25 and a summary of the recommendations from the 'Report to Management'.

### Rāpopotonga Matua | Executive Summary

Audit New Zealand (Audit) provided a 'Report to Council' for the adoption of the Annual Report on 17 December 2025. This has been attached for the Committee's consideration.

Audit also provide a 'Report to Management' that identifies recommendations for management to address. These recommendations have been summarised within this report. All outstanding recommendations including staff comment on progress to be circulated separately.

Audit have made changes to their reporting from previous years and consider recommendations from previous audits as internal matters. Staff are seeking direction on how the Committee would like to receive future Audit Reporting updates.

### Tūtohunga | Recommendation

That:

1. The Committee receive the information and the Audit New Zealand 'Report to Council' for the 2024/25 Annual Report.
2. The Committee note the change to reporting and provide direction to staff on how it would like to receive future Audit updates *[feedback to be specified]*.

### Horopaki | Background

Council adopted the Annual Report 2024/25 and the modified Audit Opinion at the 17 December 2025 meeting. Due to the Local Government Elections held on 11 October and delays in the auditing process, the Annual Report 2024/25 was adopted outside the statutory deadline of 31 October.

Audit subsequently issued a 'Report to Council' that concluded the majority of information provided to Audit was assessed as 'acceptable' or 'good', with two areas identified as needing attention.

The areas with an 'acceptable' grading still have room for improvement and require minor corrections for misstatements and disclosure matters. These issues have been raised with staff and work is ongoing to make improvements ahead of the next Annual Report audit process.

Historically, Audit provided detailed Management Reports outlining key recommendations to reduce risks after each auditing process. The recommendations from Annual Report and Long Term Plan audits have been monitored by staff and reported to the Committee.

This year Audit has reclassified the recommendations as internal audit matters and will no longer update the recommendations.

### Ngā Take/Kōrerorero | Issues/Discussion

The 'Report to Management' for 2024/25 has removed the previous recommendations and has identified **five new recommendations**:

**High priority: 1**

**Medium priority: 4**

The recommendations are being addressed by management, with one being addressed and closed since the report was provided to staff.

The scope of the management recommendations has been adjusted for operational monitoring and the 'Report to Council' is intended to be provided at a governance level that provides an overview of how Council met Audit expectations.

The number of previous recommendations are below and are continuously monitored and updated where possible by staff for internal reporting purposes:

Historical Audit recommendations	Annual Reports	Long Term Plan
High priority	5	2
Medium priority	10	1
Low priority	0	1
Sent to Audit for closing	0	2
<b>Total</b>	<b>15</b>	<b>6</b>

All outstanding recommendations including staff comment on progress to be circulated separately.

Given the revised Audit approach, staff seek the Committee's direction on the preferred format and frequency of reporting on recommendations.

### Ngā Tāpiritanga | Attachments

[A↓](#) Audit New Zealand Report to Council - Annual Report 2024/25



### Ngā waitohu | Signatories

Author(s)	Olivia Picard <b>Kaitohu Kaupapahere   Policy Advisor</b>	
Approved by	Niall Baker <b>Kaiārahi Tima Kaupapahere   Policy Team Leader</b>	
	Sandra Harris <b>Pou Kaupapahere, Rāngai Mahitahi me te Kāwana   Policy, Partnerships and</b>	

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	<b>Governance Manager</b>	
	Kelly Reith <b>Hautū Rangatōpū, Tāngata me ngā Hononga   Group Manager Corporate, People &amp; Relationships</b>	



















8 Ngā Pūrongo Whakamārama | Information Reports

## 8.9 Safety and Wellness Reports

CM No.: 3140700

### Te Kaupapa | Purpose

The purpose of this report is to provide the Committee with safety and wellness reporting.

### Rāpopotonga Matua | Executive Summary


The October to December 2025 Quarterly Safety & Wellness Report, and the January 2026 Safety & Wellness Update are provided. Kate Stevens, People, Safety & Wellness Manager in attendance to discuss the reports with the committee. The Safety and Wellness Due Diligence Plan for 2025-2027 is also provided.

### Tūtohunga | Recommendation

That:

1. The information be received.

### Ngā Tāpiritanga | Attachments

A.  October to December 2025 Quarterly Safety Wellness Report



B.  January 2026 Safety Wellness Update



C.  2025 to 2027 Safety Wellness Due Diligence Plan



### Ngā waitohu | Signatories

Author(s)	Kate Stevens <b>Pou Tāngata, Haumarū me te Oranga   People, Safety &amp; Wellness Manager</b>	
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Approved by	Kelly Reith <b>Hautū Rangatōpū, Tāngata me ngā Hononga   Group Manager Corporate, People &amp; Relationships</b>	
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8 Ngā Pūrongo Whakamārama | Information Reports

## 8.10 Risk and Assurance Committee Work Programme - Update February 2026

CM No.: 3141258

### Te Kaupapa | Purpose

The purpose of this report is to provide an update to the Committee on the work programme.

### Rāpopotonga Matua | Executive Summary

An update on scheduled reports and standing items for February 2026 is included. As requested at the last committee meeting in December 2025, policies and top risk deep dives scheduled for review have been itemised within the work programme for feedback.

### Tūtohunga | Recommendation

That:

1. The information be received.
2. The Committee provide any feedback on the scheduled policies and top risk deep dives *[feedback to be specified]*.

### Horopaki | Background

Prior to the commencement of each calendar year the Committee sets a work programme.

While priorities can shift during the year as unexpected issues arise, the work programme is a useful tool to enable Committee members to set their direction and to allow staff to understand the work priorities that need to be achieved.

### Ngā Tāpiritanga | Attachments

[A↓](#). Risk and Assurance Work Programme - Update February 2026



### Ngā waitohu | Signatories

Author(s)	Stephanie Hutchins <b>Kaitohu Mātāmua Kāwana   Senior Governance Advisor</b>	
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Approved by	Tamara Kingi <b>Kaiārahi Kāwana   Governance Team Leader</b>	
	Sandra Harris <b>Pou Kaupapahere, Rāngai Mahitahi me te Kāwana   Policy, Partnerships and Governance Manager</b>	





## Exclusion of the Public: Local Government Official Information and Meetings Act 1987

The following motion is submitted for consideration:

That the public be excluded from the following part(s) of the proceedings of this meeting.

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

This resolution is made in reliance on section 48(1)(a) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by section 6 or section 7 of that Act which would be prejudiced by the holding of the whole or relevant part of the proceedings of the meeting in public, as follows:

### C1 Council Delegations Legal Review

Reason for passing this resolution in relation to each matter	Particular interest(s) protected (where applicable)	Ground(s) under section 48(1) for the passing of this resolution
Legal Privilege.	s7(2)(g) - The withholding of the information is necessary to maintain legal professional privilege.  Legal review of the content has been undertaken.	s48(1)(a)  The public conduct of the part of the meeting would be likely to result in the disclosure of information for which good reason for withholding exists under section 7.