

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

## Ngā Tāpiritanga – Pūrongo | Attachments – Reports

### ATTACHMENTS UNDER SEPARATE COVER

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 16 June 2026**

**Wā | Time: 9:00**

**Wāhi | Venue: Council Chambers  
35 Kenrick Street  
TE AROHA**

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TAKE   ITEM	NGĀ IHINGA   TABLE OF CONTENTS	WHĀRANGI   PAGE
<b>7.1</b>	<b>Risk Appetite Statement</b>	
A.	Draft Risk Appetite Statement 2026 for RAC Consideration	3
<b>8.3</b>	<b>Risk Update and Quarterly Risk Report - June 2026</b>	
A.	Quarterly Risk Report June 2026	17
<b>8.4</b>	<b>Long Term Plan 2027-37 Risks and Issues, Quality Assurance, Project Timeline, and Progress Update</b>	
D.	LTP 27-37 Draft Significant Forecasting Assumptions	53



## Matamata-Piako District Council

# Risk Appetite Statement

## June 2026

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### 1. Purpose

This Risk Appetite Statement defines the amount and type of risk that Matamata-Piako District Council (the Council) is willing to seek, accept, or tolerate in pursuit of its strategic objectives and community outcomes.

It establishes a consistent framework to:

- Support better decision-making – via a common reference point and enabling elected members and staff to weigh risks and benefits more consistently
- Improve transparency and accountability – via an explicit indication of the level of risk Council is prepared to take
- Strengthen governance and oversight – with consideration of Council’s tolerance for uncertainty and potential loss
- Enable effective prioritisation – particularly in areas where risk appetite is low
- Promote a balanced approach to innovation and prudence - encouraging innovation and improvement in areas where appetite is higher, while safeguarding essential services and community wellbeing in areas where appetite is lower.

### 2. Scope

While primarily designed for risk management purposes, and in particular determining whether the level of residual risk for any strategic, operational or project risk is appropriate and consistent with Council’s levels of risk tolerance, this statement should also guide key processes such as:

- Strategic planning and Long-Term Plan decisions
- Policy development and level of service design
- Project and programme governance

### 3. Guiding Principles

The Council’s approach to risk is guided by:

- **Community first** – decisions prioritise community wellbeing and outcomes
- **Transparency** – risk-taking is deliberate and visible
- **Accountability** – risks align with agreed appetite
- **Stewardship** – public resources are managed responsibly
- **Balanced decision-making** – risk and opportunity are considered together

## 4. What is Risk Appetite

Risk appetite is the amount and type of risk that the organisation is willing to seek, accept or tolerate in pursuit of its goals and objectives.

For a public entity such as Matamata-Piako District Council, risk appetite is not about avoiding all risk. Rather, it is about being clear where the Council is willing to take more risk (for example, to enable innovation, community outcomes or long-term efficiency) and where it has very low tolerance for risk (for example, safety, legal compliance, or integrity of core services).

Risk appetite is typically expressed through:

- **High-level statements** (e.g. “The Council has an **averse** appetite for health and safety risks that could result in serious harm.”)
- **Supporting indicators** (e.g. thresholds, triggers, or limits that signal when risks may be outside appetite).

These statements then guide more detailed risk assessments, controls, and escalation.

## 5. How Risk Appetite Supports, but Does Not Replace, Decision-Making

**Risk appetite statements should not be a rigid formula for making decisions.** These statements do not replace professional judgement, elected member discretion or statutory obligations. Instead, they add structure and rigour by providing a shared starting point for discussions and documenting the Council’s intent.

Risk appetite:

- **Guides, rather than dictates, choices** – it indicates preferred risk levels but does not remove the need to consider specific context, community views, and legal or regulatory requirements.
- **Promotes consistency** – similar proposals should be assessed against the same appetite statements, reducing ad-hoc or reactive decisions.
- **Enables escalation and challenge** – where a proposed decision appears to sit outside appetite, it can be more easily identified, escalated, and either adjusted or consciously accepted with appropriate mitigations.
- **Improves documentation** – recording how a decision aligns (or deliberately departs) from agreed appetite provides a clear audit trail.

In practice, there will be situations where the Council chooses to proceed with an activity that is temporarily outside its stated appetite because of statutory duties, critical community needs or wider strategic benefits. In those cases, the appetite statements still add value by highlighting the need for strengthened controls, close monitoring and transparent communication.

## 6. Risk Appetite Framework

### 6.1 Risk Appetite Scale

Council defines its appetite using the following scale:

Appetite	Meaning	Risk : Opportunity Trade-offs	Equates to Risk Level
'Averse'	Avoid risk wherever possible; only minimal exposure accepted	Never	Low
'Conservative'	Very limited risk accepted with strong controls	With extreme reluctance	Moderate
'Measured'	Balanced and controlled risk-taking	Balanced trade-offs are enabled	High
'Justified'	Risk accepted where benefits outweigh downsides	Willing where appropriate	Very High
'Open'	Willing to actively pursue opportunity with higher uncertainty	Willing	Extreme

### 6.2 Link to Risk Assessment

Risk appetite is applied alongside the ratings assessed using Council's likelihood and consequence framework to determine whether risks are:

- **Within appetite** (acceptable given the controls in place)
- **Outside appetite** (requires escalation, approval and ongoing monitoring, according to level of residual risk)

Sometimes '**Outside appetite**' risks are accepted as '**Tolerable**' while additional mitigating controls are developed over time; or where it is accepted that either additional controls are not practical or are too expensive to introduce. Sometimes in these cases '**Target risk levels**' are set between the current level of residual risk and the risk appetite.

Further detail on the link between risk assessment and risk appetite is included in the Risk Management Framework.

## 7. Summary Tables

A risk appetite statement has been developed for every broad category of **strategic or operational risk**, and every category of **project risk**. The level of risk appetite is summarised in the tables in this section of the document and provided in fuller detail in sections 8 and 9. Please note that the level of risk appetite for each of Council's 'Top Risks' is set separately in the annual Top Risk reset. Reference should be made to Council's Risk Management Framework document for fuller guidance on how these risk appetite settings are to be applied in organisational risk management.

### Risk Appetite Overview

<b>Averse</b>		
<b>Averse / Conservative</b>		People - Health, Safety & Well-being; Legal & Regulatory Compliance
<b>Conservative</b>		Reputation; Community Trust & Perception; Operational Performance and Capability - Critical Services; Info Technology, Info Management & Security; Relationship with Mana Whenua
<b>Conservative / Measured</b>		People - Culture & Engagement; Financial; Environmental Well-being; Damage or Loss to Property or Assets
<b>Measured</b>		Operational Performance and Capability - Non-Critical Services; Project Delivery Risk; Contractual Responsibilities and Supplier Relationships
<b>Measured / Justified</b>		
<b>Justified</b>		Climate Resilience
<b>Justified / Open</b>		Strategic Change, Innovation & Improvement
<b>Open</b>		

### Risk Appetite Table - Broad Categories of Strategic and Operational Risk

Risk Category	Averse	Conservative	Measured	Justified	Open
People – Health, Safety and Well-being					
People – Culture and Engagement					
Legal and Regulatory Compliance					
Reputation					
Community Trust and Perception					
Financial					
Operational Performance and Capability – Critical Services					
Operational Performance and Capability – Non-Critical Services					
Info Technology, Info Management & Security					
Environmental Well-being					
Climate Resilience					
Relationship with Mana Whenua					
Damage or Loss to Property or Assets					
Project Delivery Risk (Broad-based, specific project risks separate)					
Contractual Responsibilities and Supplier Relationships					
Strategic Change, Innovation & Improvement					

### Risk Appetite Table - Project Risks

Risk Category	Averse	Conservative	Measured	Justified	Open
Project – Time					
Project – Cost					
Project – Health & Safety					
Project – Resources					
Project – Benefits and Outcomes					

## 8. Risk Appetite Statements

### 8.1 People – Health, Safety and Well-being — Averse to Conservative

The Council has an **averse to conservative** appetite for risks that may result in harm to people.

**Application:**

- Risks are avoided wherever reasonably practicable
- There is **averse** appetite to any risk of **serious harm**
- Strong preventive controls and full compliance are mandatory

**Additional clarity:**

Any risk with the potential for **serious harm** must remain at the lowest practicable level, with no tolerance for exposure beyond clearly controlled and compliant operating conditions.

**Triggers:**

- Fatality, serious harm, or notifiable event → immediate escalation and outside appetite
- Repeated incidents or control failures → outside appetite

### 8.2 People – Culture and Engagement — Conservative to Measured

The Council has a **conservative to measured** appetite for risks relating to workforce culture and engagement.

**Application:**

- Stability, engagement, and wellbeing are prioritised
- Some risk is accepted to enable organisational change and improvement

**Additional clarity:**

This reflects that while disruption associated with change may be acceptable, sustained or unmanaged impacts on culture, engagement, or capability are not.

**Triggers:**

- Sustained disengagement, increased turnover, or capability gaps → escalation
- Material workforce instability impacting delivery → outside appetite

### 8.3 Legal and Regulatory Compliance — Averse to Conservative

The Council has an **averse to conservative** appetite for legal and regulatory risk.

**Application:**

- Compliance is expected at all times unless explicitly determined
- Very limited exposure is tolerated where complexity or ambiguity exists, or where determined to be minor or technical non-compliance

**Additional clarity:**

This reflects that while minor or technical non-compliance may occasionally occur, and in some

cases might be pre-determined as appropriate, any material or systemic breach is considered outside appetite.

**Triggers:**

- Reportable breach → outside appetite
- Enforcement action or prosecution → outside appetite and escalation

#### 8.4 Reputation — Conservative

The Council has a **conservative** appetite for reputational risk.

**Application:**

- Council seeks to protect and maintain its reputation and public standing
- Risk is only accepted where well justified and actively managed

**Additional clarity:**

This reflects that reputational risk may be accepted where aligned to strategic or community outcomes, but not where damage is foreseeable and avoidable.

**Triggers:**

- Sustained negative media attention → escalation
- Significant reputational damage → outside appetite unless justified

#### 8.5 Community Trust and Perception — Conservative

The Council has a **conservative** appetite for risks affecting community trust and perception.

**Application:**

- Decisions must be transparent, fair, and aligned to community expectations
- Engagement must be appropriate and effective

**Additional clarity:**

This reflects that limited short-term impacts may be tolerated, but any sustained reduction in community confidence is not acceptable.

**Triggers:**

- Decline in community satisfaction or confidence → escalation
- Significant consultation failure or adverse reaction → outside appetite

#### 8.6 Financial — Conservative to Measured

The Council has a **conservative to measured** appetite for financial risk.

**Application:**

- Financial discipline and sustainability are prioritised
- Controlled financial risk is accepted to deliver community outcomes

**Additional clarity:**

This reflects that financial exposure may be accepted within approved tolerances, but risks that threaten affordability or long-term sustainability are not acceptable.

**Triggers:**

- Variance exceeding tolerance (e.g. >10–15%) → governance oversight
- Major financial impact or >25% variance → outside appetite

**8.7 Operational Performance and Capability – Critical Services (Roding, Stormwater, Solid Waste)<sup>1</sup>— Conservative**

The Council has a **conservative** appetite for risks affecting critical service delivery.

**Application:**

- Reliability and continuity of critical services are prioritised
- Risks must be tightly controlled and minimised

**Additional clarity:**

This reflects that any disruption to critical services must be rare, short-term, and actively managed, with no tolerance for sustained failure.

**Triggers:**

- Failure or significant disruption of critical services → outside appetite
- Reduced service reliability → escalation

**8.8 Operational Performance and Capability – Non-Critical Services — Measured**

The Council has a **measured** appetite for risks affecting non-critical services.

**Application:**

- Some disruption or variability is acceptable
- Risk may be accepted to enable efficiency or improvement

**Additional clarity:**

This reflects that variability and service changes are acceptable where managed, provided overall service outcomes remain acceptable to the community.

**Triggers:**

- Sustained or unmanaged service disruption → escalation
- Significant degradation impacting outcomes → outside appetite

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<sup>1</sup> Note, this reflects what is considered to be critical services following the transfer of the Water and Wastewater activities to Waikato Waters Limited on 1 October 2026.

### 8.9 Information Technology, Information Management and Security — Conservative

The Council has a **conservative** appetite for information and technology risk.

**Application:**

- Systems, data, and security must be protected
- Risks are tightly controlled and actively monitored

**Additional clarity:**

This reflects that while minor system issues may occur, any loss of data integrity, confidentiality, or critical system availability is not acceptable.

**Triggers:**

- Data breach involving sensitive information → outside appetite
- Loss or outage of critical systems → escalation

### 8.10 Environmental Well-being — Conservative to Measured

The Council has a **conservative to measured** appetite for environmental risk.

**Application:**

- Environmental harm is minimised
- Some controlled exposure may be accepted where benefits justify

**Additional clarity:**

This reflects that minor or reversible impacts may be acceptable, but any significant or irreversible environmental harm is not.

**Triggers:**

- Regulatory environmental breach → outside appetite
- Significant or irreversible damage → outside appetite

### 8.11 Climate Resilience — Justified

The Council has a **justified** appetite for climate-related risk.

**Application:**

- Risk is accepted where it supports long-term resilience and adaptation
- Decisions are forward-looking

**Additional clarity:**

This reflects that short-term or transitional risks may be accepted where they contribute to improved long-term resilience outcomes.

**Triggers:**

- Failure to plan for material climate risks → outside appetite

- Unmanaged climate exposure → escalation

### 8.12 Relationship with Mana Whenua — Conservative

The Council has a **conservative** appetite for risks affecting relationships with mana whenua.

**Application:**

- Partnership, trust, and engagement are prioritised
- Commitments are met

**Additional clarity:**

This reflects that any actions that could undermine trust or partnership are not acceptable.

**Triggers:**

- Breakdown in relationship or engagement → outside appetite
- Failure to meet commitments → escalation

### 8.13 Damage or Loss to Property or Assets — Conservative to Measured

The Council has a **conservative to measured** appetite for asset-related risk.

**Application:**

- Assets are protected and maintained through lifecycle management
- Some residual risk is accepted where cost-effective

**Additional clarity:**

This reflects that manageable and planned asset risks are acceptable, but loss of critical assets or sustained service impact is not.

**Triggers:**

- Loss or failure of critical assets → outside appetite
- Recurring asset issues → escalation

### 8.14 Project Delivery Risk — Measured

The Council has a **measured** appetite for overall project delivery risk.

**Application:**

- Delivery risk is expected and actively managed
- Trade-offs between cost, time, and scope are accepted within limits

**Additional clarity:**

This reflects that variation is acceptable as long as balanced and controlled, but uncontrolled delivery risk is not.

**Triggers:**

- Significant departures from expectations in time and cost, or anticipated benefits and outcomes of project delivery → escalation
- Loss of control across delivery metrics → outside appetite

**8.15 Contractual Responsibilities and Supplier Relationships — Measured**

The Council has a **measured** appetite for contractual and supplier risk.

**Application:**

- Commercial risk is accepted within structured arrangements
- Supplier performance is actively managed

**Additional clarity:**

This reflects that routine contractual risk is acceptable, but major disputes, non-performance, or failure are not.

**Triggers:**

- Material breach or dispute → escalation
- Litigation or supplier failure → outside appetite

**8.16 Strategic Change, Innovation and Improvement — Justified to Open**

The Council has a **justified to open** appetite for strategic change, innovation and improvement.

**Application:**

- The Council is willing to take calculated risks to enable innovation and improvement, or in some cases more efficient delivery, through enablement of staff
- Risk-taking is encouraged where it delivers long-term benefits

**Additional clarity:**

This reflects that higher levels of uncertainty are acceptable where opportunities are well understood and aligned to strategic outcomes. There are some areas where this kind of risk should not be taken, for instance in the Building Compliance activity where Building Authority Accreditation could be risked.

**Triggers:**

- Poorly defined or unmanaged innovation risk → escalation
- Exposure to uncontrolled risk → outside appetite

## 9. Project Risk Appetite Statements

### 9.1 Project – Time — Measured

The Council has a **measured** appetite for project schedule risk.

**Application:**

- Minor delays are acceptable where managed
- Milestones must be actively monitored

**Additional clarity:**

This reflects that manageable delays are acceptable where actively controlled, but slippage that compromises key delivery outcomes is not.

**Triggers:**

- Slippage against key milestones → escalation
- Failure to meet critical deadlines → outside appetite unless justified

### 9.2 Project – Cost — Measured

The Council has a **measured** appetite for project cost risk.

**Application:**

- Variances within contingency are acceptable
- Cost management must be robust

**Additional clarity:**

This reflects that cost variation within approved contingency is acceptable, but significant overruns or funding gaps are not.

**Triggers:**

- Variance >10–15% → governance oversight
- Variance >25% → outside appetite

### 9.3 Project – Health & Safety — Averse

The Council has an **averse** appetite for project health and safety risk.

**Application:**

- Safety is prioritised over all other project constraints
- Full compliance is required

**Additional clarity:**

This reflects that no project-related activity should expose people to unacceptable harm under any circumstances.

**Triggers:**

- Serious harm or notifiable event → immediate escalation and outside appetite

**9.4 Project – Resources — Measured**

The Council has a **measured** appetite for project resourcing risk.

**Application:**

- Short-term constraints may be accepted
- Capability and capacity must be actively managed

**Additional clarity:**

This reflects that short-term resourcing pressures may be managed, but sustained capability gaps that affect delivery are not acceptable.

**Triggers:**

- Persistent resourcing gaps → escalation
- Inability to resource delivery → outside appetite

**9.5 Project – Benefits and Outcomes — Measured to Justified**

The Council has a **measured to justified** appetite for risks to project benefits and outcomes.

**Application:**

- Some uncertainty is acceptable, particularly early
- Benefits must be defined and monitored

**Additional clarity:**

This reflects that uncertainty in benefits may be accepted during delivery, but failure to achieve core outcomes is not.

**Triggers:**

- Erosion of expected benefits → escalation
- Failure to deliver key outcomes → outside appetite

## 10. Application in Decision-Making

Risk appetite is used to:

1. Assess whether decisions align with acceptable risk levels
2. Enable informed trade-offs
3. Identify when escalation is required
4. Support consistent decision-making across the organisation

Where decisions fall outside appetite:

- They must be clearly identified
- Justification must be documented
- Appropriate approvals must be obtained

## 11. Governance and Responsibilities

- **Council (Elected Members):** Approve risk appetite
- **Executive Leadership Team:** Embed and oversee application
- **Management:** Apply appetite in decision-making and reporting

## 12. Review

This statement will be reviewed annually, unless there is need for review prior to that.

## 13. Approval

Approved by Matamata-Piako District Council on:  
**[Insert Date]**





# Quarterly Risk Report

June 2026



# Executive Summary



- This report provides a progress update on the 2026 Risk Management Work Plan. This includes the results of the 2026 Risk Maturity Assessment and progress updates on the development of the Risk Management and Business Resilience Frameworks.
- Recent work completing a Fuel Supply Business Impact Assessment and developing an Organisational Fuel Resilience Plan and Workforce Response Strategy is also noted.
- A comprehensive 'Top Risks' update is provided – just prior to the planned 2026/27 update of the Top Risks. The Key Risk Indicators are provided along with the status update on the implementation of new mitigation controls, noting in this that the status indicator framework has been updated as explained in the cover report. This Top Risk information is important in enabling the Committee to perform their risk governance oversight role, as it provides the assurance that existing controls are operating and planned controls are introduced.
- An emerging risks commentary is also provided, sourced from Aon.



# Risk Management Work Plan 2026



The 2026 Risk Management roadmap was agreed by the September 2025 RAC meeting, and confirmed by the new triennium RAC in its December meeting.

Risk Maturity Assessment	Re-assess current levels of risk maturity to measure increases since initial assessment in 2025	Completed – Results reported in this report
Embed Risk Management	Complete and adopt the Risk Management Framework and embed it in the organisation via training and awareness programmes, and intentional leveraging of a risk lens into organisational culture so it becomes “how we operate”	This work is continuing. A key element of the new framework – an organisational Risk Appetite Statement – is included on today's agenda for consideration and recommendation to Council.
Business Resilience	Development of a Business Resilience Framework, further review of current Business Continuity Plans (BCPs) in critical activities to ensure adequacy, and development of a template that can be used for future iterations	This work is also continuing. A fuller update is included in this report.





# Risk Maturity Assessment

The level of risk maturity at Matamata-Piako District Council was measured at the beginning of the Risk Management Programme in 2025. The assessment was based on a survey (aligned to a best practice risk maturity model), that was completed by both the Exec Team and T3 managers to ensure a good scope of input. This process has now been repeated in year two and the results saw increases in some areas and a maintained level in others. The side-by-side results are as follows:

Criteria	Level 2025	Level 2026
Strategy and Governance	Level 1	<b>Now Level 2</b>
Process	Level 1	Level 1
Systems and Intelligence	Level 2	Level 2
Monitoring and Review	Level 2	Level 2
Culture	Level 1	<b>Now Level 2</b>

**Key:**

**Strategy and Governance** – Linkages between governance, executive leadership and practice

**Process** – Standardised and operationally integrated practice

**Systems and Intelligence** – An integrated system that is responsive to incidents and trends

**Monitoring and Review** – Use of tools and escalation procedures

**Culture** – Alignment of risk to goals, ownership and allocation

See Appendix 1 and 2 for scoring matrix and level descriptions



# Risk Maturity Assessment



## What do these results mean?

The findings indicate that MPDC is now largely operating at a more consistent stage of implemented risk management. Gains have been made in the strategy and governance space, and in culture development. The areas now scoring as level 2 can absolutely be associated with senior leadership's oversight and drive in delivery of the risk management programme in year 1. Culture is a particularly difficult area to make gains in and can often take many years to develop, so this is very much a positive for MPDC.

The ELT and T3 results mirror each other across all the criteria, with no significant differences evident. This is another positive to see this, as it demonstrates consistent thinking and buy-in across management levels.

## Next Steps

The results should inform the intended direction for year 2. Level 2 is sector norm for TLAs with a performing risk management function. A balance of effort is needed across all areas so improvement continues, while more importantly maintaining current levels across the matrix.

It should be affirmed that the normative levels of risk management within comparable TLAs sit between levels 1 and 2. Level 3 is certainly achievable in some criteria and it would be worth considering an intentional focus to achieve at least level 3 in culture. However, it should be noted that this is a standard assessment and is used across multiple, higher-risk industries. A council does not necessarily need to reach to or beyond a level 3 in order to be considered high performing in risk management.

The 'what next?' will be further considered and brought back to Executive in due course for recommendation to the Risk and Assurance Committee.



# Embed Risk Management



Significant work has been progressed on the refresh of Council’s Risk Management Framework, in line with the work programme. However, with a number of competing priorities this work is still progressing.

A key element of the refreshed framework is the development of an organisational Risk Appetite Statement. A draft of this is now complete and is included in this agenda for the Committee’s consideration and recommendation to Council.

When fully developed and adopted, the Risk Management Framework will be embedded into the organisation via training and awareness programmes, and intentional leveraging of a risk lens into organisational culture so it becomes “how we operate”.



## Business Resilience



Our immediate focus has been on ensuring we are well equipped with current, focussed BCPs, that are able to be utilised in responding to sudden business disruption. A new template was developed and piloted across three activities:

- Water Services
- Solid Waste
- Building Consent Process

The Executive Team liked the results of this work and a further 19 activity areas have been identified for review / creation of new BCPs in the new format over June and July.

A fuller update, including examples of the new BCPs will be brought to the October RAC meeting.

Work on the wider Business Resilience Framework will be completed following the completion of the Risk Management Framework work.



## Business Resilience



A Fuel Supply Business Impact Assessment was carried out in March and April given the risks associated with fuel supply and pricing as a consequence of the war in the Middle East.

This was an important piece of Business Resilience work. A follow-up piece of work in May was the development of an Organisational Fuel Resilience Plan and Workforce Response Strategy mapped to the Government's four-level National Fuel Plan. This work involved a workshop session with managers across the organisation that gathered rich information that is currently being summarised.

This work will ensure that our organisation is well-planned and able to respond in the event that this situation, or another with similar consequence, escalates.



# Annual Reset of Top Risks 2026/27



A reminder of the planned approach is set-out here:

<b>April / May</b>	Workshop session for RAC members and all other EMs, focussing on Top Risks, Risk Appetite and Risk Maturity
<b>June RAC</b>	RAC considers and formally recommends Risk Appetite settings for next 12 months (to be confirmed by July Council)
<b>Workshop alongside June RAC</b>	Annual setting of Top Risks Workshop for RAC and all other EMs / Exec, will develop basis of agreed Top Risks for 2026/27 – workshop scheduled for 17 June 2026
<b>October RAC</b>	RAC considers and formally recommends Top Risks document for 2026/27 for Council approval (to be confirmed by Oct or Nov Council)





# Top Risks Update

## SUMMARY OF TOP RISKS

	1	2	3	4	5	6	7	8	9	10	11
	Ineffective Emergency Response & Recovery	Disruption to Essential Service Delivery	Information Security	Reputation / Relationship with Community Stakeholders	Legislative Non-Compliance	Ineffective Mana Whenua Partnerships	Ineffective Response to Climate Change Impacts	Inadequate Financial Planning	Failure to Respond Appropriately to Political Change	Ensuring Workforce Capacity and Capability	Ensuring Health, Safety & Well-being
<b>INHERENT RISK RATING</b>											
Consequences	Extreme	Very High	Very High	High	High	High	High	Very High	High	High	Extreme
Likelihood	Almost Certain	Almost Certain	Almost Certain	Likely	Likely	Almost Certain	Likely	Possible	Likely	Likely	Likely
<b>INHERENT RISK RATING</b>	<b>EXTREME</b>	<b>EXTREME</b>	<b>EXTREME</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>EXTREME</b>
<b>CURRENT RESIDUAL RISK RATING</b>											
Consequences	Extreme	Very High	Very High	Moderate	High	High	High	Very High	High	Moderate	High
Likelihood	Possible	Possible	Almost Certain	Likely	Possible	Possible	Likely	Unlikely	Possible	Possible	Possible
<b>CURRENT RISK RATING</b>	<b>VERY HIGH</b>	<b>VERY HIGH</b>	<b>EXTREME</b>	<b>HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>VERY HIGH</b>	<b>HIGH</b>	<b>HIGH</b>	<b>MODERATE</b>	<b>HIGH</b>
<b>RISK APPETITE</b>											
Consequences	Extreme	Very High	Very High	Moderate	High	High	High	High	High	Moderate	High
Likelihood	Possible	Unlikely	Possible	Possible	Rare	Unlikely	Possible	Unlikely	Unlikely	Possible	Unlikely
<b>RISK APPETITE RATING</b>	<b>VERY HIGH</b>	<b>HIGH</b>	<b>VERY HIGH</b>	<b>MODERATE</b>	<b>LOW</b>	<b>MODERATE</b>	<b>HIGH</b>	<b>MODERATE</b>	<b>MODERATE</b>	<b>MODERATE</b>	<b>MODERATE</b>
<b>TREND IN RISK STATUS</b>											
<b>TREND</b>	↔	↑	↔	↔	↔	↔	↔	↔	↑	↑	↔

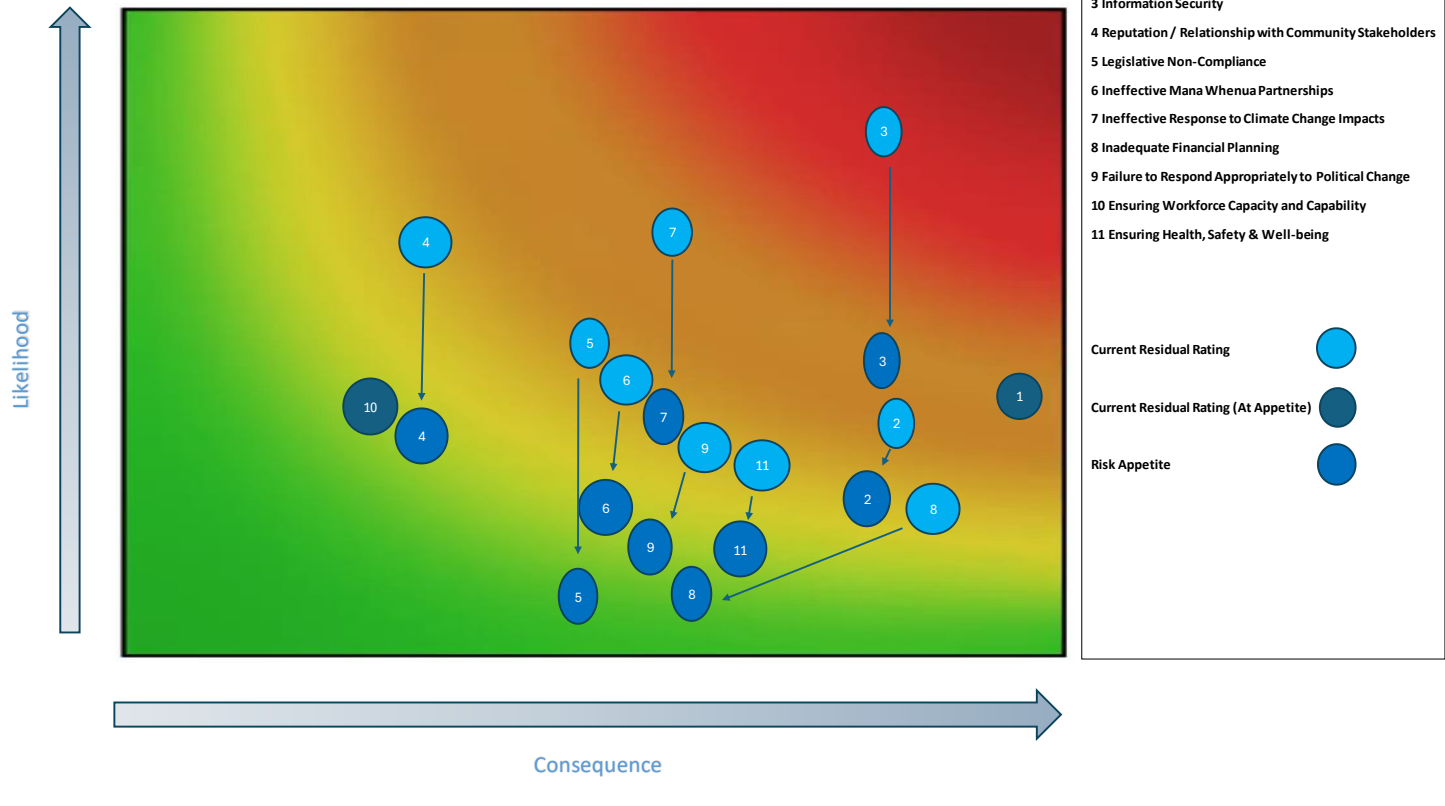
The trend indicators for Risks #2, #9 and #10 have been updated to reflect an upward trend in those risks. These risks are seen as trending up as we move towards our Waikato Waters Limited transition date (for risk #2), and as the Central Government reform programme continues (for risks #9 and #10). A significant development in the latter has been the Government’s recent announcement of its ‘Head Start’ pathway which provides a very short window for submission of Council-led proposals for structure change. Both of these matters are creating significant pressure and uncertainty for staff as they respond to these matters on top of the business as usual. Mitigations are already in place and an active watching brief is maintained on these risks within the organisation.





# Top Risks Update

## TOP RISKS HEAT MAP



# Top Risks Update

## Key Risk Indicators



In confirming our Top Risks in June 2025, we also identified Key Risk Indicators (KRIs) which give us assurance that the controls for those Top Risks are in place and working. This section of the report shows the KRIs. We'll continue to report these quarterly so the Committee can have confidence that our controls are either working well, or we are aware and can intervene if they aren't.

### Ineffective Emergency Response and Recovery (Risk #1)

#### Emergency Management—Current Status

- ✓ Sub-regional CDEM (Civil Defence Emergency Management) arrangement in place with Matamata-Piako, Hauraki and South Waikato DCs. EMM (Emergency Management Manager) appointed 1/9/25.
- ✓ We have continued to report to Council and the TMF with CDEM updates. We have also reported to Council following significant events where we have activated. So far this year we have responded to three weather events and have also supported Ōtorohanga and Waipā with their response. Council is continuing to work with marae through the Marae Akē Akē Akē initiative.
- ✓ The Co-ordinated Executive Group has approved the shared performance measures.
- ✓ 68% score achieved in May 2025 annual exercise (from approved assessor) — an increase on previous and classed as 'Advancing'
- ✓ Action Plans are being worked up—these are on track with the determined timelines.

#### Critical positions:

Controller	Two staff members in training and proposed to be approved at the next Joint Committee meeting
Recovery Manager	Two qualified staff members
Welfare Manager	One qualified staff member and one in training
Response Manager	Two experienced staff members
Emergency Management Officer	One experienced staff member



# Top Risks Update

## Key Risk Indicators



<p><b>Disruption to Essential Service Delivery (Risk #2)</b></p> <p><b>Regulation and Compliance</b></p> <p><b>Taumata Arowai</b></p> <p>Last year Taumata Arowai issued formal direction requiring Council to implement a safe and sufficient drinking water solution for the Te Aroha Pohomihi water supply that achieves compliance by 30 June 2026. Due to regulatory and policy related complexity, and Local Government governance considerations and oversight, this initial deadline will not be met. Council has signalled this with Taumata Arowai, and in response, Taumata Arowai has directed Council to:</p> <ol style="list-style-type: none"> <li>1. Prepare a written plan detailing the programme of works for the installation of effective treatment barriers or an alternative compliance pathway, for the Pohomihi raw water connections, part of the Te Aroha water supply.</li> <li>2. Provide a copy of the above plan with evidence of confirmed funding to the Authority no later than 30<sup>th</sup> June 2026</li> </ol> <p>Staff are working on this plan now and are confident that a high-level plan can be supplied by the required date. There are three additional aspects that must be considered, and will be included in this plan to the Authority, namely;</p> <ol style="list-style-type: none"> <li>1. Waikato Regional Council consent conditions, supported by an abatement notice, limit the use of the Pohomihi supply and require the supply to be reduced or turned off altogether when the stream flow drops below specified thresholds, reducing the reliability of the current supply. Staff are exploring options to have the relevant conditions changed under either a consent variation, or as part of the upcoming consent renewal.</li> <li>2. The decision on a final solution is further complicated by Council's planned transition of water services to Waikato Waters Limited (WWL) on 1 October 2026, meaning implementation of the final solution and ongoing responsibilities will span organisational change and require alignment with the future service provider.</li> <li>3. Waikato Waters Ltd. has indicated a preference for the treated water line option but are aware that this is subject to Council's final decision on one of three options that will be presented to Council in the coming weeks.</li> </ol> <p>Staff are continuing work on the various Water Safety Plan updates and have made good progress. Taumata Arowai has received the latest updates for review and feedback.</p>
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# Top Risks Update

## Key Risk Indicators



### Waikato Regional Council

There has been no formal resource consent enforcement action by Waikato Regional Council (WRC) over February, March, and April 2026. Relationship meetings with WRC are continuing and remain positive. The Water and Wastewater team managed several significant weather events during these months and implemented a range of interventions, including increased discharges, to prevent plant failure and avoid adverse environmental effects. All interventions were notified to Waikato Regional Council (WRC) and were accepted as precautionary measures, with no enforcement action taken. A continuing key wastewater risk is the need to advance a desludging strategy for several ponds that are nearing capacity and have reduced freeboard during heavy rainfall. The Te Aroha and Matamata plants remain the top priorities. Investigations are ongoing and Council has signalled this risk to Waikato Waters Ltd.

### Backflow management in our Water reticulation systems

Although Taumata Arowai has not raised this as an issue, compliance staff continue to recognise backflow management as a risk to the water network. There is a significant backlog of properties yet to provide customer-supplied proof of annual inspection and device certification, and addressing this continues to be a lengthy but necessary exercise to maintain a high level of compliance. The team is developing a strategy to address this backlog, likely beginning with a comprehensive survey of all existing devices across the district, confirmation of device risk classifications, and identification of areas where backflow protection may be required to reduce contamination risk. As part of this work, we are documenting procedures to better manage customer interactions and to better facilitate and encourage the obtaining of proof of certification. The approach will also include engagement and education for property owners, along with a plan to brief Waikato Waters on the current situation so improvements can continue after the water services transfer.

### Standard Operating Procedures (SOPs) for Treatment Plant Operations

As previously reported, across February, March, and April, Council waters staff confirmed that the Lockerbie and Morrinsville Wastewater Treatment Plant SOPs remain up to date and fit for purpose. SOPs at other plants remain under review to confirm completeness, currency, and operational suitability. The SOP review is ongoing as part of a wider initiative to assess operational staff competency and continue re-implementing the Licence to Operate (LTO) framework, which serves as the central resource for operational policies and procedures across all plants. This work is intended to ensure SOPs are updated and aligned in both the LTO framework and Promapp. External services will not be engaged at this stage and will only be considered once cross-referencing capability to Promapp has progressed sufficiently. We are also ensuring this process aligns with the systems currently being implemented at Waikato Waters.



# Top Risks Update

## Key Risk Indicators



Vulnerability of Networks	
<b>Wastewater reticulation— Overflows</b>	A comprehensive register of wastewater overflows, including wet weather, dry weather, and burst-related events, has continued to be maintained over February, March, and April. Over the last few months, several significant weather events have placed pressure on the wastewater network and contributed to overflow risk. Over this period there were 9 overflows recorded and reported to WRC (35 events in full 2025 calendar year, 15 in the 2026 calendar year to date). For all overflow events during this period, Matamata-Piako District Council met its statutory obligations under the Resource Management Act 1991, including timely reporting, notification, and follow-up with Waikato Regional Council in accordance with all applicable regulatory requirements.
<b>Wastewater reticulation— Modelling</b>	Comprehensive wastewater modelling for the Matamata and Morrinsville networks was completed in 2024. This work, including the identification of network vulnerabilities, has informed network master planning to support growth and resilience. In addition, the modelling has been used to inform and develop the forward programme of wastewater network renewal works, which will soon transfer to Waikato Waters.
<b>Water Treatment and Supply</b>	Turbidity during high river flows continues to pose a treatment risk, and shutdowns at the Tills Road, Matamata water treatment plant remain a relatively common issue. Over February, March, and April, several severe weather events affected the plant and placed pressure on operations. However, supply was affected only once, resulting in reduced pressure for one to two hours. Staff were well prepared and responded effectively, including providing bottled water to fewer than five badly affected residents. Districtwide, reservoir storage continues to provide a reasonable level of resilience. However, as severe weather events become more frequent, this resilience will be increasingly tested, and even supplies supported by supplementary bores are likely to be affected over time.
<b>Transport Networks</b>	Two known points of vulnerability exist, both on the Waihou River Flood Plain. These sections of road may have to be closed for short periods of time once or twice a year. Alternative routes exist and because this is flood plain remedial works are not possible.



# Top Risks Update

## Key Risk Indicators



### Information Security (Risk #3)

SAM for Compliance* Score	
September 2025	85.05%
September 2024	75.36%
Year-on-Year	9.69%

\*The SAM acronym originally stood for Self Assessment and Monitoring

Privacy Breaches February to May 2026	
5x accidental emails sent to incorrect recipients by MPDC staff	All accidental releases were followed up, material retrieved and apologies provided
<p>Incidents like this are often identified via self-reporting, which is encouraged, and there are very few staff who repeat the error.</p> <p>The high level of self-reporting is due to the support that managers and team leaders give to encourage reporting and their active promotion of 6 monthly training and refreshers.</p> <p>All events are assessed against the required 'serious harm' threshold and analysed with a view to constantly improving our systems and processes.</p>	
Other Interesting Privacy Events February to May 2026	
1x request from a person using false credentials to obtain information about a staff member	No information was supplied re: staff member, staff followed the guidelines successfully
1x request from police officer in private capacity for information about a customer	Police Officer asked to request information through correct channels, process was followed and the information correctly supplied



# Top Risks Update

## Key Risk Indicators



Independent Cybersecurity Audit		
The results of the independent Cybersecurity review conducted by KAON SecurITy were presented to the Risk and Assurance Committee in a Public Excluded item at its September 2025 meeting. The IT team is working through a 2025/26 Improvement Plan which seeks to address the recommendations of that report.		
Workstream	Current %	Comment
Documentation and Evidence	100%	All processes and supporting documentation are maintained in a cloud-based shared workspace, which serves as the central repository. IT policy management is also handled through a specialised cloud-based 'as a service' solution.
MFA (Multi-factor Authentication) Coverage	98%	An online services register has been developed to capture all externally accessible services, classified them based on criticality, and has provided remediation recommendations to system owners. From the IT-managed services perspective, only one service remains outstanding, and the IT team is currently working on its remediation.
Script Control	100%	Have implemented script control using sophos application control and disabled powershell and scripting tools.

Cybersecurity Key Stats
<b>Reporting Period:</b> 1 February 2026 to 30 April 2026
<b>Sources:</b> Trustwave MailMarshal, Sophos Endpoint Antivirus, Sophos XGS Firewall
<b>Successful breaches:</b> Nil
<b>Email Security:</b>
Spam / Malicious Email Attempts Blocked (Spam confirmed): 1,097
Malware Suspected Messages Quarantined: 3,011
Total High Risk or Undesirable Messages Blocked: 4,108
<b>Endpoint Security:</b>
Malware & PUAs Blocked: 50 events
Scope: MPDC Fleet of Devices
Action Taken: All threats quarantined or cleaned
<b>Network Security:</b>
Intrusion Attempts Detected: 22,420 - all blocked at the perimeter
<b>Top Attack Types:</b>
<ul style="list-style-type: none"> <li>• SCAN NMAP Script Scanner: 21,433 hits</li> <li>• Web application /etc/passwd access attempts: 386 hits</li> <li>• TLS encryption padding (POODLE-style) attacks: 253 hits</li> <li>• Zimbra remote code execution attempts: 122 hits</li> <li>• Apache Struts remote code execution (CVE-2017-5638): 62 hits</li> </ul>
<b>Overall Observations</b>
MailMarshal blocked 4,108 malicious or unwanted emails, including spam, phishing, malware attempts, and fraud.
Endpoint protection successfully stopped all malware, PUAs, and suspicious activity with no impact on users or operations.
The <b>majority of detected activity (over 95%)</b> was attributable to automated <b>network scanning tools (Nmap)</b> , which are commonly used across the internet to identify exposed services. This type of traffic is considered <b>background noise</b> and not indicative of a targeted attack.
All intrusion attempts were <b>successfully detected and blocked by the Sophos XGS Firewall's Intrusion Prevention System</b> , with <b>no evidence of compromise or unauthorised access</b> .



# Top Risks Update

## Key Risk Indicators



<p><b>Reputation / Relationship with Community Stakeholders (Risk #4)</b> Level and Quality of Community Interaction in Engagement Processes, February to April 2026</p>
<p>The following engagement exercises were active during the period:</p>
<p><b>Waitoa Water</b></p> <ul style="list-style-type: none"> <li>• Council moved into wider public consultation after agreeing in principle with the Community Panel's preferred option to connect Waitoa to the Council water supply. This reflects the panel's recommendation and provides a long-term, compliant solution to the loss of Fonterra supply under the Water Services Act 2021.</li> <li>• Engagement expanded beyond affected residents to include the wider district, as the proposed funding model would involve district-wide targeted water rates contributions. Information was shared through the Let's Talk platform with supporting material, FAQs and an information booklet outlining costs, options and impacts. Waitoa residents and property owners received hard copies. Information sessions were held, along with promotion through our usual channels.</li> <li>• The consultation approach focused on transparency and informed decision making, building on the deliberative engagement process. This included clear messaging about costs, connection choices and long-term service delivery, alongside media coverage and public discussion as the proposal progressed.</li> </ul>
<p><b>Policy and Bylaw consultation</b></p> <ul style="list-style-type: none"> <li>• We delivered a coordinated programme of consultation across multiple policies and bylaws, including the Land Transport Bylaw, Rates Remission Policy, Easter Sunday Trading Policy, Policy on Dogs and Dog Bylaw, and Fees and Charges 2026/27. Each consultation was supported by a dedicated page on <a href="http://mpdc.nz/letstalk">mpdc.nz/letstalk</a>, providing a central hub for information and feedback. The consultation period was 23 February to 19 April 2026.</li> <li>• We used a mix of digital, letter/pamphlet drops and face-to-face channels to reach a broad cross-section of the community. This included promotion through the website, Facebook, Council in Focus, and Antenna, alongside in-person engagement at local markets and letter drops to rail trail properties. Hard copy and online feedback forms were made available to ensure accessibility for all audiences.</li> <li>• The approach aimed to make participation easy and visible, while reinforcing that community feedback directly informs decision making. Messaging was tailored to each topic to improve clarity and relevance, particularly for more complex consultations such as the Dog Control Policy and Bylaw review.</li> </ul>
<p><b>Te Aroha streetlights</b></p> <ul style="list-style-type: none"> <li>• We engaged the community on the colour of new streetlights in Te Aroha, including a public vote on colour options for poles and lanterns in February. This received strong participation, with more than 550 responses, providing a clear community preference for dark heritage green, with 347 in favour.</li> <li>• Engagement also included input from iwi, the Te Aroha Business Association, Grow Te Aroha, the museum and other stakeholders to ensure the design and colour aligned with the town's heritage character.</li> <li>• This approach supported positive community sentiment by visibly incorporating local input into a highly visible town centre upgrade, while providing regular updates as installation began.</li> </ul>



# Top Risks Update

## Key Risk Indicators



Legislative Non-Compliance (Risk #5)		Ineffective Strategic Partnerships with Mana Whenua, Iwi, Hapū and Māori (Risk #6)	
<b>Adverse Findings by Ombudsman</b>	Between July 2025 and April 2026, Council received a resolution on two Ombudsman complaints, both in Council's favour. There have been no complaints taken to the Ombudsman regarding LGOIMAs.	Rangatira to Rangatira meetings in 3-months ended 30 April 2026.	2*
		Te Manawhenua Mo Matamata-Piako Forum (TMF) meeting(s) 1 January to 30 April 2026 **	1 formal meeting 1 workshop discussion
		<p>* Other hui are being scheduled currently ** Iwi aspiration statement has been the driving force to a lot of the formal and workshop discussions.</p> <p><b>Forward Plans</b> More combined kaitahi ('eating as one') meetings will be set for the 2026 calendar. We are also planning to introduce briefing sessions to the Te Manawhenua Mo Matamata-Piako forum (TMF) work programme.</p>	



# Top Risks Update

## Key Risk Indicators



Ineffective Response to Climate Impacts (Risk #7) — Current Status																																					
Progress made on Climate Impacts Rivermap priority actions	The Climate Resilience Strategy has been reviewed and updated following workshops with Council. The Waste Minimisation and Management Plan will also be reviewed by Council over the coming months. Followed by public consultation on both.																																				
Identified gaps in data and in existing plans and strategies	Analysis of Climate Risk Assessment is still to be progressed.																																				
Rising costs for infrastructure maintenance, repair and renewal (natural hazard) Increase in Customer requests related to climate change dynamics, e.g. storm, flooding, heat	Processes yet to be put in place to track these. It is likely that useful data is already being collected, the task will be to collate this information from across Council in a way that will help inform a wholistic understanding of impacts over time.																																				
Claims against Council in relation to climate impact matters such as development in areas with identified / identifiable hazards	No change since last update.																																				
Customer perception of preparedness for climate impact via Annual Resident Survey [Note that preparedness has not been measured but whether Council should take leadership has been]	<p>In the 2024/25 Annual Residents Survey*:</p> <div style="border: 1px solid #ccc; padding: 5px; background-color: #e0f2f1;"> <p>64% of residents state that it is <i>Important for Council to take a leadership role in Climate Change response for our community</i>. This opinion is significantly stronger among respondents who have lived in the district for 6-10 years (75%) compared to those who have lived in the district for over 10 years (58%).</p> </div> <p>*This is still the latest information, as the question was only asked for one of the three years of the LTP.</p>																																				
Emissions inventory showing increase in emissions – most recent information	<table border="1"> <thead> <tr> <th>Emission source</th> <th>FY21</th> <th>FY24</th> <th>Increase or Decrease FY21 to FY24</th> </tr> </thead> <tbody> <tr> <td colspan="4">Top 5 emission sources TCO2-e</td> </tr> <tr> <td>Wastewater</td> <td>1274.4</td> <td>1544.7</td> <td>▲</td> </tr> <tr> <td>Electricity</td> <td>756.2</td> <td>506.0</td> <td>▼</td> </tr> <tr> <td>Diesel</td> <td>403.9</td> <td>481.6</td> <td>▲</td> </tr> <tr> <td>Petrol</td> <td>69.9</td> <td>96.8</td> <td>▲</td> </tr> <tr> <td>Natural Gas</td> <td>62.9</td> <td>67.5</td> <td>▲</td> </tr> <tr> <td>Total emissions TCO2-e</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total over all sources</td> <td>2,670.2</td> <td>2,803.8</td> <td>▲</td> </tr> </tbody> </table>	Emission source	FY21	FY24	Increase or Decrease FY21 to FY24	Top 5 emission sources TCO2-e				Wastewater	1274.4	1544.7	▲	Electricity	756.2	506.0	▼	Diesel	403.9	481.6	▲	Petrol	69.9	96.8	▲	Natural Gas	62.9	67.5	▲	Total emissions TCO2-e				Total over all sources	2,670.2	2,803.8	▲
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# Top Risks Update

## Key Risk Indicators

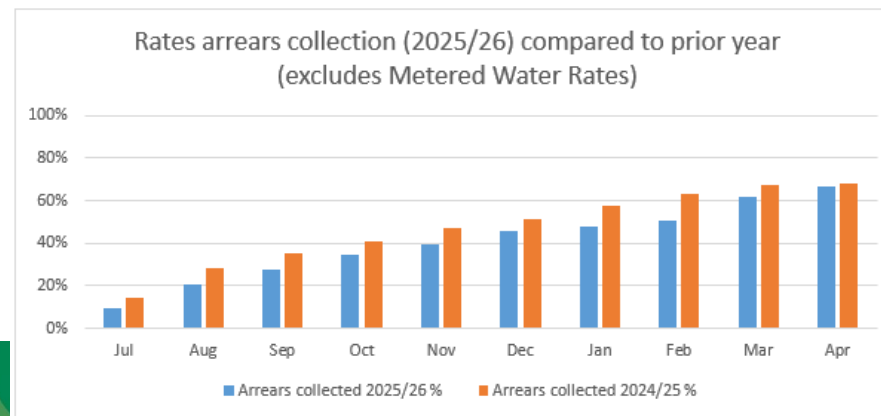
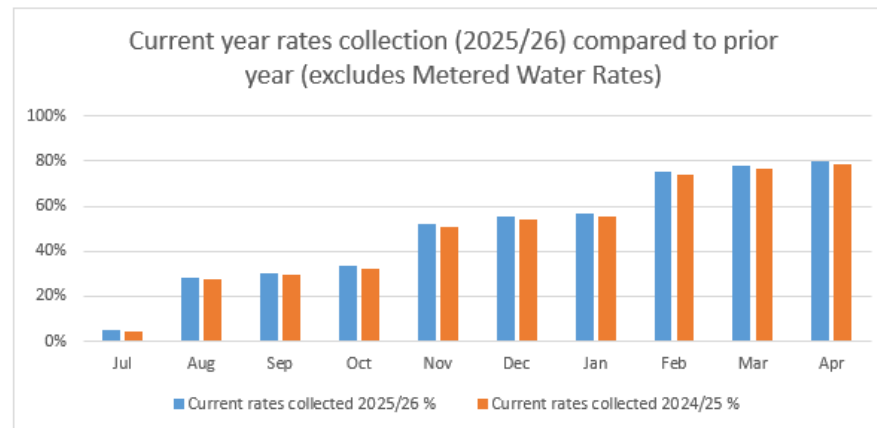


### Inadequate Financial Planning (Risk #8)

A number of financial and treasury graphs are under development for future reports. In the mean-time these rates collection graphs are available.

While collection of current year rates in April is slightly ahead of last year at 79.8% (78.8% in April 2025), the collection of arrears has fallen behind at 66.8% (compared to 68.3% in April 2025).

This may indicate a number of things — that those falling behind are finding it more difficult to catch-up on missed payments; continued staff focus is needed to maintain collection rates for arrears; collection via rating sale could be considered for some long-standing arrears where no mortgage exists over the property (approx. 5 properties currently).



# Top Risks Update

## Key Risk Indicators



Failure to Respond Appropriately to Political Change (Risk #9)		
Legislative Tracker		
Council has developed a legislative tracker tool (the tracker) to monitor opportunities to submit on bills, regulations, and other consultation processes. The tracker provides space for relevant staff to input feedback or status updates on submission responses. The tracker is updated and shared each Friday with Third Tier Managers and the Executive Team to maintain a consistent source of updates. The tracker provides a central, accessible record of submission opportunities relevant to Council's work. Without this, opportunities to submit feedback could be missed due to dispersed information and varying deadlines. The tracker enables timely identification of issues, clearer allocation of responsibilities, and better coordination across teams.		
Opportunities <b>OPEN</b> for submission(at 2/6/26) = 5		Anticipated <b>UPCOMING</b> opportunities for submission(at 2/6/26) = 12
Current/recently open opportunities for submission (refer last column / * at foot of table for submission intentions)		
Simplifying Local Government	There is opportunity for councils to submit 'Head start' outline proposals by 9 <sup>th</sup> August 2026, for the creation of unitary authorities. A back-stop process will apply for councils that do not take up this opportunity. It is envisaged that as a result of this reform programme Regional Councillors would not be elected as part of the 2028 triennial elections. MPDC did submit on the earlier Simplifying Local Government proposal in February 2026 which related to regional governance (replacing regional Councillors with Mayors or Commissioners or similar). The Simplifying Local Government reform has developed further in the May 2026 announcements.	M
Natural Environment Bill	One of two Bills to replace the RMA. The purpose of the Bill is to manage impacts from the use of natural resources and protect the environment from harm.	M
Planning Bill	The other of the two Bills to replace the RMA. The purpose of the Bill is to enable development and regulate how land is used.	M
Local Government (System Improvements) Amendment Bill	Bill to give effect to policy decisions around rate-capping, and potentially other items from the 'forward work programme'.	M
Emergency Management Bill	Intended to improve emergency management planning and response. It will help local councils provide a consistent level of service, build a stronger and more skilled workforce, and make sure different agencies work better together. It will also focus more on planning and investing.	R
Inquiry into the 2025 Local Elections	The inquiry will examine the law and administrative procedures for the conduct of the 2025 Local Elections	T
Development Levies Consultation and Local Government (Infrastructure Fundings) Amendment Bill	Provides for the replacement of development contributions with a system of levies.	T
Land Transport (Revenue) Amendment Bill	This is the Bill that clears the way for the transition from fuel excise to RUC for light vehicles and makes the legislation around tolling more flexible	T
* M = MPDC submission made/intended R = Regional submission (Waikato Councils) T = Taituara submission		



# Top Risks Update

## Key Risk Indicators



Failure to Respond Appropriately to Political Change (Risk #9)		
Te Ohu Takatū Anamata (Future Ready) meetings from 1 July 2025 to 30 April 2026	This group of key staff has met each month to consider local government reform, climate resilience, Waikato Waters Limited transition, Resource Management, Building and Emergency Management, Holidays Act changes, Privacy legislation, and fuel supply issues.	
Active participation in regional and national working groups 1 July 2025 to 30 April 2026	<p><b>LGNZ Rural / Provincial</b>—Nov 2025, Feb, May 2026</p> <p><b>LGNZ Zone 2</b>—Nov 2025, Mar, May 2026</p> <p><b>Waikato Mayoral Forum</b>—Nov 2025, Jan, Mar, Apr, May 2026</p> <p><b>Taituara CE Hui</b>—Jul, Aug, Oct, Dec 2025, Jan, May 2026</p> <p><b>Eastern Waikato Regional Leadership Group</b> (with Govt agencies) —Jul and Aug 2025</p> <p><b>Waikato CEs Forum</b> — Aug, Oct, Nov, Dec 2025, Feb, Mar 2026</p>	<p><b>Future Proof related:</b></p> <ul style="list-style-type: none"> <li>“ FPIC Workshop—Aug 2025</li> <li>“ Future Proof / Smart Growth—Aug 2025, May 2026</li> <li>“ CEAG—Aug 2025, Feb, Mar 2026</li> <li>“ FPIC—Sept, Dec 2025, Feb, Apr 2026</li> </ul> <p><b>Waikato Waters Limited Shareholder Forum</b> –Jan, Mar, Apr 2026</p>



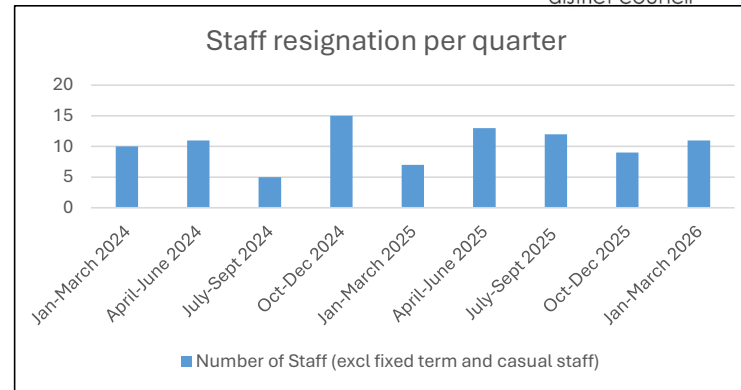
# Top Risks Update

## Key Risk Indicators



### Ensuring Workforce Capacity and Capability (Risk #10)

Whole of organisation staff turnover for the rolling 12 months ended 31 March 2026 was 14.08%					
This compares with annual whole of organisation turnover for the years ended 30 June	2025:	2024:	2023:	2022:	2021:
	12.81%	10.65%	19.05%	17.03%	18.53%



**Staff Culture Survey** – A trial of a new staff survey tool, Culture QuickSense, commenced in December and ran through to January. The results are discussed elsewhere on the agenda.

**Exit Surveys** – The exit surveys have been updated to make them shorter and hopefully improve response rates. The results will be analysed at the end of the financial year.

**Ensuring Health, Safety and Well-being (Risk #11)**

Trends and any concerns are noted in the quarterly Safety and Wellness (S&W) reporting included elsewhere on this agenda. The results of critical risk audits are reported to the Executive Team as part of the Quarterly S&W Report (refer to the January-March 2026 Quarterly S&W Report).

Overdue investigations, actions and audits in Councils ‘Damstra’ Safety and Wellness reporting system are reported to the Executive Team regularly with the most recent report on 5 May 2026.



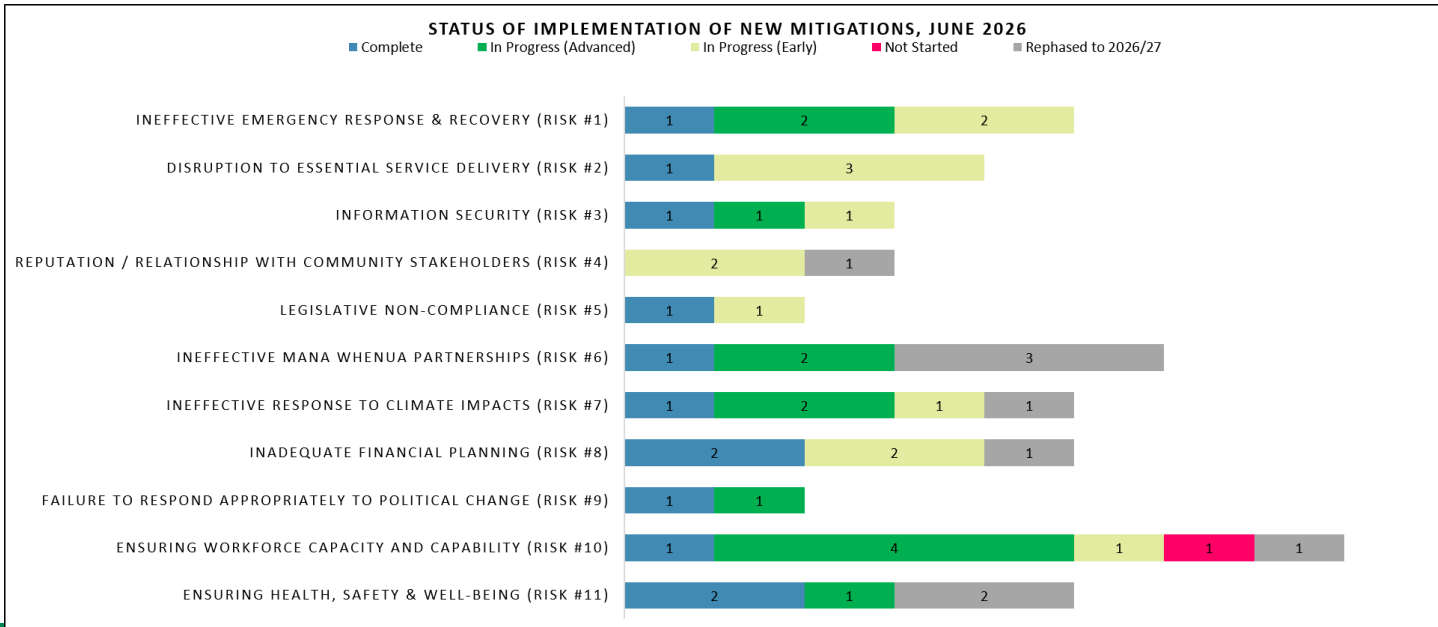
# Top Risks Update

## Top Risk Implementation Monitoring



### New Mitigating Controls

The 2025/26 Top Risks document proposes new mitigations to either reach risk appetite (if considered achievable) or strengthen our residual risk position. This chart shows the progress in implementing these new mitigation controls. Any that have been successfully implemented are shown on the following page. The new mitigations that are still in progress are shown in Appendix 3.



# Top Risks Update

## Top Risk Implementation Monitoring



### Completed - New Mitigating Controls Implemented

Risk Number	New Mitigating Controls to Implement	Status	Comment
Risk #1	Successful transition into the new sub-regional shared service arrangement with Hauraki and South Waikato districts, this should assist cross-boundary resilience	Newly reported as Complete	On September 1st our EMM started and we are working through embedding the new SLA. We have had four Governance meetings with a number of agenda items relating to how we could standardise how we work across three councils.
Risk #2 and 8	Approval of Water Services Delivery Plan (WSDP) by the Minister of Local Government with Water and Wastewater ownership and management transferred to a new Waikato Waters entity	Complete	Plan approved by Council at a special meeting on 13 August 2025, with Minister's approval gained in September 2025. Waikato Waters Limited establishment directors also appointed.
Risk #3	Scheduled Org-wide introduction of Microsoft 365 in 2025 calendar year will enhance operating environment and data security	Complete	Org-wide M365 roll-out completed September 2025.
Risk #5	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 LGOIMA space and the requirements for openness and transparency that this drives.	Newly reported as Complete	LGOIMA and Privacy training at Managers and TL day completed in 2025 Further privacy training completed at the TL and Managers day on 4 June 2026
Risk #6	Review of work programme and terms of reference for Te Manawhenua Mo Matamata-Piako forum, and reconstitution of this forum in the new triennium	Complete	This has been achieved.
Risk #7	Ongoing programme to increase climate impact knowledge of staff and elected members	Newly reported as Complete	A Council workshop was held on the topic of Climate Risks and Resilience. A number of Council workshops were held to review and further develop the Climate Resilience Strategy.
Risk #8	Regular scan of wider economic and demographic insights data relevant to the district (via sources such as Community Compass, Infometrics)	Complete	Council now has access to the Infometrics regional economic profile which gives information on our local economy, demographics etc. This will be used to inform the 2027 Long-Term Plan and other workstreams of Council.
Risk #9	Submission of Water Services Delivery Plan to Minister by September 2025 in line with legislative requirement	Complete	Approved by Council at a special meeting on 13 August 2025 and submitted to the Minister
Risk #10	Remuneration Policy review	Complete	Policy has been finalised. Follow up work is underway.
Risk #11	Review of top 10 critical health and safety risks to ensure the list of top 10 risks adequately reflects our current risk landscape	Newly reported as Complete	Top 12 risks identified and communicated to staff in the January S&W Update. Further work is planned to update the risks across our S&W documentation over the course of 2026.
Risk #11	Exec Team to complete IOD Health and Safety self-assessment	Complete	Completed





# Emerging Risks

The following table notes key emerging risks identified across the local government sector via professional networks, the local environment and from a national / global perspective. There may not be sufficient knowledge around the following risks for their formal addition to the organisational risk register, due to their emerging state, but a 'watching brief' should be kept on them.\*

## Emerging Risk Register – NZ Local Government (May/June 2026)

Risk Title	Inherent Rating	Residual Rating	Brief Rationale (May/June 2026)
Local Government Reform, Mandate & Funding Model Changes	High	Medium-High	New/elevated: potential to reshape roles, funding and obligations across all other risk areas.
Accelerating Climate Adaptation & Natural Hazard Exposure	High	High / Medium	Systemic, long-term risk; adaptation obligations tightening; implementation uneven across sector.
Water Services Viability & Reform (Local Water Done Well & beyond)	High	Medium-High	Large investment need, regulatory pressure and governance uncertainty; interacts with reform.
Financial Sustainability, Insurance & Integrity Risk	High	Medium-High	Persistent cost pressures, climate and water demands, uncertain future funding model.
Cybersecurity, Data Breach & Digital/AI Resilience	High	Medium-High	Threat environment intense; reform-driven system changes and AI adoption add complexity.
Workforce, Capability & Delivery Capacity	High	Medium-High	Critical enabler of reform and risk responses; shortages in key skills persist.

\* This Emerging Risk information has been provided by David Robson of Aon



# Emerging Risks



Risk Title	Inherent Rating	Residual Rating	Brief Rationale (May/June 2026)
Geopolitical Tension (Iran) & Fuel/Energy Cost Pressure	High	Medium-High	Fuel and freight costs now treated as structural pressure; integrated into financial risk.
Misinformation, Polarisation & Trust in Local Institutions	High	Medium	Shapes consent for reform, adaptation and financial decisions; affects safety and reputation.
Governance Complexity, Reform Uncertainty & Role Creep	Medium-High	Medium	Overload and unclear boundaries risk diffusing focus and weakening performance.

\* This Emerging Risk information has been provided by David Robson of Aon





# Appendices



Appendix 1 – Risk Maturity Assessment Criteria

Assessment Criteria	Strategy and Governance	Process	Systems and Intelligence	Monitoring and Review	Culture
Optimised	Leading edge aligned risk management and mitigation strategies in place. Accountability and responsibilities for risk management functions clearly defined. Audit and risk committee are committed to regular assessment of the risk management function. Three lines of defence articulated and implemented. Risk management incorporated into daily operations. Risk appetite and tolerance levels are communicated.	Loss prevention and risk management processes are standardised and integrated organisation wide. A proactive audit program of stress testing is conducted regularly on all key risks. Risk management process is auditable. Key risk indicators are used extensively across the organisation.	Highly automated and reliable information sharing which enables organisational-wide quick response, remediation, and mitigation of risk incidents/issues. Fully integrated and advanced enterprise risk management system. Use of sophisticated tools and data collection to quantify risks. Predictive analytics used extensively across the risk management framework.	Aligned strategic methodologies that emphasise continuous improvement. Fully implemented formal escalation process for all key risks across the organisation on a real time basis is fully implemented and working. Risk appetite delegations exist for all levels of the organisation and used as a basis for risk acceptance or rejection. Governance and executive oversight and monitoring is visible.	Risk profiles are aligned to corporate and strategic goals. Governance and executives leading in risk management consciousness. Leading in key risk indicators which are related to strategic and corporate goals. There is clear ownership of all risks and controls. Risk is considered an opportunity as well as a threat. Risk management is seen as an enabler. Staff have some component of their personal KPIs related to risk.
Consistent - Implemented	Strategic and risk management plans and policies drive actions in all levels of the organisation. There is organisational buy-in of risk management procedures. A dedicated Risk Manager or equivalent is appointed.	Risk management processes are standardised and enforced at all levels. Stress testing used in risk quantification and contingency planning. Risk management practices deliverables sustained, and key risk indicators are used as an early warning system.	A single main risk management system. High quality reporting of risk incidents and issues available through enabling technology solutions depending on the size and needs of the organisation. Improved controls and compliance reporting available for resource deployment and decision making.	Targeted and specialised programs focussing on elimination of root causes of loss/risk incident implemented. Exception reporting and predictive analysis improves resource allocation.	Governance has a specific focus on risk management in all audit and risk committee meetings. Risk incidents are dealt with consistently. Risk management is an explicit part of business planning. Effective education and communication strategies are integrated into organisational governance and risk programs.
Consistent – Designed	Annual risk management plan is created. Risk appetite and risk tolerance is established. An articulated risk management methodology/policy. The three lines of defence are recognised across the organisation.	Risk and risk components are defined. Risk management processes defined at unit or divisional level.	There is some availability of risk incidents, issues, and trends reports. Risk analytics processes not fully implemented across the organisation.	Formalised risk monitoring and review methodologies allow improved analysis and response for critical decision making. Effective system of formal risk incident reporting and tracking. Formal escalation process for risk related matters exists but not fully operational.	Systematic risk monitoring. The risk management framework includes the requirement for all risks and controls to have an assigned owner. Most employees are neutral regarding the value of risk management as it is not fully understood or practised.
Defined	A high-level risk management methodology is articulated. Internal audit and risk are unconnected functions. Risk appetite is articulated qualitatively.	Risk management processes and control management applied inconsistently. There is a small use of risk management and control assessment templates and risk register. Controls testing on an ad-hoc basis.	A range of systems used with minimum tailoring capability. No integration of risk systems. Limited analytics on historical data. Performance is measured manually on an annual basis.	Simple tools used inconsistently. Risk management captured but with control strategies reliant on verbal assurance. There are areas of the organisation use risk incidents to develop actions but are applied inconsistently.	Governance discusses a range risk matters but there is no specific agenda item for risk. There are risks that are not allocated specific owners. Poorly communicated/reported risk management which could be taken as conservatism/risk avoidance.
Initial	Risk is not addressed as a strategic opportunity. The organisation provides minor risk management direction.	No standard risk management practices and procedures. No definition formalised and communicated to staff. Lack of operational controls leads to uncontrolled risk loss. Risk management is often ad-hoc and reactive. No formal process to track current levels of risk.	No capacity to track risk management and exposure through incidents and events. Risk controls and performance measured sporadically. Manual reporting with limited data integrity. No capability to conduct analytics.	Governance and executive management have no, or low level of involvement in risk related matters. No risk compliance or performance monitoring methodology. No process for continuous improvement for risk management.	No formal risk management and mitigation strategy. No clear ownership of risks and controls. Risk management is considered a hindrance and an overhead.

Maturity ↑



### Appendix 2 – Risk Maturity Assessment Scoring Level Statements

<b>1</b>	There is no or minimal awareness of risk management and there are no associated processes in place across the organisation. Risk management is usually left to the individual and performed on an ad-hoc basis. Risk management is reactive rather than proactive.
<b>2</b>	There is organisational awareness of the importance of risk management. There are some formal processes in place for a few risks. There is limited standardisation of risk management processes and risk management is conducted inconsistently across each risk and across each business unit.
<b>3</b>	An enterprise risk management framework exists covering all major risks. Standardised risk management principles are defined and documented, and basic training is conducted. Consistent risk management processes with communication and accountability exists throughout the business but not all processes have been fully implemented.
<b>4</b>	Enterprise risk management is fully implemented across the organisation, consistently applied, and used in decision making and day-to-day management. Risk management processes are measured, evaluated, and fed back into continuous improvement. Principles and policies are implemented and aggregated reports are prepared and reported governance. Risk management is proactive, and key risk indicators are collected and monitored consistently.
<b>5</b>	Risk management is fully addressed and embedded into day-to-day management. Sophisticated and advanced risk management processes are used for all major risk types. Risk management is used as a key value driver supporting decision making and pursuit of opportunities. Risks, including emerging risks, are proactively identified and monitored through key risk indicators and predictive risk analytics.



### Appendix 3 – New Mitigating Controls for Top Risks Still In Progress

Risk Number	New Mitigating Controls to Implement	Status	Risk Exposure (in the interim)	Comment
Risk #1	The development of Community Response Plans (including marae response plans) as per our work programme	In Progress (Advanced)	Medium	We have been working with Rukumoana and Kai-a-te-mata marae and have received draft Marae plans, will be working to finalise/formalise these plans. Work on engagement opportunities continue, there has been some progress with several hui. We have also been part of the Marae Akē Akē Akē initiative which is aimed at connecting directly with marae.
Risk #1	Ensuring a full contingent of trained staff, including the full quota of people for critical Emergency Operating Centre (EOC) roles	In Progress (Advanced)	Low	We have a welfare manager in training who is just completing her final training before she is put forward to the Joint Committee for approval. Our two Controllers in training have completed their training and are proposed to be put forward to the Joint Committee for approval at the next Joint Committee meeting and then will need to be endorsed by Council. At the Council meeting on the 27 May, Council endorsed another Recovery Manager giving us resilience with two Recovery Managers.
Risk #1	Identification and response to any requirement for change arising from current review of CDEM legislation	In Progress (Early)	Medium	The Group Plan Actions have been incorporated into our work program document with consideration of the proposed EM Bill. Submissions closed in January for the EM Bill and it is being considered in June when we will understand more.
Risk #1	Ensuring budget commitment to Group Plan and Five-Year Action Plan, with the Five-Year Action Plan reviewed annually	In Progress (Early)	Medium	The Group Plan was adopted in September. The Group Plan Actions have been identified, approved by CEG and are in our new work plan for the next 18 months. Group is now working on the 3-5 year actions for consideration at CEG.
Risk #2	Fully developed operations maintenance strategies in place and funded	In Progress (Early)	Medium	A draft dTims model report is being developed and a draft ready in June for consideration in the LTP. A maintenance intervention strategy drives the maintenance work which is in place and will be reviewed with the new contractor for our maintenance. For Community Facilities, work on the asset database is progressing and then the focus will be condition assessment. While Water and Wastewater services are leaving MPDC, we currently have in place details of all fully developed maintenance strategies and plans, emergency response plans, and emergency response contractors lists to address and/or assist during prolonged outages. Copies of all these documents have been handed to Waikato Waters along with the associated funding as contemplated within the Water Services Delivery Plan.
Risk #2	Review and re-adoption of Business Continuity Plans	In Progress (Early)	Medium	Work already underway on ensuring a complete set of Business Continuity Plans in a new focussed template.





Risk Number	New Mitigating Controls to Implement	Status	Risk Exposure (in the interim)	Comment
Risk #2	Improved workforce capacity and capability via cadetship programmes and other potential joined up solutions	In Progress (Early)	Low	Building internal capacity and capability is most certainly an organisational focus. However via cadetship programmes or other potential joined up solutions is not currently a priority given the transitional change space we are currently in. The Water and Wastewater Team that is transferring to Waikato Waters now has a full staff complement that was supported via the 25/26 Annual Plan funding availability. While there are still resourcing shortages in this space, it is anticipated that Waikato Waters will be addressing the situation. Additional Stormwater capability requirements have been recognised in the current and ongoing MPDC Organisational Structure Review.
Risk #3	Continued focus on improvement of SAM score noting that external security / vendor reliance has been identified as a thing to improve	In Progress (Advanced)	Medium	As reported for the Key Risk Indicators, work for the priority areas for the Cybersecurity improvement plan is now complete for the following: <ul style="list-style-type: none"> <li>• Documentation and Evidence (Processes, Policies, Logs)</li> <li>• Script Control (Via Sophos Application Control)</li> </ul> The last aspect of the following will be addressed by the end of this month: <ul style="list-style-type: none"> <li>• Multi Factor Authentication Coverage (Requirement for Online Services)</li> </ul> The SAM for compliance score is being reviewed to incorporate the results of the recent Cyber-security penetration testing.
Risk #4	Completion of planned stakeholder mapping exercise, establishing key relationship holder for all significant stakeholders	In Progress (Early)	Medium	An initial meeting has been held, ideas generated and research undertaken preparing for the next phase of the project which will involve a stocktake of all current partnerships.
Risk #4	Adoption of planned Comms and engagement strategy	Rephased to 2026/27	Medium	Work on this has been delayed due to other priorities, work will continue in the new financial year
Risk #4	Education / Awareness campaigns around everyone's role in stakeholder relationship and the importance of appropriate behaviour	In Progress (Early)	Medium	This was a focus in the induction for Elected Members. Further work to be undertaken with staff.





Risk Number	New Mitigating Controls to Implement	Status	Risk Exposure (in the interim)	Comment
Risk #5	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 With'. A tool like this would draw on a fuller and wider sector knowledge-base than what could be built in-house.	In Progress (Early)	Medium	The Exective Team are considering a proposal and just looking at timing of implementation given our Legal Counsel is on maternity leave and also the available budget.
Risk #6	Development of a Partnership Agreement with the Te Manawhenua Mo Matamata-Piako forum that would commit to joint aspirations	Rephased to 2026/27	Medium	The Aspiration Document will be discussed with Council once initial discussions on the Manawhaka hono ā rohe have concluded.
Risk #6	Review of iwi capacity and in-house resource availability at MPDC, including potential forward ability to respond to potential settlement agreement requirements	Rephased to 2026/27	Medium	This will be added to Te Ohu Tūhono work programme for the 2026/27 year
Risk #6	Potential focussed education programmes for staff and elected members on Tikanga and Te Reo knowledge and competency	In Progress (Advanced)	Low	Te Reo programme in development. As well as any project or team specific support required. Te Tiriti training (part one) now delivered in house.
Risk #6	Identify what the Tiriti / Treaty principles mean to Council	Rephased to 2026/27	Medium	Align with mana whakahono ā rohe agreement work.
Risk #7	Climate resilience considerations integrated into internal decision making processes for example procurement and project management	In Progress (Early)	Medium	Work to incorporate a consideration of sustainability into the procurement framework is underway. The Climate Resilience Strategy is due to go out for public consultation over the coming months. Once the final Strategy is adopted, we will develop a project plan to integrate climate impacts into procurement and project management.
Risk #7	Implementation of planned priority actions on Climate Change Rivermap - including completion of current risk assessment work, integration of risk assessment into infrastructure planning processes and development of climate resilience strategy	In Progress (Advanced)	Medium	Integration of the climate risk assessment into the Roding AMP is underway. Integration into the other AMPs is still to be progressed. The draft Climate Resilience Strategy is due to be adopted for public consultation at the June Council meeting, and go out for consultation alongside the draft Waste Minimisation and Management Plan in August, with the final Strategy and Plan adopted in September and then integrated into the LTP.



Risk Number	New Mitigating Controls to Implement	Status	Risk Exposure (in the interim)	Comment
Risk #7	Critical gaps in hazard data identified and work commissioned to fill these gaps (wildfire, heat, wind), potentially in collaboration with others	Rephased to 2026/27	Low	
Risk #7	Developed approach for communication with our communities about flood risk	In Progress (Advanced)	Medium	Additional survey work has been completed and is now feeding into the next modelling phase. We have prepared a communication plan, which will be workshopped with Council to ensure alignment before rolling out consultation with the wider community. In the meantime, we are engaging with developers and sharing the flood map where possible. A webpage has also been published to address any initial queries: <a href="https://www.mppdc.govt.nz/district-plan/flood-modelling">https://www.mppdc.govt.nz/district-plan/flood-modelling</a> .
Risk #8	Active monitoring of Capital Delivery Programme	In Progress (Early)	Medium	Planned Program and Project schedules presented to E-Team, Council Workshop on 13 August 2025. Programs have been set up with financial budgets which are then to be allocated to Program or Project once schedules finalised. Any work orders raised are to be monitored to ensure they have been raised to the appropriate budget. Accuracy dependent on financial practices and financial budgets fully allocated and work orders raised to projects and programs. Forecasting of expenditure will be a focus for Project Managers and Sponsors for best practice financial management. Future planning and expenditure reporting anticipated to be in place for next LTP: total estimated budget to be provided for Project and forecasted for the life of the project per f/y, e.g Project total \$800k and forecasted yr1 \$100k, yr 2 500k, yr 3 200k, Programs total for the 3yr LTP cycle and forecasted spend accordingly. Life to Date (LTD) tracking for expenditure to be included.
Risk #8	Strategic review of insurance arrangements	Rephased to 2026/27	Low	Capacity constraints have pushed this review into the first quarter of 2026/27
Risk #9 and 10	Active transition planning in response to Waters, what do we want MPDC to look like post-waters transition	In Progress (Advanced)	Medium	Council transition to Waikato Waters is on target with the Transition Agreement scheuled to be approved by Council this month.  Organisational review is underway. Currently consulting with staff on a proposed structure. The process to finalise the organisation structure is scheduled to be completed by mid-July 2026.
Risk #10	Review of induction processes to streamline and ensure that any gaps are identified and remedied	In Progress (Advanced)	Low	Underway; working party have held two meetings and work continues on this. Initial changes to streamline have been completed. Further work has been put on hold until post waters transition.
Risk #10	Improved focus on Succession Planning	Rephased to 2026/27	Medium	





Risk Number	New Mitigating Controls to Implement	Status	Risk Exposure (in the interim)	Comment
Risk #10	Potential greater focus on Staff survey response action-planning processes at group manager level, to complement the responses already in place at organisational level	In Progress (Early)	Medium	Refer below for update on progress with staff survey methodology. The Exec team are in the process of reviewing how they will utilise the data from the recent staff survey.
Risk #10	Review of staff survey methodology, for example using pulse surveys	In Progress (Advanced)	Low	Reviewed previous methodology and made the decision to discontinue this. Trialled a new methodology and currently analysing results. Brief Pulse Surveys to be used during the organisational review period. Further consideration is needed as to which methodology we will use moving forward.
Risk #10	Greater focus on Exit Survey analysis and action response	In Progress (Advanced)	Low	Exit survey responses are collated annually and trends reported to Exec Team for discussion and action planning. Individual survey responses are reviewed by the People and Wellness Team and follow up actioned where required. The template for the surveys was reviewed to streamline and hopefully improve response rates.
Risk #10	Consider development of Key Risk Indicator Measure for percentage of roles not recruited in first recruitment round	Not Started	Low	This is not currently captured in our recruitment system and would require manual data collection.
Risk #11	External H&S audit - to be considered after transition to Local Water Done Well	Rephased to 2026/27	Medium	
Risk #11	Review of the safety and wellness induction pathway and accountabilities for managers and team leaders to ensure they have a clear understanding of their responsibilities and are provided with the learning and development needed for their role	In Progress (Advanced)	Low	Accountabilities for managers and team leaders have been updated. Work on updating induction processes will likely extend into the second half of 2026.
Risk #11	Review implications of upcoming HSWA changes in relation to volunteer management	Rephased to 2026/27	Low	HSWA has not formally been updated yet. To extend into 2026/2027 year.



Ngā whakatatau matua | Key assumptions **WORKING DRAFT**

<b>TĪROHANGA WHĀNUI   OVERVIEW .....</b>	<b>3</b>
<b>TE NGĀWARI O TE UTU   AFFORDABILITY AND FINANCIAL SUSTAINABILITY .....</b>	<b>4</b>
Inflation .....	4
Borrowing.....	5
Return on investments.....	6
Achievement of revenue targets .....	7
Project costings .....	8
<b>LEGISLATIVE CHANGE .....</b>	<b>9</b>
Local government reform – Structural change.....	9
Rates capping.....	11
Resource management reform .....	12
Climate adaptation legislation.....	14
Emergency management reform .....	15
Development contributions reform.....	16
<b>RISK AND RESILIENCE .....</b>	<b>17</b>
Climate impacts .....	17
Emergency management.....	19
Insurance availability and pricing.....	21
Exposure to guarantee and mutual liability obligations.....	23
<b>TE WHAKAWHĀNUI ME TE HIAHIA   GROWTH AND DEMAND.....</b>	<b>24</b>
Population growth .....	24
Rating unit growth.....	26
Demographic changes.....	27
Employment.....	29
Land use change .....	30
<b>NGĀ RAWA MOTUHAKE   ASSET SUSTAINABILITY .....</b>	<b>32</b>
Asset lifecycles and depreciation.....	32
Asset funding .....	33
Asset revaluation .....	34
Vested assets .....	35
Development contributions .....	36
Waka Kotahi NZ Transport Agency funding .....	37
Capital programme delivery.....	39
Compliance.....	40
<b>WHAKARATONGA Ā KAUNIHERA   COUNCIL SERVICES .....</b>	<b>41</b>
Service delivery and levels of service.....	41
Mana Whenua relationship.....	43

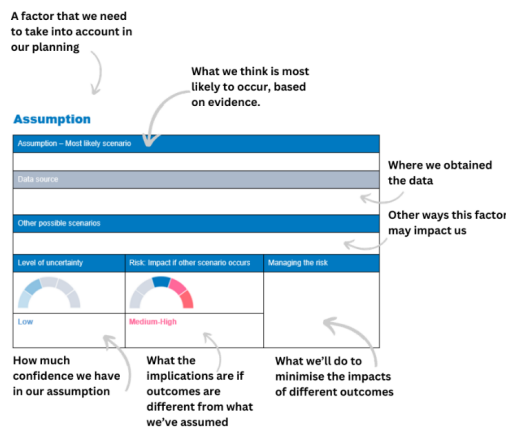
Staff resourcing..... 45  
Disruptive technologies..... 46

**Tirohanga Whānui | Overview**

The key assumptions outlined in this document consist of a range of factors that have an impact on the planning and provision of Council services to our community. Within the assumptions, we identify important trends and projections, assess the levels of uncertainty and associated risks, and outline how Council will respond to mitigate these risks.

These key assumptions provide the basis for the Long Term Plan as a whole, particularly the Infrastructure Strategy and the Financial Strategy.

**How to read the assumptions**

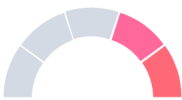



The assumptions in this section are organised into six themes



1. Affordability and Financial Sustainability
2. Legislative Change
3. Risk and Resilience
4. Growth and Demand
5. Asset Sustainability
6. Council Services

Te ngāwari o te utu | Affordability and Financial Sustainability

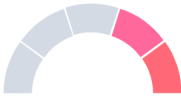

Inflation

Assumption – Most likely scenario		
<p>Our assumption is that inflation will be in line with BERL forecasts.</p> <p>Note: The forecast figures in this Long Term Plan have been adjusted to include inflation expectations over the next ten years. We have used the Local Government Cost Index (LGCI) which has been developed based on components of both operating and capital expenditure. The inflation factors below are applied on a cumulative basis. The average inflation factor applied over the ten years of the Long Term Plan is <b>x%</b>. The Infrastructure Strategy, which has a 30 year horizon, is also adjusted for inflation, using an average inflation factor for the following 20 years of <b>x%</b>.</p> <p><i>Updated figures to be added where indicated once available.</i></p>		
Data source		
<p>BERL Cost adjusters 2026 final update, Table 12 Legacy LG Aggregated Cost Adjuster Inflation forecasts were provided by Business and Economic Research Limited (BERL) in <b>add date</b>. BERL are contracted by Taituarā to provide such forecasts specifically for the local government sector for this purpose.</p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Inflation occurs at rates significantly different (either higher or lower) from forecasts</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> Inflation is affected by external economic factors that are outside of our control.</p> <p>At the time of writing the global fuel situation is highly volatile and impacting economic conditions globally and in New Zealand.</p>	 <p><b>Medium to High</b> Changes could have a significant impact on rates affordability, depending on the level of variation from forecasts.</p> <p>For example, if inflation in the 2028/29 year was 1% higher than forecast, this would require an additional <b>\$x</b> in funding.</p>	<p>Council has an opportunity to review the impact of inflation on its costs and rates at each Annual Planning round, and can plan to adjust work programmes and/or levels of service accordingly, but given the current focus of the Long Term Plan on affordability, the scope for adjustment is more limited.</p>

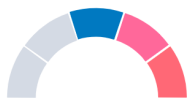
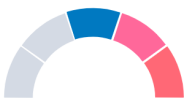
Borrowing

Assumption – Most likely scenario		
<p>Our assumption is that we will have ready access to loan funds at competitive interest rates. We have available headroom in our balance sheet that supports this assumption, and as a borrowing member of the Local Government Funding Agency there is more certainty in Council and the local government sector in raising liquidity and debt as needed.</p> <p>Note: The projected average total cost of borrowing for each of the ten years of the Long Term Plan is shown below. These rates include the effect of forward starting interest rate swap contracts that are currently in place for years 1 to 8 of the Long Term Plan. The interest rate projection is driven by the current implied market 90-day bank bill rate over the next ten years. Added to this is an assumed credit margin for the refinancing of existing debt and the raising of new debt.</p> <p><i>Updated figures to be added where indicated once available.</i></p>		
Data source		
Projected cost of funding, as at <i>add date</i> , provided by independent advisors PWC		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Market interest rates fluctuate significantly</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
		
<p><b>High</b> There is no certainty that the forecasted interest rates will be accurate, particularly over a ten year term, however they are based on the best information we have available at the time.</p>	<p><b>High</b> If the forecasted borrowing rates prove to be significantly understated, then additional funding may be required to maintain existing levels of service.</p> <p>For example, an increase in the interest rate of 0.5% would increase interest costs for 2027/28 by \$x and rates by x%.</p>	<p>Borrowings issued at fixed rates of interest expose Council to fair value interest rate risk. Council's approach in the Liability Management Policy is to maintain total borrowings in fixed rate instruments between a range of minimum (x% to x%) and maximum (x% to x%) risk control limits over the term of the forecast debt. Fixed to floating interest rate swaps are entered into to hedge the fair value interest rate risk arising where the Council has borrowed at fixed rates outside of these limits.</p> <p>Council has an opportunity to review the impact of interest rates on its overall costs and rates at each Annual Planning round, and can look to slow and spread capital work programmes and/or levels of service accordingly.</p>



Return on investments

Assumption – Most likely scenario		
<p>Our assumption is that interest rates will be in line with PWC forecasts.</p> <p>Note: The interest rate projections for cash investments shown below are driven by the implied 90-day bank bill rates as implied by the wholesale swap curve, with an added margin of 50 basis points p.a. We have not budgeted to receive returns on investments held for strategic purposes over the next ten years of this plan (as set out in the Financial Strategy). Interest earned on internally borrowed funds will be used to subsidise rates. Forecast internal interest rates shown below, are calculated at the midway point between Council’s average external borrowing and average external treasury investments.</p> <p>Forecast investment interest rates:</p> <p>Forecast internal interest rates:</p> <p><i>Updated figures to be added where indicated once available.</i></p>		
Data source		
<p>Projected market deposit rates are provided by independent advisors PWC.</p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Market interest rates fluctuate significantly</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
		<p>We maintain detailed cashflows to manage the investment portfolio and interest is managed on a net basis.</p> <p>We have an Investment Policy which is reviewed at least every 3 years.</p>
<p><b>High</b> There is no certainty that the forecasted interest rates will be accurate, particularly over a ten year term, however they are based on the best information we have available at this time.</p>	<p><b>Low</b> If the forecasted interest rates prove to be significantly overstated, then additional funding may be required to maintain existing levels of service.</p> <p>A decrease in the investment interest rate of 0.5% would decrease interest income by \$x and increase rates required by x%. A reduction in internal interest would result in a shift between general and targeted rate requirements, but overall, would have no significant impact.</p>	

Achievement of revenue targets

Assumption – Most likely scenario		
<p>Our assumption is that revenue (rates, fees and charges, subsidies and other income) will be received in line with projected growth, demand and utilisation, and will be sufficient to fund planned operating and capital expenditure over the LTP period.</p>		
<p>Data source</p>		
<p>Financial modelling and revenue assumptions, ongoing financial reporting</p>		
Other possible scenarios		
<p>That revenue is lower than projected.</p> <p>This may result in:</p> <ul style="list-style-type: none"> <li>• Funding shortfalls requiring increased borrowing</li> <li>• Deferral or reduction of capital and operational programmes</li> <li>• Reduced levels of service</li> <li>• Pressure on financial strategy metrics, including debt affordability</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium-High</b> There will always be uncertainty on the achievability of revenue projections, particularly over a ten-year horizon.</p> <p>While councils have statutory powers to collect rates the government is moving to implement a rates cap which could restrict the ability to increase rates.</p> <p>Fees and charges revenue can be subject to demand fluctuations in some cases related to general economic conditions.</p> <p>Subsidy levels could change as a result of policy changes.</p> <p>Our projections are based on the best information we have available at this time.</p>	 <p><b>Medium-High</b> Significant shortfalls in the level of revenue could impact Council’s ability to deliver expected levels of service and may require reduced spend, increased income from other sources of revenue, or greater levels of debt.</p>	<p>Monitor revenue and expenditure against budget through regular reporting processes, together with the quarterly and six-monthly reporting to Council.</p> <p>Intentional reforecasting processes in the six-monthly (December), and March quarterly reports.</p> <p>Review of fees, charges and funding levels as required.</p> <p>Adjustment of planned programmes through Annual Plan and LTP processes.</p>



Project costings



Assumption – Most likely scenario		
Our assumption is that capital and operational costs will not exceed those set out in the Long Term Plan.		
Data source		
<p>BERL <i>Cost adjusters 2026 final update</i></p> <p>Project costs are based on valuation unit rates and historical expenditure on similar projects</p> <p>Project costs take into account inflation projections. See Section 5 What We Do capital projects tables which show costs including inflation.</p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Project costs and the scope of projects may exceed those planned for through the Long Term Plan</li> <li>New or enhanced regulations may have a significant impact on the scope and cost of a project</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>There are a wide range of factors that can impact the final cost, some of which are outside of Council’s control (eg inflation, supply chain issues etc.) and others that can be managed (eg the size or scope of the selected design).</p>	 <p><b>Medium-High</b></p> <p>Depending on the level of variation, significant changes to the cost of the project may make it unviable or lead to increased costs that may impact debt requirements and rates.</p>	<p>We have processes and guidance in place for the development of project budgets, which also includes guidance on setting risk/contingency amounts.</p> <p>Council has an opportunity to review detailed costings and seek quotes and tenders prior to awarding project contracts. We can consider the overall affordability of planned projects at each Annual Planning round, and can look to adjust capital work programmes and/or levels of service accordingly.</p>

**Legislative change**

Local government reform – Structural change

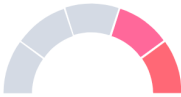

*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>• Council will still be required to develop an LTP</li> <li>• Council’s structure, roles and functions will change over the ten year period of the LTP, although the extent of this is unknown</li> <li>• MPDC will amalgamate at least some of its functions with other Waikato councils over the ten year period of the LTP</li> <li>• Essential services will continue to be provided to the community during and after any period of transition to a new structure</li> <li>• The reform will present both challenges and opportunities to Council and its communities</li> </ul>		
Data source		
<a href="#">Simplifying Local Government</a>		
Other possible scenarios		
<p><b>Scenario 1 - Minimal reform impact</b></p> <ul style="list-style-type: none"> <li>• Local government reform is delayed or limited in scope</li> <li>• Council largely retains its current structure, functions and service delivery model over the ten year period</li> <li>• Collaboration with neighbouring councils increases incrementally rather than through formal amalgamation</li> <li>• Existing levels of service and governance arrangements remain broadly unchanged</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>Medium level of uncertainty as this is determined by central government.</p>	 <p><b>Medium</b></p> <p>Lower transition costs but reduced opportunities for efficiencies and regional integration</p>	Continue monitoring reform developments
Other possible scenarios		
<p><b>Scenario 2 – Increased shared services without formal amalgamation</b></p> <ul style="list-style-type: none"> <li>• Council enters into additional shared service arrangements with neighbouring councils</li> <li>• Governance remains independent, but operational delivery becomes more regionally coordinated</li> </ul>		

Assumption – Most likely scenario		
<ul style="list-style-type: none"> <li>• Efficiencies are achieved in selected areas such as IT, procurement, regulatory services or infrastructure management</li> <li>• Community identity and local representation remain largely unchanged</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
		Clear service agreements, governance oversight and ongoing performance monitoring
<p><b>Medium</b></p> <p>Medium level of uncertainty as this is determined by central government.</p>	<p><b>Medium</b></p> <p>Moderate operational change with manageable transition impacts</p>	

Rates capping

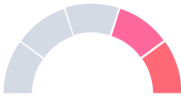

*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>• A rates cap of between 2-4% will come into effect from year 3 of the LTP</li> <li>• A rates cap will not apply to Stormwater, Fees and Charges, or Development Contributions</li> <li>• While legislation giving effect to the rates cap is unlikely to be in place before adoption of the LTP, there is already public expectation that local authorities will be planning as though the cap already existed.</li> <li>• The Department of Internal Affairs will commission an external forecast of the cap for use in the LTP.</li> <li>• From year 3, if Council wishes to consider rates levels above the cap then it will be noted that this is dependent on regulatory approval, and some indication of a response if approval is not given will be outlined.</li> </ul>		
Data source		
<i>Data source to be added</i>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>• The rates cap is not implemented.</li> <li>• The rates cap is implemented but with a different band or to a different timeframe.</li> <li>• Stormwater is included in the rates cap.</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> High level of uncertainty as to the detail and timeframes for change.</p>	 <p><b>Medium</b> If a rates cap is not implemented then Council's planning will have been based on unnecessarily constrained fiscal assumptions.</p>	<p>Council will closely monitor the progression of this proposal and sector guidance on the best way to respond while uncertainty remains.</p>

Resource management reform



*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario
<p>Our assumption is that the Resource Management Act will be replaced by the Planning Bill and the Natural Environment Bill, with passage of both Bills expected in August 2026.</p> <p><b>Spatial Planning</b> Local authorities will have until October 2027 to publicly notify the draft regional spatial plans. Notification starts the clock ticking on submissions and triggers referral to the Independent Hearings Panel. Local authorities will have until October 2028 to make decisions on the recommendations from the Independent Hearings Panel and have publicly notified those.</p> <p>A funding assumption for the following items will be included in the budget for the Growth and Development Plans activity:</p> <ul style="list-style-type: none"> <li>- Project management</li> <li>- Process agreement</li> <li>- Establishment and operation of the spatial planning committee</li> <li>- Preparation of the draft regional spatial plan, including: <ul style="list-style-type: none"> <li>o Resourcing in the infrastructure team and modelling capacity to support rapid testing and response to growth options, infrastructure costing, and strategic infrastructure planning and mapping (30+ years)</li> <li>o Constraints mapping (uncertainty about how much will be new or able to be carried forward from existing plans)</li> <li>o The costs of the Independent Hearing Panel process</li> </ul> </li> </ul> <p>It is assumed that a cost sharing arrangement between Waikato councils will be agreed upon to distribute costs across the region.</p> <p><b>Natural Environment Plans and Land Use Plans</b></p> <p>Notification of each of these will be required within nine months of decisions on the regional spatial plan having been notified (i.e. around July/August 2029 on current timeframes).</p> <p>A funding assumption, along similar lines to that for the regional spatial plan, will be included in the Growth and Development Plans activity.</p> <p><b>Transition Consenting</b></p> <p>The legislation creates a transitional regime for resource consenting that takes effect from enactment (i.e. July 2026).</p> <p>A funding assumption will be included in the budget for the Growth and Development Plans activity for legal and staff costs in the transitional period.</p>
Data source
<p>RM reform Ministry for the Environment <a href="#">link</a> Taituarā guidance on legislative reform assumptions</p>

Assumption – Most likely scenario		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Costs associated with the new planning regime are significantly higher than expected.</li> <li>Cost sharing arrangements do not distribute costs as expected.</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> High level of uncertainty as to the costs associated with implementing the new regime, and with any options for cost sharing arrangements that may be agreed upon.</p>	 <p><b>Medium</b> If costs are higher than expected this will put pressure on budgets which will need to be adjusted in subsequent years.</p>	<p>Council has good working relationships with other councils across the Waikato and will proactively engage about cost sharing arrangements.</p> <p>Council will proactively monitor and engage in discussions regarding resource management reform.</p> <p>We are continuing with District Plan changes where they are exempt from Plan Stop or where we have approval from the Minister for RM Reform.</p>



Climate adaptation legislation

*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
Our assumption is that legislation will be passed in 2027 placing an obligation on Councils to undertake adaptation planning in high risk areas, and it is unlikely that government financial support will be available to support this work.		
Data source		
<a href="https://environment.govt.nz/news/national-adaptation-framework-released/">https://environment.govt.nz/news/national-adaptation-framework-released/</a>		
Other possible scenarios		
Legislation does not go ahead or encompasses other obligations on Councils to respond to climate impacts.		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>Legislation has not progressed as quickly as per previously signalled timeframes. It is not certain as to timeframes or scope of any reform.</p>	 <p><b>Medium</b></p> <p>Council will continue to progress its climate resilience and emergency management work programmes. Budgets may be impacted if legislative changes do not align with LTP processes.</p>	Council will closely monitor the progression of this reform and sector guidance on the best way to respond while uncertainty remains.



Emergency management reform

*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>- the Emergency Management Bill will be enacted by mid-2026.</li> <li>- The existing plans and committees will continue in existence until their expiration date, after which the incoming Act’s new requirements will apply to appointments and plans.</li> </ul> <p>Council will require budget in the LTP for the reviews up to the point of adoption of the first plans under the new legislation.</p>		
Data source		
<a href="#">NEMA</a>		
Other possible scenarios		
Legislation does not go ahead or encompasses other reforms not currently signalled in the Bill.		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>Medium level of uncertainty as this is determined by central government.</p>	 <p><b>Medium</b></p> <p>Council will continue to progress its emergency management work programme. Budgets may be impacted if legislative changes do not align with LTP processes.</p>	<p>Council will closely monitor the progression of this reform and sector guidance on the best way to respond while uncertainty remains.</p>

Development contributions reform

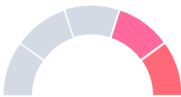
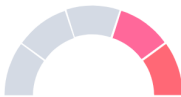
*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
Our assumption is that <ul style="list-style-type: none"> <li>- Infrastructure funding and financing reform legislation will be enacted in early-mid 2027</li> <li>- Development levies will phase in from 1 July 2028 and development contributions will phase out on 1 July 2030</li> <li>- Within the above limits how and when Council makes the transition from contributions to levies will be a policy choice</li> </ul>		
Data source		
<a href="#">Ministry of Housing and Urban Development</a>		
Other possible scenarios		
Legislation does not go ahead or encompasses other reforms not currently signalled in the Bill.		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>Medium level of uncertainty as this is determined by central government.</p>	 <p><b>Medium</b></p> <p>Budgets may be impacted if legislative changes do not align expectations and/or LTP timeframes.</p>	Council will closely monitor the progression of this reform and sector guidance on the best way to respond while uncertainty remains.

**Risk and Resilience**


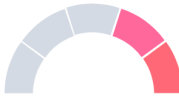
Climate impacts

*NB: This assumption to be updated as new information becomes available / legislation is passed*

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>Climate impacts for our district and communities are in line with data in Waikato Regional Council’s Climate Change Hazards and Risks Report.</li> <li>Climate impacts for Council’s assets and services are in line with Matamata-Piako District Council Climate Risk Assessment Report.</li> <li>Council’s response to climate impacts will be in line with MPDC’s Climate Resilience Strategy – focusing on 1) Council resilience of its assets and services, 2) community adaptation and preparedness, and 3) Council and community sustainability.</li> <li>Climate adaptation legislation will be passed in year 1-3 of the LTP requiring councils to undertake adaptation planning in high risk areas. It is unlikely that government financial support will be available to support this work.</li> <li>Waikato Regional Council will have a Resilience Plan in place for the period of the LTP setting out its approach to prioritising the provision of expertise, funding and support to local councils to support adaptation and preparedness</li> <li>Adaptation and emergency management will become a Group of Activities for the LTP, with associated performance measures.</li> </ul>		
Data source		
<p>Waikato Climate Change Hazards Risks Report Matamata-Piako District Council Climate Risk Assessment MPDC Climate Resilience Strategy</p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Communities are more or less severely affected by climate impacts than anticipated</li> <li>Council assets and services are more or less severely affected by climate impacts than anticipated</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> There is a high level of uncertainty as to how many extreme weather events we will experience over the LTP period.</p> <p>There is a medium level of uncertainty as to what Councils will be expected to do under any adaptation legislation, or as a</p>	 <p><b>High</b> If extreme weather events impact our district more often or with greater severity than Council has budgeted for, our current level of preparedness may be insufficient.</p> <p>This could leave our communities exposed to risk and disruption and leave Council exposed to</p>	<p>Council has completed a Climate Risk Assessment for Council’s assets and services.</p> <p>Council has developed a draft Climate Resilience Strategy which is due to go out for consultation.</p> <p>Council is actively participating in regional, cross Council and sector meetings and initiatives to continue to build understanding of possible impacts and adaptation strategies.</p>

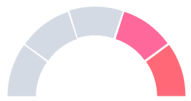
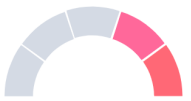
Assumption – Most likely scenario		
consequence of a new group of activities.	<p>additional, unplanned capital and renewal costs associated with responding to impacts and recovery efforts.</p> <p>If climate impacts are less severe than expected then we may have spent more than was needed on upgrades to our assets or community preparedness.</p>	<p>Council is undertaking flood mapping work to inform planning for safer and more resilient services and communities.</p> <p>'Ineffective response to climate impacts has been identified as one of Council's Top Risks, and on that basis is regularly monitored by the Risk and Assurance Committee.</p>

Emergency management

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>- during and after an emergency in our district, Council can continue operating to deliver essential services to our community, albeit at a reduced level.</li> <li>- during and after an emergency elsewhere in the region, Council will have the capacity to provide surge support to other councils in addition to maintaining essential services locally</li> <li>- emergency management legislation will be enacted, placing more demands on Council, specifically around community and iwi engagement to build resilience</li> </ul>		
Data source		
Waikato Civil Defence Emergency Management Strategic Group Plan <a href="#">link</a>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>• Council’s ability to function is severely disrupted in the event of a disaster and we are unable to protect the community from hazards or events which compromise their physical and emotional wellbeing; and/or provide essential services to the fullest extent possible within appropriate timeframes</li> <li>• Council’s ability to provide surge support to other Councils in our district compromises delivery of services locally and or compromises our emergency response capability if an event occurs locally and elsewhere in the region concurrently</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Although robust planning and processes are in place to respond to an emergency, there is always some uncertainty as to the possible scale of any future emergency event.  A factor is the availability of competent and confident staff able to support a response either in person or working remotely.</p>	 <p><b>High</b> Matamata-Piako could incur moderate to severe levels of community impacts including loss of life, injuries, assets and infrastructure interruption, financial impact on the community and reduction in the local/ sub-regional economy requiring significant investment in recovery.  Council may be required to make considerable resourcing and financial investment to return essential services to pre-impact capacity and to increase the resilience of assets to withstand future emergencies.  With the observed increase in the number of weather events we respond to each year, burn out and exhaustion of our limited trained staff and balancing the needs of other work priorities will be a bigger problem.</p>	<p>Council is part of the Waikato Civil Defence Emergency Management (CDEM) Group. As part of the Group Plan, Council is undertaking risk assessments over the period of the next Long-Term Plan to understand community risks and to ensure the ongoing improvement of Council’s emergency management system and response.</p> <p>Additionally, Council has:</p> <ul style="list-style-type: none"> <li>• Insurance for its critical assets</li> <li>• Business continuity plans</li> <li>• Operational response plans for identified hazards</li> <li>• A Strategic Recovery Plan</li> <li>• A Local Welfare Plan</li> <li>• Ongoing collaboration with Waikato Regional CDEM Group partner and stakeholder agencies</li> <li>• A work program based on Assurance activities in the SGP</li> </ul>



Assumption – Most likely scenario		
		<ul style="list-style-type: none"><li>• Local implementation of LTP measures and actions across the 4Rs aligned to the SGP</li><li>• Established protocols for public alerting and issuing of warnings</li><li>• Partnership structures with emergency service, iwi and social sector partners</li><li>• Shared Eastern Waikato Local Duty Roster 24/7 Emergency Management Officer initial Response.</li></ul>

Insurance availability and pricing

Assumption – Most likely scenario		
Our assumption is that Council will be able to obtain appropriate insurance cover, including for key assets and liability risks, at commercially acceptable terms and pricing over the LTP period.		
Data source		
Insurance policies, broker advice and market information		
Other possible scenarios		
Appropriate insurance cover is not available, or is only available at significantly increased cost.		
This may result in:		
<ul style="list-style-type: none"> <li>Increased operating costs and pressure on rates</li> <li>Reduced extent of insurance cover or higher excess levels</li> <li>Greater financial exposure to asset loss, natural hazard events, or liability claim against Council</li> <li>Requirement to self-insure or reprioritise expenditure</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> Insurance availability and pricing is highly sensitive to market conditions including the availability of capital and claim patterns.</p> <p>We are fortunate to have had a couple of years of ‘soft’ market conditions which have assisted both availability and pricing.</p> <p>Normal market cycles will take us back to a ‘harder’ market at some currently unknown point.</p>	 <p><b>High</b> There could be significant impact on Council’s financial position if the markets ‘hardens’ substantially and this leads to either availability issues or significantly increased pricing.</p>	<p>Maintain regular engagement with insurers and brokers, this is greatly assisted by Council’s active participation in the Co-Lab Waikato Insurance Advisory Group and the shared insurance arrangements that are in place via that collective.</p> <p>Occasional review of Council insurance strategy, including market approach, levels of cover and excess.</p> <p>Maintenance of good practice asset condition and risk management which gives underwriters confidence and assists in both availability and pricing.</p> <p>Consideration of alternative approaches, including the potential use of parametric arrangements and/or self-insurance.</p> <p>Focussed annual insurance programme review and renewals.</p>

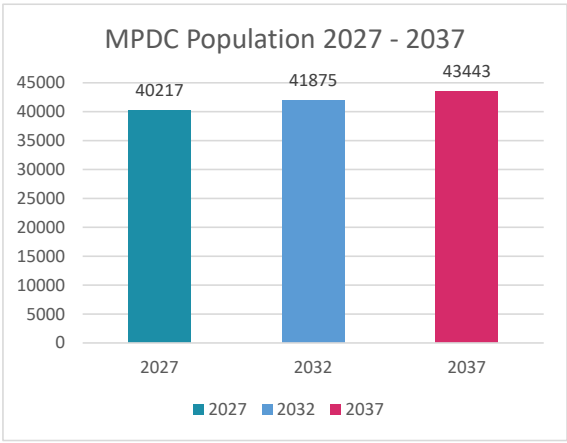


Assumption – Most likely scenario		
		Annual reporting to Council and Risk and Assurance Committee.  Ongoing monitoring of insurance market conditions and pricing trends.

Exposure to guarantee and mutual liability obligations

Assumption – Most likely scenario		
<p>Our assumption is that Council will not be required to meet any obligations under guarantee arrangements, including:</p> <ul style="list-style-type: none"> <li>The guarantee of Waikato Waters Limited’s (WWL) Local Government Funding Agency (LGFA) debt, and</li> <li>Our own participation in the LGFA borrowing programme which has us committed to cross-guarantee arrangements of LGFA and other councils debt; and</li> </ul> <p>That ongoing exposure to mutual liability calls arising from Council's historic involvement in the Riskpool mutual liability programme will be minimal and able to be managed with via adjustments to forecasts.</p>		
Data source		
WWL & LGFA guarantee arrangements / Riskpool mutual liability arrangements / financial reporting and other communications from these entities.		
Other possible scenarios		
<p>A call on a guarantee arrangement, or higher than anticipated mutual liability call, may be made.</p> <p>This may result in:</p> <ul style="list-style-type: none"> <li>Unplanned financial liability</li> <li>Increase in debt levels</li> <li>Reduced borrowing capacity</li> </ul> <p>The likelihood of a WWL or LGFA call is considered extremely remote, due to the structured prudential arrangements in place (including in the case of the LGFA the requirement to hold substantial cash reserves and committed liquidity facilities), however in the unlikely scenario of this happening the financial impact could be significant.</p>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Low</b> The remote likelihood of any exposure to calls on the WWL or LGFA guarantee arrangements place this at a low level of uncertainty.</p> <p>There is greater likelihood of calls from Riskpool however these are likely to be of lower quantum and on that basis more readily manageable.</p>	 <p><b>Medium</b> Assessed as medium given the potential significance of an LGFA or WWL call, as remote a possibility as that might be.</p>	<p>Monitor WWL and LGFA financial performance, assisted by ability to review and influence SOIs, and requirements for six-monthly and annual reporting.</p> <p>Ongoing review of WWL and LGFA credit ratings and risk indicators.</p> <p>Monitor the regular communications from Local Government Mutual Funds Trustee / Riskpool.</p> <p>Identify and report emerging risks early.</p>



Te whakawhānui me te hiahia | Growth and Demand

Population growth

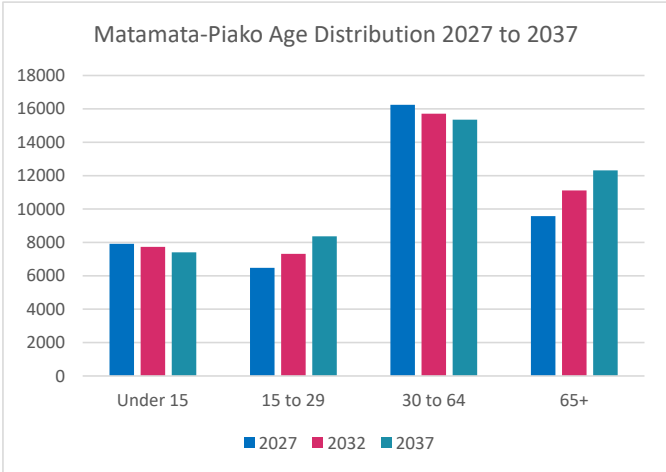


Assumption – Most likely scenario										
<p>Our assumption is that the district population will continue to see growth in-line with the Te Ngira (University of Waikato) high growth population projection scenario. The scenario projects the district will increase from 40,217 people in 2027 to 43,443 by 2037, an increase of 8%. The Te Ngira scenario best reflects the growth in the district, particularly in Morrinsville and Matamata.</p>										
 <table border="1"> <caption>MPDC Population 2027 - 2037</caption> <thead> <tr> <th>Year</th> <th>Population</th> </tr> </thead> <tbody> <tr> <td>2027</td> <td>40,217</td> </tr> <tr> <td>2032</td> <td>41,875</td> </tr> <tr> <td>2037</td> <td>43,443</td> </tr> </tbody> </table>			Year	Population	2027	40,217	2032	41,875	2037	43,443
Year	Population									
2027	40,217									
2032	41,875									
2037	43,443									
Data source										
<a href="#">Te Ngira Waikato population projections</a>										
Other possible scenarios										
<ul style="list-style-type: none"> <li>Population/ household growth occurs faster than predicted in Matamata and Morrinsville following new developments.</li> </ul>										
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk								
 <p><b>High</b> Projections developed by Te Ngira use the 2023 Census data as a base for the projection model, which has a 50-year horizon to 2073.  Projections are inherently uncertain as they are based on assumptions around the rate of</p>	 <p><b>Medium</b> If future growth varies significantly from our assumptions, our ability to fund and deliver work programmes could change.  Should growth be higher than expected, there is a risk more services and infrastructure would be needed to support a growing population than what is budgeted or planned for.</p>	<p>Council uses several data sources, including building and resource consent data, that allows continued monitoring of population growth. The monitoring of this data means we can adequately respond to growth throughout the life of the plan.</p>								

Assumption – Most likely scenario		
<p>births, deaths and migration for the district.</p> <p>A range of factors outside Council’s control can have a significant impact on population growth over time such as:</p> <ul style="list-style-type: none"> <li>- A change of immigration settings</li> <li>- National infrastructure projects</li> </ul> <p>New developments such as the Fast-Track approval of Ashbourne could generate population growth at a faster rate than projected.</p>		

Rating unit growth



Assumption – Most likely scenario									
<p>Our assumption is that the number of rating units in the district will continue to grow, in line with population growth. Projected growth in the number of rating units applied in the calculation of rates over the ten years of the LTP is as outlined in the table below.</p> <p><i>Updated figures to be added where indicated once available.</i></p>									
2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Data source									
<p>The projection is estimated based on x% growth per annum. To compare, the growth between x and x was x%</p>									
Other possible scenarios									
<ul style="list-style-type: none"> <li>Growth in the number of rating units occurs faster or slower than predicted</li> </ul>									
Level of uncertainty	Risk: Impact if other scenario occurs				Managing the risk				
 <p><b>Medium</b> Growth can fluctuate from year to year.</p>	 <p><b>Low</b> A change in the number of rating units in each year does not have a significant effect on the value of rates calculated for individual properties.</p>				<p>Rating unit projections are updated annually for the modelling and assessment of rates, taking into account new rating units added, and growth from subdivisions and consents expected to be issued prior to the start of the rating year.</p>				

Demographic changes

Assumption – Most likely scenario																						
<p>Our assumption is that:</p> <ul style="list-style-type: none"> <li>- The proportion of the district who are aged 65 years and above will increase rapidly over the next ten years in accordance with the Te Ngira projections. This is reflective of an ageing national and global population.</li> <li>- The proportion of people under 15 in the district will decline over the next ten years. This is reflective of nationally declining birth rates.</li> <li>- The proportion of people in the district who are of Māori descent and under 15 will increase. Between 2018 and 2023, the Census shows an increase from 33% to 35% of people under 15 who are of Māori descent while people not of Māori descent decreased from 64% to 61%. This trend is reflective of a growing Māori population nationally, with the national Māori population projected to reach <a href="#">20% by 2048</a>.</li> <li>- Immigration and migration trends between 2018 and 2023 show our district is increasingly diverse. This trend is expected to continue but is subject to national immigration settings and job availability.</li> </ul>																						
 <p><b>Matamata-Piako Age Distribution 2027 to 2037</b></p> <table border="1"> <caption>Approximate data from the bar chart</caption> <thead> <tr> <th>Age Group</th> <th>2027</th> <th>2032</th> <th>2037</th> </tr> </thead> <tbody> <tr> <td>Under 15</td> <td>8000</td> <td>7500</td> <td>7000</td> </tr> <tr> <td>15 to 29</td> <td>6500</td> <td>7000</td> <td>8500</td> </tr> <tr> <td>30 to 64</td> <td>16000</td> <td>15500</td> <td>15000</td> </tr> <tr> <td>65+</td> <td>9500</td> <td>11000</td> <td>12500</td> </tr> </tbody> </table>			Age Group	2027	2032	2037	Under 15	8000	7500	7000	15 to 29	6500	7000	8500	30 to 64	16000	15500	15000	65+	9500	11000	12500
Age Group	2027	2032	2037																			
Under 15	8000	7500	7000																			
15 to 29	6500	7000	8500																			
30 to 64	16000	15500	15000																			
65+	9500	11000	12500																			
Data source																						
<a href="#">Te Ngira Waikato population projections</a>																						
Other possible scenarios																						
<ul style="list-style-type: none"> <li>• Our population ages and birth rates decline faster than projected.</li> <li>• National immigration settings</li> </ul>																						
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk																				
		<p>We monitor data sources like Stats NZ and Infometrics regularly to understand the communities in the</p>																				

Assumption – Most likely scenario		
<p><b>Moderate</b>                      Based on Te Ngira projections and national and global data, it is moderately certain the proportion of older people in the district will increase while the proportion of people under 15 will decrease. There is some uncertainty of the rate our population will age and if national immigration settings will</p>	<p><b>Low</b>                      Changing age demographics may have an impact on housing, recreation, health and service provision needs. This may require alterations to our work programmes, however we will monitor population trends to respond to the needs of our communities.</p>	<p>district and plan Council services and infrastructure accordingly.</p>

Employment

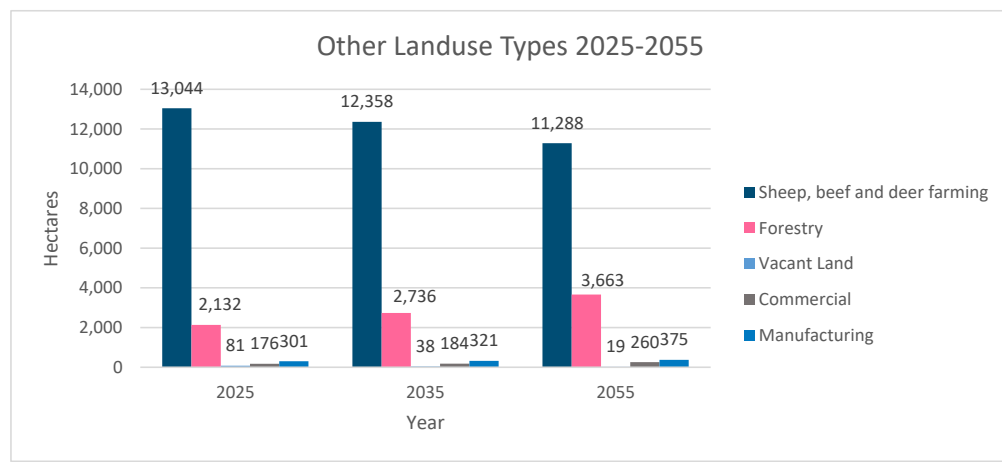
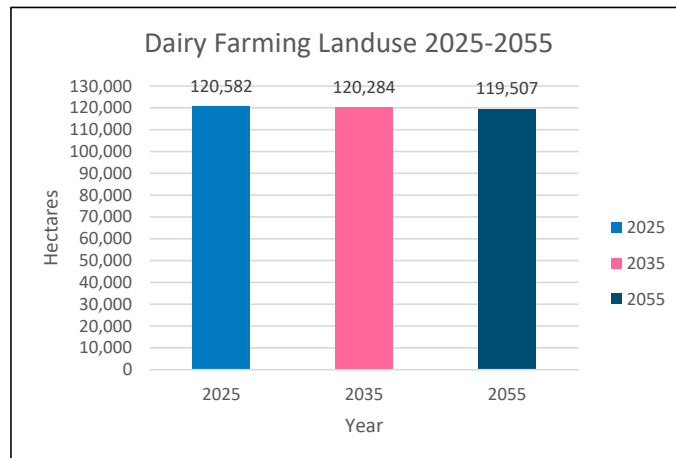
Assumption – Most likely scenario		
Our assumption is that the manufacturing and agricultural sectors will continue to be the largest in the district. However, in line with trends since 2023, farm managers will continue to be the slowest growing employment sectors, while professionals will continue to be the fastest growing according to Infometrics.		
Data source		
<a href="#">Infometrics</a>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>• Employment growth occurs faster or slower than predicted, and/ or in different sectors than assumed</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
		We review employment trends at least 3 yearly, in line with the Long Term Plan.
<b>Low</b> Employment projections are based on robust data	<b>Low-Medium</b> Council should have time to adjust planning if employment trends shift. Changes to employment sectors can have flow on effects to household incomes and land use planning.	



Land use change

Assumption – Most likely scenario

Our assumption is that



- Where the tests in the National Policy Statement – Highly Productive Land (NPS-HPL) can be met residential growth will continue on the periphery of Morrinsville, Matamata and Te Aroha. New areas for future development will be identified in the Regional Spatial Plan and may be approved through the Fast Track Act. An ageing population will mean there is increased demand for 1 to 2 bedroom homes. Industrial and commercial development will continue with the likelihood of increased levels of industrial development in Matamata as indicated in the Hamilton to Tauranga Study Spatial Study recently completed by Future Proof.
- Papakāinga development will occur through the NES: Papakāinga which is more enabling than the recent Plan Change 54: Papakāinga.
- Under the present rule framework in the district plan the rate of development of rural residential lots in the rural zone in the District will decline over time.
- Development in areas that haven't been planned for is more likely to occur due to the Fast Track Act




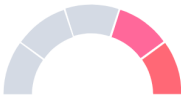
Assumption – Most likely scenario		
Data source		
NPS-UD Housing Development Capacity Assessment, prepared for Future Proof <a href="#">link</a> Landuse Projections, Te Ngira <a href="#">link</a>		
Other possible scenarios		
Land use change may occur at a faster or slower rate than anticipated.		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Land use change is certain but the proportion of this change that equates to housing growth or changes in rural landuse types is less certain. It relies on community responses, political willingness, costs of additional infrastructure, market forces, and government agency partnerships.</p> <p>Council is proposing to enable the development of papakāinga housing through Plan Change 54: Papakāinga. When the new NES is gazetted the rules for papakāinga will be more enabling than those currently incorporated in the Plan through Plan Change 54. The scale of future developments as a result of this plan change is unknown.</p>	 <p><b>Medium</b> If land use changes are different to those we have planned for there could be flow on costs to Council to adapt to these changes.</p>	<p>Council is enabling housing growth to meet forecasted demand, particularly around Morrinsville and Matamata.</p> <p>Land use changes need to be advanced as a comprehensive package of greenfield and brownfield development. Partnership with other government agencies will play a key role; as will staged development and investment in infrastructure to support development.</p> <p>Provision is made for growth for district-wide infrastructure and investment. (This is discussed further in the Infrastructure Strategy).</p> <p>Development Contributions are used to fund the capital costs of required infrastructure works to support growth. Ongoing operational funding will be required to look after these assets going forward. Do we want to signal here the change to development levies</p> <p>Strong input and collaboration with Waikato Regional Council will significantly aid the advancement of future land use changes.</p>

**Ngā rawa motuhake | Asset sustainability**


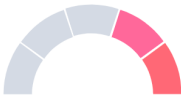
Asset lifecycles and depreciation

Assumption – Most likely scenario		
Our assumption is that <ul style="list-style-type: none"> <li>Asset lifecycles will align with forecast and be used as the basis of depreciation</li> <li>Assets will be replaced at the end of their useful life (based on age, condition and/or performance)</li> </ul>		
Data source		
Depreciation method and estimated useful life of assets: refer to the Financial Statement notes in Section 6		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Assets wear out earlier/ later than estimated or are replaced prior to reaching the end of their useful lives.</li> <li>Asset condition is not correctly assessed.</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Asset lives are based on estimates made by suppliers, manufacturers, asset managers, engineers and registered valuers.</p> <p>In general there is a low level of uncertainty, however there is greater uncertainty related to some stormwater assets.</p> <p>Asset condition is variable across asset type.</p>	 <p><b>Medium</b> Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated.</p> <p>Levels of service could be diminished if asset condition is not appropriately assessed.</p> <p>The greater uncertainty relating to the asset lives of stormwater assets has a relatively low impact.</p>	<p>There is some room to reprioritise the ‘should do’ capital projects and our renewal programme in the event of early expiration of assets.</p> <p>Council has a robust asset management planning process which includes regular condition monitoring and assessment for most of our assets. Risk is minimised by performing a combination of physical inspections and condition modelling assessments of underground assets; estimating any deterioration or surplus capacity of an asset. Priority is given to those assets that will have the greatest impact on levels of service.</p> <p>Where a decision is made not to replace an asset, this will be factored into capital projections.</p>



Asset funding

Assumption – Most likely scenario		
<p>Our assumption is that sources of funds for capital expenditure will be in accordance with our Revenue and Financing Policy.</p> <p><i>Updated figures to be added where indicated when available</i></p>		
<p>Data source</p>		
<p>MPDC Revenue and Financing Policy</p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Sources of funds are not achieved</li> <li>Cost of alternative funds is high to certain ratepayer groups leading to constraints on these options</li> <li>The community does not support use of these options</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Some sources of funding are more uncertain than others (refer to assumptions on Waka Kotahi NZ Transport Agency subsidy funding and Development Contributions). There is a greater level of certainty around the funding of the replacement of assets over their useful lives from rates and the utilisation of borrowing where asset replacement funds have been exhausted.</p>	 <p><b>High</b> Council may have to utilise alternative sources of funding with potential impacts to rates and debt, or will need to defer or reconsider the project.</p> <p>Each additional \$1 million borrowed would increase interest costs by an average of \$x per annum and increase rates by x%</p>	<p>Council regularly reviews the replacement cost of assets and seeks to recover increased funding requirements through rates (in most but not all cases). Other available funding sources are reviewed on an annual basis through the Annual Plan budget review. At this time Council can also reduce capex levels and/or levels of service to meet funding constraints.</p> <p>Council maintains sufficient headroom in its borrowing portfolio to ensure that funding can be accessed when required.</p>



Asset revaluation

Assumption – Most likely scenario		
<p>Our assumption is that the forecast movement in asset valuations will be in line with the Local Government Cost Index or NZTA Cost Indices as outlined in the Inflation section, and in line with the expected timing of the valuations of the various classes of assets.</p> <p>Note: Infrastructure of significant value (e.g. roading) is usually revalued regularly in order to smooth volatility in rates that may occur from revaluing less regularly. Land and building valuations are completed every 5 years as movements for these assets have less financial impact on rates given their relative value.</p>		
Data source		
MPDC Asset Management Plans, Asset Management Register, and BERL Cost adjusters 2026 final update		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Assets values are under/overstated and therefore the budgeted recovery of funding for the replacement of assets is too high or too low, and the projected balance sheet does not reflect accurately the value of MPDC’s assets</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Uncertainty around asset values is higher in times of high inflation.  For some assets our data is limited, for example construction costs.</p>	 <p><b>High</b> The impact of asset valuations will likely result in changes to the forecasted rates and debt in this Long Term Plan.</p>	<p>Our regular valuation cycle ensures that valuations are regularly brought up to date as accurate.</p> <p>Valuers use comparable data from neighbouring councils to verify construction costs. A regional approach to valuations is currently being developed.</p> <p>In our Annual Plan budget review we review the impact of recent revaluations and can reduce capex levels and/or levels of service to meet funding constraints.</p>

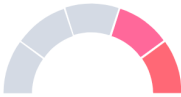
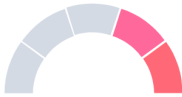
Vested assets

Assumption – Most likely scenario		
<p>Our assumption is that based on current growth projections, subdivisions will continue to be completed, and associated assets transferred to Council ownership.</p> <p>Note: Vested assets are assets created through developments which are then transferred to Council ownership, and become Council’s responsibility to maintain, insure and eventually replace in the future.</p>		
Data source		
<p>Waikato Projections, Te Ngira: Institute for Population Research (formerly NIDEA) <a href="#">link</a> Housing and Business Assessment, MPDC <a href="#">link</a></p>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>• Council has significantly more assets vested thereby increasing the depreciation and operating costs in subsequent years</li> <li>• Council has significantly less assets vested thereby reducing the depreciation and operating costs in subsequent years</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> The Housing and Business Assessment is due to be reviewed. A process is underway with Future Proof councils to consider an alternative approach for Housing and Business Assessments going forward that will be integrated with the Regional Spatial Plan process.</p>	 <p><b>Low</b> The proportion of additional assets is low and therefore the associated financial impact would be low.  In addition, growth generally brings additional rating units to spread the cost.</p>	<p>Council is part of Future Proof which considers growth implementation specific to the Waikato region.</p> <p>Growth forecasts are updated regularly in order to ensure vesting predictions are kept up to date.</p>

Development contributions



Assumption – Most likely scenario		
<p>Our assumption, using growth projections as a basis, is that income from development contributions will occur at a steady rate over the life of the Long Term Plan and that the capital costs of development will be recovered as per our Development Contributions Policy.</p> <p>Note: Most infrastructure assets have very long useful lives. In order to make sure the period of funding and the period of benefit are the same, a long life funding tool such as development contributions must be used. Our Development Contributions Policy allows for the costs of growth related infrastructure to be recovered over 25 years, ensuring that each generation of development ‘pays its own way.’ That is to say, each generation of development pays only for its own needs, not those of future generations.</p> <p><i>Updated figures to be added where indicated when available</i></p>		
Data source		
MPDC Development Contributions Policy, Growth Projections and Asset Management Plans		
Other possible scenarios		
<ul style="list-style-type: none"> <li>The amount of funding raised from Development Contributions over 25 years does not cover the growth component of capital works planned</li> <li>The projects do not go ahead and we have overfunded the growth component</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> Growth could be higher or lower than projected due to a range of factors such as strength of the economy, and population changes.</p> <p>Growth may not occur in the areas where we have provided for development to happen.</p>	 <p><b>Medium</b> Revenue from development contributions over the ten-year period is budgeted at \$x million.</p> <p>If growth does not occur as predicted, revenue from development contributions will drop and we may have to borrow additional funds or reconsider the growth related projects.</p>	<p>The growth assumptions within the Development Contributions Policy are considered robust as they are based on Te Ngira:Institute for Population Research population modelling used across the Long Term Plan.</p> <p>Project scoping is completed for growth projects to ensure up to date costs are used.</p> <p>Growth data and project costs are regularly reviewed.</p>

Waka Kotahi NZ Transport Agency funding



Assumption – Most likely scenario		
<p>Our assumption is that for roading maintenance, renewals and capital projects</p> <ul style="list-style-type: none"> <li>The rate of subsidy of 51% for our Land Transport activities will remain constant over the life of the Long Term Plan</li> <li>Operating and capital expenditure programs will be fully co-funded by Waka Kotahi NZ Transport Agency over the life of the Long Term Plan and our subsidy income will be as predicted.</li> </ul> <p>Note: We receive annual subsidies of over \$7 million from Waka Kotahi NZ Transport Agency to co-fund our annual roading programme. The funding assistance rate is reviewed by Waka Kotahi NZ Transport Agency every 3 years and for the next three-year period is likely to continue at 51%.</p> <p><i>Updated figures to be added where indicated when available</i></p>		
Data source		
MPDC Land Transport Activity Management Plan		
Other possible scenarios		
<ul style="list-style-type: none"> <li>The upcoming update to the Government Policy Statement signals a different approach</li> <li>The total available funding pool through the Government Policy Statement is different than we have assumed in the Long Term Plan or the priorities do not align with our programme</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> The Government Policy Statement has not been confirmed.</p> <p>The co-funding rate of 51% is and the total pool of available funds is yet to be confirmed for the next 3 years, and the medium term (4-10 years) funding picture is also not certain.</p> <p>Funding decisions for regular programmes of work have not all been finalised and this may affect programme delivery in the first three years.</p>	 <p><b>High</b> The total subsidy received could be higher or lower than expected.</p> <p>Beyond the next 3 year period, if the funding assistance rate from Waka Kotahi NZ Transport Agency was reduced from the current rate of 51%, ratepayers would need to fund a greater share, or we would need to review our projects or level of service.</p> <p>If Waka Kotahi NZ Transport Agency does not approve the value of the work programme that Council has requested, there will be two options:</p> <ol style="list-style-type: none"> <li>Council would need to cut-back the roading</li> </ol>	<p>Maintenance of a positive relationship with Waka Kotahi NZ Transport Agency allows frequent communication and the awareness of issues in advance.</p> <p>Our working partnership with Waikato Regional Council, through the Regional Land Transport Committee, provides the basis of long-term investment decisions. Our planning has been done in partnership with Waka Kotahi NZ Transport Agency (including Transport System Plan).</p> <p>MPDC will seek other sources of funding as they become available to minimise risk e.g. the transport choices fund etc.</p> <p>If funding from Waka Kotahi NZ Transport Agency is reduced, ratepayers would need to fund a greater share, or we would need to review our projects or level of service.</p> <p>If our work programmes are not approved by Waka Kotahi NZ Transport Agency, then we will need to review our budgets. Work that would otherwise receive</p>

	<p>programme which will impact the level of service that we provide. The extent of the impact would depend on the amount of the funding cut <i>or</i></p> <p>2. Council would need to fund any shortfall. As an indication, if the operating funding contribution drops by 10% (a reduction in funding of \$x for 2027/28) rates would have to increase by \$x, or x%. If the capital funding contribution drops by 10% (a reduction in funding of \$x for 2027/28) then Council's debt would increase by the same amount, and rates would need to be increased in subsequent years to repay that debt and interest.</p>	<p>subsidy may be deferred, or the approved three year programme may be adjusted as part of future Annual Plans. A reduction in the level of subsidy by 1% per annum would increase general rates by 0.x% on average over the ten years of the plan and/or would affect the level of service we provide.</p>
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Capital programme delivery



Assumption – Most likely scenario		
Our assumption is that the capital programme will be delivered as outlined in the Long Term Plan.		
Data source		
MPDC Asset management plans		
Other possible scenarios		
<ul style="list-style-type: none"> <li>We are not able to fully deliver the programme (for example due to contractor availability, staff resourcing, cost increases, changing priorities due to an emergency or co-funding opportunities)</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> <i>Update</i></p>	 <p><b>Medium</b> Should we not deliver on our capital programme our expectation is that:</p> <ul style="list-style-type: none"> <li>Council will need to extend the capital programme beyond the ten-year timeframe and project costs will probably increase.</li> <li>Borrowing could be less over the ten year period.</li> <li>We will reprioritise our programme to respond to any asset failures.</li> <li>Council will not be able to deliver the level of improvement/resilience that we have indicated.</li> <li>Our levels of service may be affected.</li> </ul>	<p>We are planning for the projects in our Long Term Plan to be delivered within the timeframes specified.</p> <p>We are placing increasing focus on scoping projects fully before implementation.</p> <p>We are prioritising projects and smoothing delivery over time.</p> <p>Procurement strategies are in place to provide efficiencies to deliver projects or programmes of work.</p> <p>We continue to bolster internal project management resources and we make use of subject matter experts (both our staff and potentially contractors) to ensure successful delivery of projects.</p>

Compliance

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>- Council will maintain legislative and regulatory compliance across its infrastructure assets</li> <li>- Council will continue to meet the conditions of resource consents and other approvals relating to its assets</li> <li>- Any required consent renewals, licences, warrants, or approvals will be progressed within the appropriate timeframes</li> </ul>		
Data source		
AMPS and WRC website <i>add link</i>		
Other possible scenarios		
<ul style="list-style-type: none"> <li>- Council is unable to meet some legislative, regulatory, or consent compliance requirements for infrastructure assets</li> <li>- Some consent conditions are not met, or required renewals and approvals are delayed</li> <li>- Non-compliance results in enforcement action, operational constraints, additional costs, or reputational impacts</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b></p> <p>There is some uncertainty related to unforeseen events, operational issues, or changes in regulatory requirements that could result in short-term non-compliance.</p> <p>The new stormwater consent is expected to introduce additional monitoring and reporting requirements.</p> <p>This will require Council to maintain appropriate systems and processes to support timely and accurate compliance reporting.</p>	 <p><b>Medium</b></p> <p>If Council does not meet legislative or consent compliance requirements, it could face enforcement action such as abatement notices, operational restrictions, remediation costs, and reputational impacts.</p>	<p>Maintain capability and resourcing to coordinate legislative and consent compliance across infrastructure assets, including liaison with regulators, support for asset managers and delivery teams to meet consent conditions, and ongoing monitoring and reporting.</p> <p>Overall, we consider this assumption to be reasonable, with systems and processes in place to support ongoing legislative compliance for infrastructure assets and the management of consent conditions across the asset base.</p>



Whakarātonga ā Kaunihera | Council services

Service delivery and levels of service

Assumption – Most likely scenario		
<p>Our assumption is that</p> <ul style="list-style-type: none"> <li>Existing services and methods of delivery continue, except where this has been clearly stated in the LTP</li> <li>Levels of service changes are limited to those outlined in the LTP</li> <li>Council will have sufficient funding to maintain the levels of service outlined in the LTP</li> </ul>		
Data source		
MPDC policies and processes MPDC Activity and Asset Management Plans		
Other possible scenarios		
<ul style="list-style-type: none"> <li>Service delivery changes may be mandated by central government as part of reform programmes</li> <li>MPDC is unable to maintain levels of service and meet performance measure targets</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
		<p>Council will continue to seek collaboration opportunities with other councils.</p>
<p><b>Medium</b> Council is planning in a constrained financial environment so there will remain some level of uncertainty as to whether we are able to meet the levels of service we have committed to in the LTP.</p>	<p><b>Medium-High</b> Significant changes in levels of service may require an amendment to the Long Term Plan.</p> <p>There may be a need to review and possibly reduce a level of service to reflect available fiscal capacity. Or there could be the case where a change in circumstances could lead to a need for a higher or new level of service.</p> <p>Reducing a level of service could increase customer complaints and result in additional costs in the medium term to rectify the level of service in the future.</p>	<p>Council will pursue shared service options through Co-Lab (Waikato Local Authority Shared Services, a company owned by us and other local councils to assist in the acquisition of services) and other methods, such as public/private partnerships where appropriate.</p> <p>Council also utilises Activity Management Plans as part of the Long Term Plan process to effectively and efficiently plan the delivery of its services.</p> <p>Council has well defined service levels for its planned activities which have been reviewed as part of the Long Term Plan process. We have used historical trends in our performance to set current targets.</p> <p>Customer satisfaction surveys and other engagement strategies are used to gauge whether we</p>



Assumption – Most likely scenario		
		<p>are meeting community expectations on levels of service.</p> <p>Council will continue to monitor performance and/or condition of our assets.</p>

Mana Whenua relationship



Assumption – Most likely scenario		
<p>Our assumption is that over the LTP period there will be a range of Council projects, statutory processes, and Council-led strategic priorities that will require ongoing engagement and partnership with Mana Whenua. This may include resource management processes, Mana Whakahono ā Rohe agreements, post-settlement arrangements, environmental and freshwater matters, and strategic planning activities.</p>		
Data source		
<p>Strategic and partnership frameworks <i>links to be added</i></p>		
Other possible scenarios		
<p>There are different Mana Whenua initiatives requiring Council engagement than have been anticipated.</p> <p>Council does not effectively engage with mana whenua or meet statutory and strategic relationship expectations. This may result in:</p> <ul style="list-style-type: none"> <li>• Delays to projects and decision-making</li> <li>• Reputational impacts</li> <li>• Failure to meet statutory obligations</li> <li>• Reduced ability to deliver strategic priorities</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium-High</b></p> <p>While some initiatives are expected, there is a degree of uncertainty about the timing and scope of others.</p>	 <p><b>Medium</b></p> <p>Depending on the initiatives and the scale of engagement from Council there could be resource requirements and unanticipated costs that impact on the budgets.</p>	<p>Maintain capability to support mana whenua relationships.</p> <p>Implement partnership frameworks and engagement processes.</p> <p>Build organisational capability in tikanga Māori and te reo.</p> <p>Incorporate mana whenua engagement into planning processes.</p> <p>Reporting on engagement and partnership activity.</p> <p>Oversight through Council and committee reporting.</p> <p>Monitoring of key strategic and relationship risks.</p> <p>‘Ineffective strategic partnerships with Mana Whenua, Iwi, Hapū and Māori’ has been identified as one of Council’s</p>

Assumption – Most likely scenario		
		Top Risks, and on that basis is regularly monitored by the Risk and Assurance Committee.

Staff resourcing

Assumption – Most likely scenario		
Our assumption is that Council’s provision of services is not negatively impacted by our ability to employ and retain suitably qualified and able staff.		
Data source		
MPDC People, Safety and Wellness Team		
Other possible scenarios		
<ul style="list-style-type: none"> <li>The availability of staff limits the ability of Council to deliver its agreed work programme</li> <li>Local government reforms impact on resourcing</li> </ul>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>Medium</b> There is always some uncertainty as to whether all available positions can be filled in a timely manner. The uncertainty of the labour market is outside the control of Council.</p>	 <p><b>Medium</b> Costs may be negatively affected by the availability of resources. Projects may not be fully resourced leading to delays. There may be savings in staff costs but this is likely to be offset by increases in contractor costs.</p>	<p>Council attracts and retains people through offering employment arrangements that are valued by employees and ensure productivity and engagement. These include flexible work options that address changing demographics/ needs of employees, utilising relevant technologies as well as other drivers of employee engagement i.e. development opportunities/career options, competitive remuneration/ benefits etc.</p> <p>In the event of unavailability of employees, Council may seek to utilise contractors and consultants to ensure delivery of essential services/key projects.</p>

Disruptive technologies

Assumption – Most likely scenario		
<p>Our assumption is that there will be technological changes that render some projects unnecessary, or that alter people's interactions with Council.</p> <p><i>This assumption to be updated</i></p>		
Data source		
<p>The 2050 challenge: future proofing our communities, Local Government NZ <a href="#">link</a> Fit for the digital future, Taituarā <a href="#">link</a> Public sector digital trends 2022, Socitm Ltd <a href="#">link</a></p>		
Other possible scenarios		
<p>Unforeseen technological changes impact Council's operations</p>		
Level of uncertainty	Risk: Impact if other scenario occurs	Managing the risk
 <p><b>High</b> The rate and impact of technological developments is uncertain. The exact timing of developments cannot be assumed.</p>	 <p><b>Medium</b> Technological changes can have significant impacts on our lives, the way we work, the way we use our district, and in project costs for Council. However, there should be time for Council to respond to these changes to diminish the impact.</p> <p>Being unaware of technological advances may result in substantial inefficiency if new infrastructure investment is not suitable for emerging technology; and communities may not benefit from the most beneficial or appropriate resources to overcome social and/or environmental challenges.</p>	<p>Council has a governance group to understand industry trends and re-prioritise projects as required.</p> <p>Council will monitor and keep informed of developments in this area.</p> <p>Project scopes and budgets may be altered to reflect changes in available technology.</p>